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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 OR 15(d)
of The Securities Exchange Act of 1934

Date of Report: September 29, 2020
(Date of earliest event reported)

SUN COMMUNITIES, INC.
(Exact name of registrant as specified in its charter)

Maryland	**1-12616**	**38-2730780**
(State or other jurisdiction of incorporation)	**(Commission File Number)**	**(IRS 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)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

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

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter):

☐ Emerging growth company

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

Item 1.01 Entry into a Material Definitive Agreement.

Merger

On September 29, 2020, Sun Communities, Inc. (the "Company"), its primary operating subsidiary Sun Communities Operating Limited Partnership (the "Operating Partnership"), and the Operating Partnership's wholly-owned subsidiary, Sun SH LLC (the "Merger Sub"), entered into an Agreement and Plan of Merger (the "Merger Agreement"), with Safe Harbor Marinas, LLC ("Safe Harbor") and certain other parties. The Merger Agreement contemplates that the Operating Partnership will acquire Safe Harbor through a merger of Merger Sub into Safe Harbor, with Safe Harbor being the surviving entity of the merger (the "Merger").

Safe Harbor directly or indirectly owns 101 marinas and manages five other marinas for third-party owners. These marinas collectively contain approximately 30,000 wet slips and moorings and approximately 8,300 dry racks, with approximately 9,500 additional spaces available for outside land storage. These marinas are located in 22 states in the Northeast, Florida, South, Mid-Atlantic, West and Midwest Regions of the United States, with the majority of such marinas concentrated in coastal regions and others located in various inland regions.

Subject to certain adjustments, including a net working capital adjustment, the aggregate consideration for the Merger is approximately $2.110 billion. The Company currently expects that the Merger consideration, as adjusted and subject to the disposition of Delayed Consent Properties and Delayed Closing Properties described below, will consist of (i) the Operating Partnership's issuance of common OP units with an aggregate estimated value of $55 million. or approximately 3% of the total Merger consideration, (ii) the Operating Partnership's issuance of a new series of preferred OP units (the "Preferred Units" and together with the common OP units described above, the "Merger Securities"), with an aggregate estimated value of $75 million, or approximately 4% of the total Merger consideration, (iii) the Company's indirect assumption of approximately $808 million of debt currently owed by Safe Harbor, or approximately 38% of the total Merger consideration, and (iv) the balance in cash, estimated to be approximately $1.172 billion, or approximately 55% of the total Merger consideration. The members of Safe Harbor may elect before the closing of the Merger to receive their Merger consideration in cash, Merger Securities, or a combination of cash and Merger Securities (in each case subject to the Merger Securities Cap, as defined below). Regardless of the elections made by Safe Harbor's members with respect to their Merger consideration, the aggregate amount of the Merger Securities will not exceed 15%, or an estimated amount of approximately $195 million, of the consideration the Company delivers at the closing of the Merger (the "Merger Securities Cap"). The common OP units will be valued at $144.1625 (the "Agreed Value"), which is the volume weighted average price of the Company's common stock (the "Common Stock") for the 20 trading days preceding the execution of the Merger Agreement; provided, that, if the volume weighted average price of the Common Stock for the three trading days immediately preceding the closing date of the Merger is greater than 110%, or less than 90%, of the Agreed Value, then the common OP units will be valued at 110% or 90%, respectively, of the Agreed Value. The terms of the Preferred Units are described in more detail below. The amounts of the Merger Securities to be issued, the debt to be indirectly assumed, the Merger consideration to be paid in cash and the Merger Securities Cap depend on various factors, including the elections of Safe Harbor's members to receive their Merger consideration in cash and/or Merger Securities and the disposition of Delayed Consent Properties and Delayed Closing Properties described below. Such amounts are estimates as of the date hereof and may be materially higher or lower than the amounts stated above.

Third-party consents are required for the Company to acquire, through its indirect ownership of Safe Harbor, certain of Safe Harbor's properties as a result of the Merger. With respect to four of these properties, which have an aggregate value of $112.6 million as mutually agreed by the parties in the Merger Agreement, if any of these consents are not received by the closing of the Merger, the affected properties (the "Delayed Consent Properties") will be retained by an affiliate of the owners of Safe Harbor. The cash consideration the Company will pay at the closing of the Merger will be reduced by the agreed value of the Delayed Consent Properties. If and when a required third-party consent for a Delayed Consent Property is obtained in the two-year period following the closing of the Merger, the Company will acquire, through its indirect ownership of Safe Harbor, that Delayed Consent Property for cash consideration equal to its agreed value. If the required third-party consent for a Delayed Consent Property is not received by the end of such two-year period, the Company will have not have the right to acquire the Delayed Consent Property.

With respect to 11 of these properties, which have an aggregate value of $260.2 million as mutually agreed by the parties in the Merger Agreement, if any of such third-party consents are not received by the closing of the Merger, the affected properties (the "Delayed Closing Properties"), at the election of the Company, may be retained by an affiliate of the owners of Safe Harbor until not later than November 30, 2020. The cash consideration the Company will pay at the closing of the Merger will be reduced by the agreed value of the Delayed Closing Properties. Even if required third-party consents

for the Delayed Closing Properties are not obtained before November 30, 2020, the Company is obligated on that date to acquire, through its indirect ownership of Safe Harbor, all of the Delayed Closing Properties for cash consideration equal to their agreed values.

Until the Company acquires a Delayed Consent Property or a Delayed Closing Property, an affiliate of the Company will manage that Delayed Consent Property or Delayed Closing Property under an arms-length management agreement; provided, that, the Company is not obligated to continue to manage the Delayed Consent Properties for a period longer than 30 months following the closing of the Merger.

In connection with the Merger, the Company obtained transaction insurance under which it will have $210 million of coverage for any breaches by Safe Harbor of certain of its representations and warranties under the Merger Agreement, subject to deductibles and certain other terms and conditions.

The Company anticipates that the closing of the Merger will occur no later than October 30, 2020. The consummation of the Merger is subject to customary closing conditions. As a result, there can be no assurances as to the actual closing of the Merger or the timing of the closing of the Merger. Even if the Merger is consummated, the Company may not acquire the Delayed Consent Properties and the Company may not have the right to operate the Delayed Closing Properties after it acquires them.

Employment Agreement

On September 29, 2020, Safe Harbor, through its affiliate International Marina Group I, LP, entered into an employment agreement, to be effective as of the closing of the Merger (the "Employment Agreement"), with Baxter R. Underwood. Under the Employment Agreement, Mr. Underwood will continue to serve as the Chief Executive Officer of Safe Harbor until March 31, 2026, subject to certain termination and extension rights, and will have the complete discretion, responsibility and authority to operate Safe Harbor subject to the terms of a delegation of authority policy. Mr. Underwood will be entitled to a base salary of $325,000 per year as well as an annual cash bonus based on the attainment of certain goals and objectives set by the Company. At the closing of the Merger, the Company will also grant Mr. Underwood 69,368 shares of Common Stock, vesting in equal annual increments over a five year period, pursuant to a restricted stock award agreement. The Company will adopt an equity compensation program under which Safe Harbor's employees, including Mr. Underwood, will be awarded shares of Common Stock in accordance with the terms of the program. In consideration for the Employment Agreement, Mr. Underwood has agreed to certain restrictive covenants which include an 18-month covenant not to compete with Safe Harbor's business. However, under certain circumstances associated with the termination of this employment, Mr. Underwood may elect to forgo severance compensation and certain benefits (including acceleration of the vesting of his restricted shares) in exchange for a release of his obligations under this covenant not to compete.

Potential Bridge Loan

On September 29, 2020, the Company entered into a commitment letter with Citigroup Global Markets Inc. ("Citigroup"), pursuant to which, and subject to the terms and conditions set forth therein (including the closing of the Merger), Citigroup (on behalf of its affiliates) committed to lend the Company up to $750 million under a new senior unsecured bridge loan (the "Bridge Loan"). If the Company enters into the Bridge Loan, the proceeds of the Bridge Loan will be used to finance a portion of the cash consideration payable for the Merger. The Bridge Loan is contemplated to have a 364-day term. Indebtedness under the Bridge Loan will bear interest at a floating rate based on the Eurodollar rate or a base rate, plus a margin to be determined based on the Company's leverage ratio calculated in accordance with the definitive Bridge Loan documents, which can range from 1.20% to 2.10% for Eurodollar loans and 0.20% to 1.10% for base rate loans. The closing of the Bridge Loan is subject to, among other things, the completion of the Merger, the negotiation and execution of definitive documentation acceptable to the parties and closing contingencies. As a result, there can be no assurances as to the actual closing or the timing of the closing of the Bridge Loan.

Preferred Units

The terms of the Preferred Units will be set forth in an amendment to the Operating Partnership's operating agreement. The Preferred Units will provide for quarterly distributions on the $100.00 per unit issue price of 3.00% per year. Subject to certain limitations, each Preferred Unit will be exchangeable at any time after its issuance date into that number of shares of Common Stock equal to the quotient obtained by dividing $100.00 by $164.00 (as such ratio is subject to adjustment for certain capital events). The Preferred Units will rank (i) senior to the Operating Partnership's outstanding Common OP Units and Series A-3 Preferred Units, and (ii) junior to the Operating Partnership's outstanding

Preferred OP Units, Series A-1 Preferred Units, Series A-4 Preferred Units, Series C Preferred Units, Series D Preferred Units, Series E Preferred Units, Series F Preferred Units and any other partnership units that specifically provide that they will rank senior to the Preferred Units. Subject to certain limitations, the holders of Preferred Units will have the right to cause the Operating Partnership to redeem all or a portion of their Preferred Units for $100.00 per unit (plus any accrued but unpaid distributions) any time after the earlier of: (i) the fifth anniversary of the issuance date of the Preferred Units; or (ii) if the holder of the Preferred Units is a natural person, after receipt of the notice of the death of such holder.

Restrictive Covenant Agreements

On September 29, 2020, certain selling members of Safe Harbor will execute and deliver restrictive covenant agreements to be effective upon the closing of the Merger under which, subject to certain conditions and limitations, they will be prohibited from soliciting for employment certain employees of Safe Harbor and from hiring other employees of Safe Harbor from the closing of the Merger through March 31, 2026.

Registration Rights and Lockup Agreements

At the closing of the Merger, the Company and certain recipients of the Merger Securities will enter into a registration rights agreement under which the Company will grant customary registration rights with respect to the shares of Common Stock underlying certain of the Merger Securities. Under the terms of the registration rights agreement, within 60 days after the closing of the Merger, the Company will use its commercially reasonable efforts to register the resale of the shares of Common Stock underlying the Merger Securities. The recipients of the Merger Securities are also entitled to customary underwritten offering registration rights subject to certain terms and conditions.

Pursuant to the Merger Agreement, recipients of the Merger Securities will be required to agree not to sell or otherwise dispose of the Merger Securities or the shares of Common Stock issued upon the exchange of the Merger Securities for a period of 18 months after the closing of the Merger, subject to certain limited exceptions.

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The foregoing description of the Merger Agreement, the Employment Agreement, the Preferred Units, and the registration rights agreement does not purport to be complete and is subject to, and qualified in its entirety by, the full text of the applicable documents, copies or forms of which are attached hereto as Exhibits 2.1, 4.1, 10.1 and 10.2, and the terms of which are incorporated by reference herein.

Item 3.02 Unregistered Sales of Equity Securities.

The information regarding the issuance of the Merger Securities set forth in Item 1.01 above is hereby incorporated into this Item 3.02. If the closing of the Merger occurs, the Company will issue the Merger Securities to the certain members of Safe Harbor as Merger consideration. The issuance of the Merger Securities will be made in reliance upon the exemption from registration afforded by Section 4(a)(2) of the Securities Act of 1933, as amended (the "Securities Act"), and/or Regulation D, as promulgated by the Securities and Exchange Commission (the "SEC") under the Securities Act.

Item 7.01 Regulation FD Disclosure.

On September 29, 2020, the Company issued a press release announcing the execution of the Merger Agreement and the Merger, a copy of which is attached hereto as Exhibit 99.1 and is incorporated herein by reference solely for purposes of this Item 7.01 disclosure. A copy of a presentation providing certain information regarding the Merger is attached hereto as Exhibit 99.2 and is incorporated herein by reference solely for purposes of this Item 7.01 disclosure. Additionally, the Company has posted the presentation on its website at www.suncommunities.com under the Investor Relations section.

The information contained and incorporated by reference in Item 7.01 of this Current Report on Form 8-K (the "Current Report"), including Exhibits 99.1 and 99.2 attached hereto, is being furnished and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or otherwise subject to the liabilities of such section. The information in this Item 7.01, including Exhibits 99.1 and 99.2, shall not be incorporated by reference into any filing under the Securities Act or the Exchange Act, regardless of any incorporation by reference language in any such filing.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Current Report, including Exhibits 99.1 and 99.2 attached hereto, contains various "forward-looking statements" within the meaning of the Securities Act and the Exchange Act, and the Company intends 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 the Company's current views with respect to future events and financial performance, but involve known and unknown risks, uncertainties and other factors, both general and specific to the matters discussed in or incorporated herein, some of which are beyond the Company's control. These risks, uncertainties and other factors may cause the Company's 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" contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and the Company's other filings with the SEC from time to time, such risks, uncertainties and other factors 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 the Company operates;
- difficulties in the Company's ability to evaluate, finance, complete and integrate acquisitions (including the acquisition of Safe Harbor), developments and expansions successfully;
- the Company's liquidity and refinancing demands;
- the Company's ability to obtain or refinance maturing debt;
- the Company's ability to maintain compliance with covenants contained in its debt facilities;
- availability of capital;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian and Australian dollars;
- the Company's ability to maintain rental rates and occupancy levels;
- the Company's failure 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, and wildfires;
- general volatility of the capital markets and the market price of shares of the Company's capital stock;
- the Company's failure to maintain its 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 home and boats to obtain financing; and
- the level of repossessions by manufactured home 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. The Company undertakes no obligation to publicly update or revise any forward-looking statements included in this filing, whether as a result of new information, future events, changes in its expectations or otherwise, except as required by law.

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

Item 8.01 Other Events.

The Company has been advised by Gary A. Shiffman, the Chairman of the Board and Chief Executive Officer of the Company, that the United States Attorney's Office for the Eastern District of Michigan (the "United States Attorney's Office") is investigating certain matters relating to Mr. Shiffman's sale in 2010 and 2011, of five life insurance policies that Mr. Shiffman owned, insuring the life of a family member. The investigation involves Mr. Shiffman and several individuals not associated with the Company, and could potentially result in charges against Mr. Shiffman.

The Company was not a party to any of the transactions at issue and the transactions did not involve the Company or its business or its assets. The Company has been advised by the United States Attorney's Office that the Company is not being investigated.

Mr. Shiffman has advised the Company's Board of Directors (the "Board") that he denies any improper or illegal conduct. He has also advised the Company that he has cooperated with the investigation.

In consultation with the Company's attorneys and other advisors, the Board has considered the information made available concerning this matter. The Board has complete confidence in Mr. Shiffman and his ability to continue performing his duties on behalf of the Company.

Item 9.01 Financial Statements and Exhibits.

(a) Financial Statements of businesses acquired.

The audited consolidated financial statements of Safe Harbor Marinas, LLC as of and for the years ended December 31, 2019 and December 31, 2018 are filed as Exhibit 99.3 and are incorporated by reference herein.

The unaudited condensed consolidated financial statements of Safe Harbor Marinas, LLC as of and for the three and six months ended June 30, 2020 are filed as Exhibit 99.4 and are incorporated by reference herein.

These financial statements are not required to be filed under Rule 3-05 or Rule 3-14 and Article 11 of Regulation S-X and are being voluntarily filed by the Company.

(d) Exhibits.

Exhibit No.	Description
2.1*	Agreement and Plan of Merger dated as of September 29, 2020 by and among Safe Harbor Marinas, LLC, Sun Communities, Inc., Sun Communities Operating Limited Partnership, Sun SH LLC and Safe Harbor Marinas II, LLC, individually and in its capacity as the Seller Representative (as defined therein)
4.1	Form of Registration Rights Agreement by and among Sun Communities, Inc. and certain holders of Merger Securities
10.1*	Employment Agreement, dated as of September 29, 2020, but to be effective as of the Merger closing, by and between Baxter Underwood and International Marina Group I, LP
10.2	Form of Seventh Amendment to Agreement of Limited Partnership Agreement of Sun Communities Operating Limited Partnership
23.1	Consent of Ernst & Young LLP
99.1	Press release dated September 29, 2020
99.2	Presentation
99.3	Audited consolidated financial statements of Safe Harbor Marinas, LLC as of and for the years ended December 31, 2019 and December 31, 2018
99.4	Unaudited condensed consolidated financial statements of Safe Harbor Marinas, LLC as of and for the three and six months ended June 30, 2020

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

SIGNATURES

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

SUN COMMUNITIES, INC.

Dated: September 29, 2020

By: /s/ Karen J. Dearing
Karen J. Dearing, Executive Vice President,
Chief Financial Officer, Secretary and Treasurer

Exhibit 2.1

AGREEMENT AND PLAN OF MERGER,

dated as of September 29, 2020,

by and among

SAFE HARBOR MARINAS, LLC,

SUN COMMUNITIES, INC.,

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP,

SUN SH LLC,

SELLER REPRESENTATIVE

and

SAFE HARBOR MARINAS II, LLC

EXHIBITS

AGREEMENT AND PLAN OF MERGER

THIS AGREEMENT AND PLAN OF MERGER (this "**Agreement**"), dated as of September 29, 2020, is by and among Safe Harbor Marinas, LLC, a Delaware limited liability company (the "**Company**"), Sun Communities, Inc., a Maryland corporation that has elected to be treated as a real estate investment trust for federal income tax purposes ("**Parent**"), Sun Communities Operating Limited Partnership, a Michigan limited partnership ("**SCOLP**"), Sun SH LLC, a Delaware limited liability company ("**Merger Sub**" and, together with Parent and SCOLP, the "**Parent Parties**"), Sailor Newco (as defined below), in its capacity as the representative of the Security Holders (as defined below) as designated pursuant to Section 10.1 hereof ("**Seller Representative**"), and Safe Harbor Marinas II, LLC, a Delaware limited liability company ("**Sailor Newco**").

RECITALS

1. The Parent Parties and the Company desire to enter into this Agreement pursuant to which Merger Sub, a wholly-owned Subsidiary of SCOLP, will merge with and into the Company (the "**Merger**") so that the Company will continue as the surviving limited liability company of the Merger and will become a wholly-owned Subsidiary of SCOLP.

2. Each of the respective boards of managers, boards of directors or other applicable governing bodies of the Company and the Parent Parties has approved this Agreement and the Transactions, including the Merger, and has determined that this Agreement and the Transactions, including the Merger, are desirable and in the best interests of the Company and the Parent Parties, respectively, and their respective equityholders.

3. Concurrently with the execution and delivery of this Agreement, the Company and the Chief Executive Officer of the Acquired Companies are entering into an employment agreement (the "**Management Agreement**"), which agreement shall become effective at the Closing on the terms and subject to the conditions set forth therein.

4. Concurrently with the execution and delivery of this Agreement, the Company and certain Security Holders are entering into restrictive covenant agreements (collectively, the "**Restrictive Covenant Agreements**"), which agreements shall become effective at the Closing on the terms and subject to the conditions set forth therein.

5. Prior to the Closing and in connection with obtaining the Delayed Consents, if applicable, the Company and Sailor Newco will consummate the Restructuring on the terms hereinafter provided.

In consideration of the foregoing premises and the respective representations, warranties, covenants and agreements contained herein, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. When used in this Agreement, the following terms shall have the meanings assigned to them in this Section 1.1.

"**Accountants**" means an independent certified public accounting firm in the United States of international recognition reasonably acceptable to the parties and agreed to by them in writing.

"**Accounting Principles**" means (a) the accounting principles, policies, procedures and methodologies expressly set forth on Exhibit A and (b) to the extent not inconsistent with clause (a), GAAP using the same accounting principles, policies, procedures, methodologies, asset recognition basis, definitions, practices and techniques adopted in the preparation of the latest Audited Financial Statements.

"**Acquired Companies**" means (a) prior to the Closing, collectively, the Company and its direct and indirect Subsidiaries (other than Sailor Newco) and (b) from and after the Closing, collectively, the Surviving Company and its direct and indirect Subsidiaries. For the avoidance of doubt, except as otherwise provided herein, references to "Acquired Companies" shall be deemed to include the Delayed Consent Subsidiaries, including for purposes of (i) the representations and warranties in Article III and (ii) the definitions of Cash Amount, Closing Indebtedness, Net Working Capital and Transaction Expenses.

"**Act**" means the Delaware Limited Liability Company Act, as amended.

"**Action**" means any suit, action, claim, charge, complaint, audit, investigation, inquiry, litigation, arbitration, mediation or other proceeding (whether civil, criminal, administrative, federal, state, local, foreign or otherwise at law or in equity), in each case, before any Governmental Entity or arbitrator.

"**Affiliate**" means, with respect to any specified Person, any other Person directly or indirectly controlling, controlled by or under common control with such specified Person.

"**Ancillary Documents**" means the Escrow Agreement, the Interim Operating Agreement, the Registration Rights Agreement, the Investor Letter and Questionnaires, the Registration Questionnaires, the Lockup Agreements, the Management Agreement, the Restrictive Covenant Agreements, the Delayed Consent Subsidiary Purchase Agreements, the Tax Protection Agreement and the other agreements, instruments and documents delivered at or prior to the Closing pursuant to this Agreement.

"**Antitrust Laws**" means the Sherman Act, the Clayton Act, the HSR Act, the Federal Trade Commission Act, and all other applicable Laws issued by a Governmental Entity that are designed or intended to prohibit, restrict or regulate actions having the purpose or effect of monopolization or restraint of trade or prevention or lessening of competition, and "Antitrust Law" will mean any of them.

"**As-Converted Outstanding Class B Preferred Units**" means the number of Class A Units into which the Outstanding Class B Preferred Units are then convertible.

"**Attributable Property Value**" means the portion of the Purchase Price attributable to each Real Property as provided on Section 1.1(a) of the Company Disclosure Schedules, which sets forth for each Real Property the specific mutually agreed values.

"**Attributable Property Value Adjustment Amount**" means, with respect to each Delayed Consent Property (other than any Delayed Consent Property underlying an Optional Delayed Consent Lease) and its corresponding Delayed Consent Equity assigned and transferred to the Surviving Company pursuant to Section 2.13(d), an amount calculated in accordance with Section 1.1(b) of the Company Disclosure Schedules.

"**Base Purchase Price**" means $2,110,000,000, as it may be adjusted prior to delivery of the Estimated Closing Statement pursuant to Section 5.7.

"**Board**" means the board of managers of the Company.

"**Books and Records**" means books of account, general, financial, Tax and operating records, invoices and other documents, records and files.

"**Business Day**" means any day other than (a) a Saturday, Sunday or federal holiday or (b) a day on which commercial banks in Dallas, Texas or New York, New York are authorized or required to be closed.

"**Capital Expenditure Plan**" means the existing plan for annual capital expenditures of the Acquired Companies as set forth on Section 1.1(c) of the Company Disclosure Schedules.

"**Cash Amount**" means the sum of the fair market value of all cash and cash equivalents (including marketable securities, deposits and short term investments) of the Acquired Companies, other than the Delayed Consent Subsidiaries, as of the Reference Time, calculated in a manner consistent with the Accounting Principles; *provided, however*, that the effects of the Transactions shall be disregarded for purposes of calculating the Cash Amount and "Cash Amount" shall not include any amounts reflected in Net Working Capital.

"**Class A Units**" has the meaning set forth in the Company Operating Agreement.

"**Class B Aggregate Preference Amount**" means (a) the aggregate Class B Preferred Preference Amount with respect to all Outstanding Class B Preferred Units *plus* (b) the aggregate unpaid Class B Preferred Preference Amount with respect to all Conversion Units as of the Closing Date.

"**Class B Preferred Preference Amount**" means, with respect to an Outstanding Class B Preferred Unit or a Conversion Unit, the amount of the Class B Preferred Preference Amount calculated in accordance with the Company Operating Agreement as if the Closing Date (or, with respect to a Conversion Unit, the effective date of the conversion) is a Preference Reference Date (as defined in the Company Operating Agreement).

"**Class B Preferred Preference Consideration**" means, with respect to each Unit: (a) if no Election has been made, cash in an amount equal to the Class B Preferred Preference Amount (rounded to the nearest $0.01); (b) if an Election has been made to receive Common OP Units, a

number of Common OP Units equal to the Common OP Unit Exchange Ratio described in clause (b) of the definition thereof; and (c) if an Election has been made to receive Preferred OP Units, a number of Preferred OP Units equal to the Preferred OP Unit Exchange Ratio described in clause (b) of the definition thereof.

"**Closing Bonus Payment Amount**" has the meaning set forth in the definition of "Transaction Expenses."

"**Closing Indebtedness**" means the Indebtedness of the Acquired Companies as of the Reference Time. Notwithstanding the foregoing, "Closing Indebtedness" shall not include (a) any amounts reflected in Transaction Expenses, (b) any indebtedness, obligations and other liabilities that are solely between or among any one or more of the Acquired Companies, (c) the Debt Repayment Amount or any fees or expenses incurred in connection with the amendment of the Credit Agreement or obtaining the consent of the lenders thereunder, (d) any amounts reflected in Net Working Capital or the Attributable Property Value Adjustment Amount, (e) Pipeline Acquisition Costs or (f) any Indebtedness incurred by or on behalf of the Parent Parties (including in connection with the amendment and/or modification of the Credit Agreement or the Debt Financing).

"**Closing Merger Consideration**" means (a) the Estimated Purchase Price; *minus* (b) the Debt Repayment Amount (less the Optional Delayed Consent Debt Repayment Amount); *minus* (c) the Holdback Amount; *minus* (d) the Purchase Price Adjustment Escrow Amount; *minus* (e) the Retention Escrow Amount, *minus* (f) an amount equal to the aggregate Attributable Property Values of the Delayed Consent Properties as set forth on the Estimated Closing Statement.

"**Closing Per Unit Merger Consideration**" means, with respect to each Unit: (a) if no Election has been made, cash in an amount equal to the Closing Per Unit Merger Consideration Value (rounded to the nearest $0.01); (b) if an Election has been made to receive Common OP Units, a number of Common OP Units equal to the Common OP Unit Exchange Ratio described in clause (a) of the definition thereof; and (c) if an Election has been made to receive Preferred OP Units, a number of Preferred OP Units equal to the Preferred OP Unit Exchange Ratio described in clause (a) of the definition thereof.

"**Closing Per Unit Merger Consideration Value**" means the quotient obtained by dividing (a) the Closing Merger Consideration *minus* the Class B Aggregate Preference Amount by (b) the Fully Diluted Unit Number.

"**Closing Target Net Working Capital**" means the Target Net Working Capital, *minus* the aggregate Proportionate Target Net Working Capital for the Delayed Consent Subsidiaries.

"**Code**" means the U.S. Internal Revenue Code of 1986, as amended.

"**Common OP Unit Exchange Ratio**" means the quotient obtained by dividing (a) the Closing Per Unit Merger Consideration Value by the Common OP Unit Value or (b) the Class B Preferred Preference Amount by the Common OP Unit Value, as applicable.

"**Common OP Unit Value**" means $144.1625, which is the volume weighted average price of Parent Shares on the New York Stock Exchange for the 20 trading days immediately preceding

the date of this Agreement; *provided*, that if (a) the volume weighted average price of Parent Shares on the New York Stock Exchange for the three trading days immediately preceding the Closing Date is less than 90% of the Common OP Unit Value, the Common OP Unit Value shall be deemed to mean the price that is 90% of the Common OP Unit Value as of the end of the trading day immediately preceding the Closing Date, and (b) the volume weighted average price of Parent Shares on the New York Stock Exchange for the three trading days immediately preceding the Closing Date is more than 110% of the Common OP Unit Value, the Common OP Unit Value shall be deemed to mean the price that is 110% of the Common OP Unit Value as of the end of the trading day immediately preceding the Closing Date.

"**Company Disclosure Schedules**" means the disclosure schedules delivered by the Company in connection with this Agreement.

"**Company Operating Agreement**" means the Fifth Amended and Restated Limited Liability Company Agreement of the Company, dated as of September 10, 2019, by and among the Company and the Members identified therein, as amended.

"**Company's Knowledge**" or any similar phrase means the actual knowledge of Baxter Underwood, Gavin McClintock and John Ray as of the date of this Agreement (or, with respect to any certificate delivered pursuant to this Agreement, as of the date of delivery of such certificate), after reasonable inquiry of direct reports.

"**Confidentiality Agreement**" means that certain Non-Disclosure Agreement, dated as of June 13, 2020, by and between the Company and Parent.

"**Contract**" means any written agreement, mortgage, indenture, lease (whether for real or personal property), contract, subcontract, instrument, commitment, undertaking or other agreement or arrangement that is legally binding.

"**control**" (including the terms "**controlled by**" and "**under common control with**" and similar phrases) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by Contract or credit arrangement or otherwise.

"**Conversion Units**" means Outstanding Class A Units that were issued upon conversion of Series B-1 Preferred Units or Series B-2 Preferred Units in accordance with the Company Operating Agreement after the date hereof.

"**Credit Agreement**" means that certain Credit Agreement, dated as of September 14, 2018, by and among the Company, certain Subsidiaries of the Company identified therein as Guarantors, the Lenders identified therein and Citizens Bank, N.A., as amended by the First Amendment to Credit Agreement and Pledge and Security Agreement, dated as of October 11, 2019, by and among the Company, certain of the Company's Subsidiaries party thereto, the lenders party thereto and Citizens Bank, N.A., and as may be further amended, restated supplemented, increased, extended, supplemented or otherwise modified from time to time.

"**Debt Commitment Letter**" means the commitment letter dated as of the date hereof issued to SCOLP by the Financing Sources party thereto.

"**Debt Financing**" means the unsecured bridge debt financing in connection with the Transactions contemplated by the Debt Commitment Letter.

"**Debt Repayment Amount**" means the amount to be prepaid at Closing under the Credit Agreement, calculated as set forth on Section 1.1(d) of the Company Disclosure Schedules, and reflected in a Payoff Letter.

"**Delayed Consent Approval Date**" means the date on which the counterparty to the applicable Delayed Consent Lease (other than any Optional Delayed Consent Lease) grants its consent to the transfer of the Delayed Consent Equity to Parent or an Affiliate of Parent in accordance therewith.

"**Delayed Consent Deadline**" shall mean September 29, 2022.

"**Delayed Consent Leases**" means, collectively, the Real Property Leases listed on Section 1.1(e) of the Company Disclosure Schedules and designated as "Delayed Consent Leases" for which the consent of, and, if applicable, the waiver of any right of first refusal by, the applicable counterparty have not been obtained prior to delivery of the Delayed Consent Schedule; *provided*, that "Delayed Consent Leases" shall also include the Optional Delayed Consent Leases if Parent exercises its option to update the Delayed Consent Schedule in accordance with Section 2.13(a).

"**Delayed Consent Property**" means the real property underlying a Delayed Consent Lease (including, if applicable, an Optional Delayed Consent Lease) that is subject to a Delayed Consent.

"**Delayed Consent Subsidiaries**" means, collectively, the Subsidiaries of the Company that are party to the Delayed Consent Leases (including, if applicable, the Optional Delayed Consent Leases).

"**Delayed Consent Subsidiary Purchase Agreement**" means, with respect to each Delayed Consent Property for which a Delayed Consent is received in accordance with Section 2.13, a purchase agreement between Sailor Newco and the Surviving Company, which shall provide for the assignment of the corresponding Delayed Consent Equity from Sailor Newco to the Surviving Company, each in the form attached hereto as Exhibit L.

"**Delayed Consent Subsidiary Representations**" means, with respect to each Delayed Consent Subsidiary, the representations and warranties contained in Article III, except for the representations and warranties set forth in Section 3.1(a) (Organization of the Company), Section 3.2 (Authorization), Section 3.3 (Enforceability), Section 3.5 (Capitalization), Section 3.6(a) (Financial Statements), Section 3.6(c) (Tax Reserves) and clause (ii) of Section 3.7 (No Material Adverse Effect), with any applicable references to materiality being determined by reference to the applicable Delayed Consent Subsidiary individually instead of to the Acquired Companies taken as a whole.

"**Delayed Consents**" means, collectively, the consents and, if applicable, the waivers of any rights of first refusal, required in connection with the consummation of the Transactions pursuant to the Delayed Consent Leases (including, if applicable, the Optional Delayed Consent Leases).

"**Employee**" means any employee of any Acquired Company (whether salaried or hourly, and full-time or part-time), whether or not actively employed on the date hereof, e.g., including employees on vacation and leave of absence, including maternity, family, sick, military or disability leave.

"**Environmental Claims**" means any and all Actions alleging liability arising out of or resulting from (a) any violation of any Environmental Law or (b) any Release of Hazardous Substances into the environment.

"**Environmental Laws**" means any Law relating to protection of the environment or human health and safety, exposure to Hazardous Substances, to pollution or to the generation, use, treatment, storage, disposal, Release or transportation of Hazardous Substances.

"**Equity Securities**" means, if a Person is a corporation, shares of capital stock of such corporation or other equity securities convertible into, exchangeable for or carrying the right to acquire shares of capital stock of such corporation and, if a Person is a form of entity other than a corporation, ownership interests in such form of entity, whether membership interests, limited liability company interests, partnership interests or otherwise or other equity securities convertible into, exchangeable for or carrying the right to acquire such ownership interests. For the avoidance of doubt, the Phantom Units shall be deemed to be Equity Securities of the Company.

"**ERISA**" means the Employee Retirement Income Security Act of 1974, as amended.

"**Escrow Agent**" means Citibank, N.A.

"**Escrow Agreement**" means the escrow agreement to be entered into at Closing by and among Parent, Seller Representative and the Escrow Agent, for each of the Purchase Price Adjustment Escrow Account and the Retention Escrow Account, in substantially the form attached hereto as Exhibit C.

"**Estimated Purchase Price**" means an amount equal to (i) the Base Purchase Price; *plus* (ii) the amount, if any, by which the Estimated Net Working Capital (calculated without reference to the Delayed Consent Subsidiaries) exceeds the Closing Target Net Working Capital; *minus* (iii) the amount, if any, by which the Estimated Net Working Capital (calculated without reference to the Delayed Consent Subsidiaries) is less than the Closing Target Net Working Capital; *minus* (iv) the amount of Estimated Closing Indebtedness; *minus* (v) the Estimated Transaction Expenses; *plus* (vi) the Estimated Pipeline Acquisition Costs; *plus* (vii) the Estimated Cash Amount.

"**Financing Sources**" shall mean each Person (including, without limitation, each lender, agent and arranger) that has committed to provide or otherwise entered into agreements in connection with the Debt Financing, including (without limitation) any commitment letters, engagement letters, credit agreements, loan agreements, joinders or indentures relating thereto, together with each affiliate thereof and each officer, director, employee, partner, controlling person, advisor, attorney, agent and representative of each such Person or affiliate and their respective successors and assigns. For the avoidance of doubt, "Financing Sources" shall not include any lenders, agents or arrangers under the Credit Agreement in their respective capacities as parties to the Credit Agreement.

"**Fraud**" means the Company, Sailor Newco, Seller Representative or any Parent Party (a) has knowingly and intentionally made a false statement of material fact or omitted material facts; (b) relating to the representations and warranties contained in Article III or Article IV (as qualified by the Company Disclosure Schedules), as applicable; and (c) the other party actually relies to its detriment.

"**Fully Diluted Unit Number**" means (a) the aggregate number of Outstanding Class A Units, *plus* (b) the aggregate number of As-Converted Outstanding Class B Preferred Units, *plus* (c) the aggregate number of Phantom Units issued and outstanding immediately prior to the Effective Time.

"**GAAP**" means United States generally accepted accounting principles, consistently applied.

"**Governmental Entity**" means any entity or body exercising executive, legislative, judicial, regulatory or administrative functions of any United States federal, state, municipal or local government or any foreign, international, multinational or other government, including any department, commission, court, tribunal, instrumentality, ministry, board, agency, bureau, official or other regulatory, administrative, taxing or judicial authority thereof.

"**Hazardous Substances**" means any toxic, hazardous or dangerous chemical or substance, any pollutant or contaminant regulated under Environmental Law, and any other substance for which liability or standards of conduct may be imposed under Environmental Laws, including radiation, noise, odors, biological agents, toxic mold, medical waste, petroleum or any fraction or product, polychlorinated biphenyls and asbestos or asbestos containing materials.

"**Holdback Amount**" means such amount as determined by the Company and set forth on the Estimated Closing Statement.

"**HSR Act**" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976 and the rules and regulations promulgated thereunder.

"**Indebtedness**" means, with respect to any Person, as of any time, without duplication, the aggregate amount of the following with respect to such Person as of such time: (a) the outstanding principal amount of, and accrued and unpaid interest on and other payment obligations (including any penalties, premiums and other fees, expenses and breakage costs relating to prepayment of such Indebtedness) with respect to, any indebtedness for borrowed money or indebtedness issued in substitution or exchange for borrowed money or for the deferred purchase price for assets, property or services (in each case, other than trade payables and accrued expenses arising in the ordinary course of business, including indebtedness arising in connection with the financing of insurance premiums in the ordinary course of business), (b) any other indebtedness evidenced by any note, bond, debenture or other debt security or similar instrument (excluding bid or performance bonds or similar instruments), including all accrued and unpaid interest thereon and any prepayment penalties, costs or premiums, (c) all obligations, contingent or otherwise, of such Person as an account party in respect of letters of credit (to the extent drawn), (d) all obligations under any interest rate, currency or other swap or hedge agreement or similar transactions to terminate or unwind such agreement or transaction (with any amounts that would

be paid to such Person in connection with such termination or unwinding to reduce the amount of Indebtedness of such Person), (e) all obligations under leases required to be capitalized in accordance with GAAP (but excluding any ASC 842 leases that are not also required to be capitalized under ASC 840) or capitalized on the Financial Statements, (f) all obligations to pay deferred or unpaid purchase price or other amounts related to acquisitions that have been consummated prior to the Closing Date, including earn-outs (contingent or otherwise), post-closing price adjustments and seller notes payable with respect to any such acquisitions, at the amount accrued in accordance with GAAP in respect of such obligation and (g) direct or indirect guarantees by such Person of any of the foregoing of any other Person, in each case, calculated in a manner consistent with the Accounting Principles. For the avoidance of doubt, "Indebtedness" shall not include (i) any amounts reflected in Transaction Expenses, (ii) the Debt Repayment Amount or any fees or expenses incurred in connection with the amendment of the Credit Agreement or obtaining the consent of the lenders thereunder, (iii) Pipeline Acquisition Costs or (iv) amounts reflected in Net Working Capital or the Attributable Property Value Adjustment Amount.

"**Intellectual Property**" means any and all (a) patents and patent applications; (b) trademarks, service marks, trade dress, trade names, brand names, logos, business names and other source or business identifiers, all registrations and applications for registration thereof, and, in each case, together with all of the goodwill associated therewith; (c) copyrights and all registrations and applications for registration thereof; (d) trade secrets, know-how and confidential business information (including confidential ideas, research and development, know how, methods, formulas, compositions, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information, and business and marketing plans and proposals); (e) internet domain name registrations; (f) all inventions (whether patentable or unpatentable and whether or not reduced to practice), and all improvements thereto; and (g) all copies and tangible embodiments of the foregoing (in whatever form or medium).

"**Interim Operating Agreement**" means that certain Interim Operating Agreement to be entered into at the Closing by and between the Surviving Company (or one of its Subsidiaries) and Sailor Newco in substantially the form attached hereto as Exhibit D.

"**Investor Letter and Questionnaire**" means the investor letter and questionnaire to be delivered by the Electing Security Holders in substantially the form attached hereto as Exhibit E-1.

"**IRS**" means the United States Internal Revenue Service.

"**Law**" means any statute, law (including common law), ordinance, rule, code or regulation of any Governmental Entity.

"**Lien**" means any lien, encumbrance, pledge, mortgage, hypothecation, deed of trust or security interest. For the avoidance of doubt, "Lien" shall exclude any restrictions on transfer under securities Laws or under any Organizational Document of any Acquired Company.

"Lockup Agreement" means each lockup agreement to be entered into at the Closing by and among Parent, SCOLP and each Electing Security Holder in substantially the form attached hereto as Exhibit M.

"Lookback Period" means, for purposes of any representation or warranty regarding an Acquired Company or its assets or operations, the period (a) commencing on the later of (i) September 29, 2017 and (ii) the date that an Acquired Company became a Subsidiary of the Company (or, if later, the date on which the applicable Acquired Company acquired its interest in the Real Property owned or leased by such Acquired Company) and (b) ending on the Closing Date.

"**Losses**" means, with respect to any Person, any actual losses, liabilities, claims, demands, judgments, damages, fines, suits, actions, out-of-pocket costs and expenses (including reasonable attorneys' fees) against or affecting such Person.

"**LTIP**" means the Long-Term Incentive Plan of the Company, adopted as of September 29, 2015, as amended by Amendment No. 1 to the Long-Term Incentive Plan of the Company, adopted as of March 2, 2016, and Amendment No. 2 to the Long-Term Incentive Plan of the Company, adopted as of February 20, 2019.

"**Material Adverse Effect**" means any event, circumstance, change or effect that, individually or in the aggregate, has, or would reasonably be expected to have, a material adverse effect on the assets, liabilities, business, financial condition or results of operations of the Acquired Companies taken as a whole; *provided*, *however*, that none of the following shall be deemed (either alone or in combination) to constitute, and none of the following shall be taken into account in determining whether there has been or may be, a Material Adverse Effect: (a) any change in, or effects arising from or relating to, general business or economic conditions affecting any industry in which any Acquired Company operates; (b) any change in, or effects arising from or relating to, the United States or foreign economies, or securities, banking or financial markets in general, or other general business, banking, financial or economic conditions; (c) any change from, or effects arising from or relating to, the occurrence, escalation or material worsening of any act of God or other calamity, natural disaster, outbreak, epidemic or other health crisis (including, for the avoidance of doubt, the outbreak of, governmental or societal responses to, or worsening of conditions related to, Coronavirus Disease (COVID-19)), hostility, act of war, sabotage, cyber-attack or terrorism or military action; (d) any action taken by Parent or its Affiliates with respect to the Transactions or with respect to any of the Acquired Companies; (e) any action taken, or failed to be taken, by any Acquired Company as required by Law or Order, at the request of or with the consent of Parent or otherwise pursuant to the terms of this Agreement or any Ancillary Document, or any change from, or effects arising from or relating to, Parent's failure to consent to any action restricted by Section 5.1; (f) any change in, or effects arising from or relating to changes in, Laws or accounting rules (including GAAP) or any interpretation thereof; (g) the failure of any of the Acquired Companies to meet any of its projections, forecasts, estimates, plans, predictions, performance metrics or operating statistics or the inputs into such items (whether or not shared with Parent or its Affiliates or Representatives) (*provided*, that the underlying causes of such failure, to the extent not otherwise excluded by this definition, may be deemed to contribute to a Material Adverse Effect); (h) the public announcement of, entry into or pendency of, actions required or contemplated by or performance of obligations under, this Agreement and the

Transactions or the identity of the parties, including any termination of, reduction in or similar adverse impact on relationships, contractual or otherwise, with any customers, suppliers, financing sources, licensors, licensees, distributors, partners, employees or others having relationships with the Acquired Companies; *provided*, *further*, *however*, that changes set forth in clauses (a) through (c) and (f) above may be taken into account in determining whether there has been or is a Material Adverse Effect only to the extent such changes have a disproportionate impact on the Acquired Companies taken as a whole relative to other participants in the industries in which the Acquired Companies conduct their business (in which case, only the incremental, disproportionate adverse effect may be taken into account in determining whether or not there is a Material Adverse Effect).

"**Merger Consideration**" shall mean any consideration payable to the Security Holders, as applicable, under Article II of this Agreement.

"Net Working Capital" has the meaning set forth on Exhibit A. Net Working Capital shall be determined in accordance with the Accounting Principles and shall be calculated (a) for the Company and any Acquired Companies (other than the Delayed Consent Subsidiaries) as of the Reference Time and (b) with respect to any Delayed Consent Subsidiary, as of 11:59 p.m., Central Time, on the date of transfer of the Delayed Consent Equity for such Delayed Consent Subsidiary (or, with respect to a Delayed Consent Subsidiary that is party to an Optional Delayed Consent Lease, on November 30, 2020).

"**Off-the-Shelf Software**" means any software that is generally available to the public through retail stores or commercial distribution channels and licensed to any Acquired Companies.

"**Optional Delayed Consent Debt Repayment Amount**" means the portion of the Debt Repayment Amount that is attributable to the Delayed Consent Properties underlying the Optional Delayed Consent Leases.

"**Optional Delayed Consent Leases**" means, collectively, the Real Property Leases listed on Section 1.1(e) of the Company Disclosure Schedules and designated as "Optional Delayed Consent Leases" for which the consent of the applicable counterparty has not been obtained prior to delivery of the Delayed Consent Schedule, calculated as set forth on Section 1.1(d) of the Company Disclosure Schedules.

"**Order**" means any award, injunction, judgment, decree, order, ruling, subpoena or verdict or other decision issued, promulgated or entered by any Governmental Entity of competent jurisdiction with respect to any Acquired Company.

"**Organizational Documents**" means (a) the articles or certificates of incorporation and the by-laws of a corporation, (b) the partnership agreement and any statement of partnership of a general partnership, (c) the limited partnership agreement and the certificate of limited partnership of a limited partnership, (d) the operating or limited liability company agreement and the certificate of formation of a limited liability company, (e) any charter, joint venture agreement or similar document adopted or filed in connection with the creation, formation or organization of a Person not described in clauses (a) through (d), and (f) any amendment to or equivalent of any of the foregoing.

"**Outstanding Class A Units**" means the aggregate number of Class A Units (including Conversion Units) issued and outstanding as of immediately prior to the Effective Time, which shall include, for the avoidance of doubt, all unvested Restricted Units that become vested by virtue of the Merger.

"**Outstanding Class B Preferred Units**" means the aggregate number of Series B-1 Preferred Units and Series B-2 Preferred Units issued and outstanding as of immediately prior to the Effective Time.

"**Owned Intellectual Property**" means all Intellectual Property that is owned by any of the Acquired Companies.

"**Parent Disclosure Schedules**" means the disclosure schedules delivered by Parent in connection with this Agreement.

"**Parent's Knowledge**" or any similar phrase means the actual knowledge of Gary A. Shiffman, John B. McLaren, Karen Dearing and Anastasiya Short as of the date of this Agreement (or, with respect to any certificate delivered pursuant to this Agreement, as of the date of delivery of such certificate), after reasonable inquiry of direct reports.

"**party**" or "**parties**" means a party or the parties, respectively, to this Agreement, unless the context otherwise requires.

"**Permits**" means any material permits, licenses, authorizations, certificates, franchises, consents and other approvals from any Governmental Entity.

"**Permitted Liens**" means (a) Liens for Taxes, assessments or other governmental charges not yet due and payable or being contested in good faith by appropriate proceedings and for which appropriate reserves have been established on the Financial Statements in accordance with GAAP; (b) mechanics', carriers', workers', repairers' and other similar Liens arising or incurred in the ordinary course of business consistent with past practice for obligations that are not overdue or are being contested in good faith by appropriate proceedings; (c) zoning, entitlement and building regulations that do not materially and adversely affect, impair or interfere with the use of any property affected thereby; (d) matters that were disclosed on surveys of parcels of Real Property furnished by the Company to Parent, and to the extent Parent has obtained newer surveys, matters as are disclosed on such newer surveys, (e) all matters disclosed on the applicable Schedule B as exceptions to the existing title insurance policies issued (or in the process of being issued) to the respective Acquired Companies for the Real Property and all matters disclosed on the applicable Schedule B-2 as exceptions to the pro forma title policies and title commitments obtained by Parent prior to the date hereof; (f) Liens on Real Property arising from the provisions of the applicable leases that are not violated in any material respect by the current use or occupancy of such Real Property or the operation of the business of the Acquired Companies conducted thereon; (g) purchase money Liens and Liens securing rental payments under capital lease arrangements; (h) Liens arising under leases of property or equipment in favor of the owner thereof; (i) pledges or deposits made in the ordinary course of business consistent with past practice in connection with workers' compensation, unemployment insurance and other types of social security; (j) deposits to secure the performance of bids, Contracts (other than for borrowed money), leases,

statutory obligations, surety and appeal bonds, performance bonds and other obligations of a like nature incurred in the ordinary course of business consistent with past practice; (k) non-exclusive licenses of Intellectual Property granted in the ordinary course of business consistent with past practice; (l) Liens arising under or created by this Agreement or any of the Ancillary Documents; (m) Liens arising in the ordinary course of business consistent with past practice that, individually or in the aggregate, would not reasonably be expected to result in a material reduction in the value of, or interfere in any material respect with the use or operation of, the properties or assets to which they relate; and (n) Liens set forth on Section 1.1(f) of the Company Disclosure Schedules.

"**Person**" means an individual, a corporation, a partnership, a limited liability company, a trust, an unincorporated association, a Governmental Entity, or any other entity or body.

"**Phantom Unit**" means a phantom (notional) unit granted under the LTIP which entitles the participant to receive (a) an amount of cash equal to the fair market value of one Class A Unit as of the date of the event triggering settlement of such unit in accordance with the terms of the applicable award agreement or (b) at the election of the Board, a Class A Unit in lieu of cash.

"**Pipeline Acquisition Costs**" means, with respect to Pipeline Acquisitions that are completed after the date hereof and prior to Closing but not later than the Outside Date (disregarding any extension thereof), an amount equal to the sum of (a) the purchase price paid or payable by the applicable Acquired Company with respect to each such acquisition, including all obligations to pay the deferred or unpaid purchase price of such acquisition (including earn-outs at the amount accrued in accordance with GAAP), post-closing price adjustments and seller notes payable with respect to such acquisition (at the amounts accrued in accordance with GAAP), but in each case, only to the extent actually paid by the Acquired Company prior to Closing, and (b) all fees and expenses (including all fees, expenses, disbursements and other similar amounts payable to attorneys, financial advisors or accountants) reasonably incurred and actually paid by any Acquired Company in connection with the negotiation, documentation and consummation of each such acquisition.

"**Pipeline Acquisitions**" means the acquisitions set forth on Section 1.1(g) of the Company Disclosure Schedules.

"**Post-Closing Tax Period**" means any Tax period that begins after the Closing Date and the portion of any Straddle Period that begins after the Closing Date.

"**Pre-Closing Tax Period**" means any Tax period that ends on or prior to the Closing Date and the portion of any Straddle Period ending on the Closing Date.

"**Preferred OP Unit Exchange Ratio**" means the quotient obtained by dividing (a) the Closing Per Unit Merger Consideration Value by the Preferred OP Unit Value or (b) the Class B Preferred Preference Amount by the Preferred OP Unit Value, as applicable.

"**Preferred OP Unit Value**" means $100.00.

"**Pro Rata Share**" means, for any Security Holder, an amount expressed as a percentage equal to (a) the number of Outstanding Class A Units, As-Converted Outstanding Class B Preferred Units and Phantom Units held by such Security Holder *divided by* (b) the Fully Diluted Unit Number.

"**Proportionate Target Net Working Capital**" means, with respect to any Delayed Consent Subsidiary, the portion of the Target Net Working Capital allocated to such Delayed Consent Subsidiary, as set forth on Section 1.1(e) of the Company Disclosure Schedules.

"**Public Filings**" means the reports, schedules, forms, statements and other documents required to be filed by Parent with the SEC pursuant to the registration requirements of the Securities Act or the reporting requirements of the Securities Exchange Act, including pursuant to Section 13(a) or 15(d) thereof, including the exhibits thereto and the documents incorporated by reference therein.

"**Purchase Price**" means an amount, as finally determined pursuant to Section 2.15, equal to (i) the Base Purchase Price; *plus* (ii) the amount, if any, by which the Net Working Capital (calculated without reference to the Delayed Consent Subsidiaries) exceeds the Closing Target Net Working Capital; *minus* (iii) the amount, if any, by which the Net Working Capital (calculated without reference to the Delayed Consent Subsidiaries) is less than the Closing Target Net Working Capital; *minus* (iv) the amount of Closing Indebtedness; *minus* (v) the Transaction Expenses; *plus* (vi) the Pipeline Acquisition Costs; *plus* (vii) the Cash Amount.

"**Purchase Price Adjustment Escrow Account**" means the account set up with the Escrow Agent (pursuant to the provisions of the Escrow Agreement) in which the Purchase Price Adjustment Escrow Amount is deposited.

"**Purchase Price Adjustment Escrow Amount**" means $2,500,000.

"**Qualifying Electing Security Holder**" means each Electing Security Holder that has elected to receive (a) Preferred OP Units or (b) at least $25,000,000 of its Merger Consideration in Common OP Units.

"**R&W Policy**" means that certain Buyer-Side Representation and Warranties Insurance Policy, Master Policy Number ET111-002-057, issued by Euclid Transactional, LLC to Parent as of the date hereof and attached hereto as Exhibit F, and, in the case of the Delayed Consent Subsidiaries, any substantially similar policy to be issued following the Closing, if applicable.

"**Real Property**" means Leased Real Property and Owned Real Property.

"**Registration Questionnaire**" shall mean the registration questionnaire to be delivered by the Qualifying Electing Security Holders in substantially the form attached hereto as Exhibit E-2.

"**Registration Rights Agreement**" means the registration rights agreement to be entered into at Closing by and among Parent and each Qualifying Electing Security Holder in substantially the form attached hereto as Exhibit G.

"**Related Claims**" means all claims or causes of action (whether in contract or tort, in Law or in equity, or granted by statute or otherwise) that may be based upon, arise out of or relate to this Agreement, the Ancillary Documents and any other document or instrument delivered

pursuant to this Agreement or the Ancillary Documents, or the negotiation, execution, termination, validity, interpretation, construction, enforcement, performance or nonperformance of this Agreement or the Ancillary Documents or otherwise arising from the Transactions or the relationship among the parties (including any claim or cause of action based upon, arising out of or related to any representation or warranty made in or in connection with, or as an inducement to enter into, this Agreement or the Ancillary Documents).

"**Release**" means any spill, emission, leaking, injection, deposit, disposal, discharge, or dispersal into the atmosphere, soil, surface water, groundwater or property.

"**Representatives**" of any Person shall mean the directors, managers, officers, employees, consultants, financial advisors, counsel, accountants and other representatives and agents of such Person.

"**Required Estoppel Lease**" means those Real Property Leases identified on Section 8.1(e) of the Company Disclosure Schedules as a Real Property Lease for which a lessor is required to deliver an estoppel certificate under the terms thereof and a lessor estoppel is a condition to Closing.

"**Restricted Unit**" means a Unit granted under the LTIP that is, as of the applicable time, subject to restriction or forfeiture pursuant to the terms of the LTIP and the applicable award agreement.

"**Retention Escrow Account**" means the account set up with the Escrow Agent (pursuant to the provisions of the Escrow Agreement) in which the Retention Escrow Amount is deposited.

"**Retention Escrow Amount**" means $6,893,750.

"**SEC**" means the Securities and Exchange Commission.

"**Securities Act**" means the Securities Act of 1933, as amended.

"**Securities Exchange Act**" means the Securities Exchange Act of 1934, as amended.

"**Security Holders**" means the holders of the Outstanding Class A Units, Outstanding Class B Preferred Units or Phantom Units.

"**Selling Security Holder**" means each Security Holder that is receiving any portion of its Merger Consideration in cash.

"**Series B-1 Preferred Units**" has the meaning set forth in the Company Operating Agreement.

"**Series B-2 Preferred Units**" has the meaning set forth in the Company Operating Agreement.

"**Solvent**" when used with respect to any Person, means that, as of any date of determination, (a) the fair salable value (determined on a going concern basis) of its assets and

property will, as of such date, exceed the amounts required to pay its debts as they become absolute and mature, as of such date, (b) such Person will have adequate capital to carry on its business and (c) such Person will be able to pay its debts as they become absolute and mature, in the ordinary course of business, taking into account the timing of and amounts of cash to be received by it and the timing of and amounts of cash to be payable on or in respect of its indebtedness.

"**Straddle Period**" means any Tax period that includes (but does not end on) the Closing Date.

"**Subsidiary**" or "**Subsidiaries**" means, with respect to any Person, any corporation, partnership, limited liability company, joint venture or other legal entity of any kind of which such Person (either alone or through or together with one or more of its other Subsidiaries) owns, directly or indirectly, more than 50% of the equity interests, the holders of which are (a) generally entitled to vote for the election of the board of managers or other governing body of such legal entity or (b) generally entitled to share in the profits or capital of such legal entity. For the avoidance of doubt, SHM South Fork JV, LLC shall be deemed to be a Subsidiary of the Company.

"**Target Net Working Capital**" means negative $29,850,207.

"**Tax**" or "**Taxes**" means (a) all Federal, state, county, local, municipal, foreign and other taxes, assessments, customs, duties or similar charges of any kind whatsoever, including all corporate, franchise, income, sales, use, ad valorem, property, receipts (including gross receipts), value added, profits, license, withholding, payroll, employment, excise, premium, property, customs, net worth, capital gains, transfer, stamp, documentary, social security, environmental, alternative minimum, occupation, recapture and other taxes, and (b) any deficiency, interest, penalty, fine and addition imposed with respect to such amounts.

"**Tax Protection Agreement**" means the tax protection agreement to be entered into at Closing by and among Parent, SCOLP, the Company and each Protected Member (as defined therein) in substantially the form attached hereto as Exhibit O.

"**Tax Returns**" means any return (including any information return), report, schedule, or other document, including any amendments, schedules, supplements, and exhibits thereto, filed with or submitted to, or required to be filed with or submitted to, any Governmental Entity in connection with the determination, assessment, collection, or payment of any Tax.

"**Title Company**" means Amrock, Inc., as agent for one or more nationally recognized title insurance companies.

"**Transaction Expenses**" means, without duplication, the aggregate amount, which remains unpaid as of the Reference Time, of: (a) all of the fees, expenses, disbursements and other similar amounts payable by any Acquired Company or Sailor Newco to bankers, attorneys, financial advisors, accountants, agents and other representatives and advisors engaged by or on behalf of any Acquired Company or Sailor Newco in connection with the negotiation, documentation and consummation of the Transactions; (b) any and all fees, expenses, costs, charges, payments and other obligations that are incurred by or on behalf of any Acquired Company or Sailor Newco in connection with the negotiation, documentation and consummation

of the Transactions; (c) any retention, change of control, transaction or other similar bonuses or payments paid or required to be paid by the Company or any direct or indirect Subsidiary of the Company to any current or former employee, officer, director, consultant or other service provider of the Company or any direct or indirect Subsidiary of the Company as a result of the consummation of the Transactions; (d) the amount of bonuses paid or required to be paid pursuant to this Agreement by the Company or any direct or indirect Subsidiary of the Company to Employees for fiscal year 2020, as set forth on Section 1.1(h) of the Company Disclosure Schedules (the "**Closing Bonus Payment Amount**"); (e) the employer portion of any payroll, social security, unemployment or other employment Taxes imposed in connection with the foregoing clauses (c) and (d), or any payments to Security Holders in connection with this Agreement, and (f) one-half (50%) of all costs, premiums or expenses related to (i) the R&W Policy to be issued as of the Closing, (ii) all filing fees required by the HSR Act, (iii) the D&O Insurance and (iv) all Transfer Taxes (other than with respect to Delayed Consent Properties); *provided*, *however*, that in no event shall Transaction Expenses include the Debt Repayment Amount or any fees or expenses incurred in connection with the amendment of the Credit Agreement or obtaining the consent of the lenders thereunder, any amounts included in Net Working Capital, the Attributable Property Value Adjustment Amount or Closing Indebtedness or the Pipeline Acquisition Costs.

"**Transactions**" means the transactions contemplated by this Agreement and the Ancillary Documents.

"**Transfer Taxes**" means all transfer, documentary, sales, use, excise, stock transfer, value-added, stamp, recording, registration and other similar taxes, levies and fees (including any penalties, fines and interest), together with any conveyance fees, recording charges and other similar fees and charges, incurred in connection with this Agreement, the Ancillary Documents and the Transactions.

"**Treasury Regulations**" means the regulations promulgated or issued by the United States Department of the Treasury under the Code.

"**U.S.**" or "**United States**" means the United States of America.

"**Unit**" means the units representing limited liability company interests in the Company and includes any class of Units of the Company issued and designated by the Board as "Units".

"**WARN Act**" means the Worker Adjustment and Retraining Notification Act of 1988 and the regulations promulgated thereunder, and any comparable foreign, state or local Law.

"**Willful Breach**" means a material breach that is a consequence of an omission by, or act undertaken by or caused by, the breaching party intentionally and with the knowledge that such omission or taking or causing of such act would, or would reasonably be expected to, cause such material breach.

1.2 Cross-Reference of Definitions. Each capitalized term listed below is defined in the corresponding section of this Agreement:

Defined Term	Section
Agreement	Preamble
Anti-Corruption Laws	Section 3.21
Attorney-Client Information	Section 11.14
Audited Financial Statements	Section 3.6(a)
Balance Sheet Date	Section 3.6(a)
CBAs	Section 3.17(d)
Certificate of Merger	Section 2.3
Closing	Section 2.2
Closing Date	Section 2.2
Closing Statement	Section 2.15(a)
Commitment	Section 7.7(a)
Common OP Units	Section 2.5(a)
Company	Preamble
Company Closing Certificate	Section 8.1(c)
Company Intellectual Property	Section 3.11(b)
Company Permits	Section 3.10(b)
Company Plans	Section 3.14(a)
Contracting Parties	Section 11.15
Covered Party	Section 7.5(a)
D&O Insurance	Section 7.5(c)
Data Subject	Section 3.22
Deductible	Section 9.5(a)
Delayed Consent Equity	Section 2.13(a)
Delayed Consent Schedule	Section 2.13(a)
Delayed Net Working Capital Adjustment Amount	Section 2.13(d)
Direct Claim	Section 9.4(a)
DOJ	Section 7.2(a)
Effective Time	Section 2.3
Electing Security Holder	Section 2.5(a)
Election	Section 2.5(a)
Election Deadline	Section 2.5(b)
Election Form	Section 2.5(b)
Enforceability Exceptions	Section 3.3
Estimated Cash Amount	Section 2.8(a)
Estimated Closing Indebtedness	Section 2.8(a)
Estimated Closing Statement	Section 2.8
Estimated Net Working Capital	Section 2.8(a)
Estimated Pipeline Acquisition Costs	Section 2.8(a)
Estimated Transaction Expenses	Section 2.8(a)
Financial Statements	Section 3.6(a)
FTC	Section 7.2(a)
Information Statement	Section 5.3
Insurance Policies	Section 3.12
Letter of Transmittal	Section 2.9(a)
Leased Real Property	Section 3.13(b)
Management Agreements	Recitals

Material Contract	Section 3.8(a)
Material Tenant Leases	Section 3.13(c)
Merger	Recitals
Merger Sub	Preamble
Merger Sub Interests	Section 4.5(c)
MGCL	Section 4.5(h)
Most Recent Balance Sheet	Section 3.6(a)
Nonparty Affiliates	Section 11.15
Objection Statement	Section 2.15(b)
Outside Date	Section 8.5(d)
Outstanding Claims	Section 9.8
Owned Real Property	Section 3.13(a)
Parent	Preamble
Parent Cap	Section 9.5(a)
Parent Closing Certificate	Section 8.2(c)
Parent Common Stock	Section 4.5(a)
Parent Group Members	Section 11.14
Parent Indemnified Parties	Section 9.2(a)
Parent Parties	Preamble
Parent Preferred Stock	Section 4.5(a)
Parent Shares	Section 4.5(a)
Partnership Agreement	Section 2.5(d)
Payment Schedule	Section 2.8(d)
Payoff Letters	Section 2.10(d)
Personal Data	Section 3.22
Personal Property Leases	Section 3.13(d)
Preferred OP Units	Section 2.5(a)
Provision	Section 11.12
Purchase Price Allocation	Section 2.12(a)
Purchase Price Methodologies	Section 2.12(a)
Purchase Price Overpayment	Section 2.15(d)(ii)
Qualified REIT Subsidiary	Section 4.13(f)
Real Property Leases	Section 3.13(b)
Recipient	Section 7.4(c)(vii)
Reference Time	Section 2.2
REIT	Section 4.13(l)
Related Party Contract	Section 3.20
Release Date	Section 9.8
Restrictive Covenant Agreements	Recitals
Restructuring	Section 2.13(a)
Sailor Newco	Preamble
Sarbanes-Oxley Act	Section 4.6(a)
SCOLP	Preamble
SCOLP Units	Section 2.5(a)
SEC Documents	Section 4.6(a)
Seller Cap	Section 9.5(b)

Seller Group Members	Section 11.14
Seller Indemnified Parties	Section 9.3(a)
Seller Representative	Preamble
Sidley	Section 11.14
Specific Provision	Section 11.12
Survival Period Termination Date	Section 9.1
Surviving Company	Section 2.1
Tax Contest	Section 7.4(c)(vii)
Taxable REIT Subsidiary	Section 4.13(f)
Tenant Leases	Section 3.13(c)
Third-Party Claim	Section 9.4(b)
Title Policies	Section 7.7(a)

ARTICLE II
THE TRANSACTIONS

2.1 The Merger. On the terms and subject to the conditions set forth herein and in accordance with the Act, Merger Sub shall be merged with and into the Company at the Effective Time, and the separate existence of Merger Sub shall thereupon cease, and the Company shall continue as the Surviving Company (the "**Surviving Company**"). Immediately following the Closing, Parent will cause the Acquired Companies to transfer certain assets (excluding any Real Property) to Affiliates of Parent that are Taxable REIT Subsidiaries.

2.2 Closing. Unless this Agreement shall have been terminated in accordance with Section 8.5, the closing of the Merger and the other Transactions (other than the transfers of Delayed Consent Equity, as applicable) shall take place by electronic mail and overnight courier service, or by physical exchange of documentation at the offices of Jaffe Raitt Heuer & Weiss, P.C., 27777 Franklin Rd., Suite 2500, Southfield, Michigan 48034 (in either case, the "**Closing**"), on the date that is the third Business Day after the date on which all conditions set forth in Article VIII (except those conditions that are to be satisfied or waived at Closing) have been satisfied or waived by the party entitled to the benefit of the same, at 9:00 a.m., Central Time; *provided* that if such conditions are satisfied or waived prior to October 30, 2020, the Closing shall take place on the last Business Day of the month in which such conditions are satisfied or waived, or at such other place, date and time as the parties shall mutually agree in writing (the date on which the Closing occurs, the "**Closing Date**"); *provided*, *however*, that the Closing may occur remotely by e-mail or other manner as may be mutually agreed upon by the parties. The Closing shall be effective as of 11:59 p.m., Central Time, on the Closing Date, or, if the Closing Date is October 30, 2020, as of 11:59 p.m., Central Time, on October 31, 2020 (the "**Reference Time**").

2.3 Effective Time and Effects of the Merger. Prior to the Closing, the parties shall prepare, and on the Closing Date shall file with the Secretary of State of the State of Delaware, a certificate of merger or other appropriate documents (in any such case, the "**Certificate of Merger**") executed in accordance with the relevant provisions of the Act and shall make all other filings or recordings required under the Act. The Merger shall become effective at such time as the Certificate of Merger is duly filed with such Secretary of State, or at such other time as Parent and the Company shall agree in writing and specify in the Certificate of Merger (the time the Merger becomes effective being the "**Effective Time**"). The Merger shall have the effects set forth in Section 18-209 of the Act.

2.4 The Surviving Company.

(a) Organizational Documents. Subject to Section 7.5(a), by virtue of the Merger and pursuant to the Certificate of Merger, (i) the certificate of formation of the Surviving Company shall be amended and restated as of the Effective Time so as to contain the provisions, and only the provisions, contained in the exhibit attached to the Certificate of Merger and (ii) the limited liability company agreement of the Surviving Company shall be amended and restated to read as the limited liability company agreement of Merger Sub, except for any references to the name of Merger Sub.

(b) Managers. The managers of Merger Sub immediately prior to the Effective Time shall be the managers of the Surviving Company, until the earlier of their resignation or removal or until their respective successors are duly elected and qualified, as the case may be.

(c) Officers. The officers of the Company immediately prior to the Effective Time shall be the officers of the Surviving Company, until the earlier of their resignation or removal or until their respective successors are duly elected or appointed and qualified, as the case may be.

2.5 Merger Consideration.

(a) Subject to the last sentence of this Section 2.5(a), each Security Holder may elect (an "**Election**"), in accordance with Section 2.5(b), that a portion of the Closing Merger Consideration payable to such Security Holder will be paid in a combination of (i) common units in SCOLP (the "**Common OP Units**") and/or (ii) units of a new series of preferred units in SCOLP (the "**Preferred OP Units**" and, together with the Common OP Units, the "**SCOLP Units**"); *provided* that the portion of the Closing Merger Consideration payable in (A) SCOLP Units shall not exceed 15% of the Estimated Purchase Price and (B) Preferred OP Units shall not exceed $75,000,000 in value. If Elections made by the Security Holders exceed the limitations set forth in the preceding sentence, such Elections shall be subject to cutback in a manner reasonably determined by the Company. Parent is a REIT and is the general partner of SCOLP. To the extent that a Security Holder elects SCOLP Units (each, an "**Electing Security Holder**"), and subject to satisfaction of the conditions for issuance described in Section 2.5(b), Parent shall cause SCOLP to issue such SCOLP Units in accordance with this Agreement. In electing a portion of the Closing Merger Consideration in SCOLP Units, the applicable Electing Security Holder shall elect such portion that is capable of being divided equally on a per unit basis by the number of Outstanding Class A Units to avoid the issuance of any fractional SCOLP Units. The remaining balance of the Closing Merger Consideration payable to such Electing Security Holder shall be paid in cash. Section 2.5(a) of the Company Disclosure Schedules lists certain Security Holders that have irrevocably elected whether or not to make the Election and the portion of such Security Holder's share of the Closing Merger Consideration that each has elected to receive in the form of Common OP Units and/or Preferred OP Units.

(b) The Company shall prepare and mail along with the Information Statement a customary form of election (the "**Election Form**") to the Security Holders, which Election Form shall be used by each Security Holder who wishes to make an Election. Any Electing Security Holder's Election shall have been properly made only if the Company shall have received at its designated office, by 5:00 p.m., Central Time, on a date prior to the Effective Time to be mutually selected by Parent and the Company (the "**Election Deadline**"), an Election Form properly completed and duly executed by the Electing Security Holder. A Security Holder that has not made a valid Election by the Election Deadline, that has revoked an Election prior to the Election Deadline (other than Security Holders that have delivered an irrevocable Election) or that fails to deliver an executed Lockup Agreement and Investor Letter and Questionnaire prior to the Closing Date, shall be treated as not having made an Election. Other than Security Holders that have delivered an irrevocable Election, an Electing Security Holder may, at any time prior to the Election Deadline, revoke or change such Electing Security Holder's Election by written notice received by the Company prior to the Election Deadline, accompanied if applicable by a properly completed and duly executed revised Election Form.

(c) Subject to the provisions of this Article II, at the Effective Time, by virtue of the Merger and without any action on the part of the Parent Parties (or their respective equityholders) or the Company or any of the Security Holders:

(i) Each Unit issued and outstanding immediately prior to the Effective Time shall be canceled and converted into the right to receive, without interest thereon:

A. with respect to each Outstanding Class A Unit, the Closing Per Unit Merger Consideration, *plus*, with respect to any Conversion Unit, the Class B Preferred Preference Consideration for such Conversion Unit;

B. with respect to each Outstanding Class B Preferred Unit that is a Series B-1 Preferred Unit, the Class B Preferred Preference Consideration for such Series B-1 Preferred Unit *plus* the product of (1) the Closing Per Unit Merger Consideration and (2) 0.9090909; and

C. with respect to each Outstanding Class B Preferred Unit that is a Series B-2 Preferred Unit, the Class B Preferred Preference Consideration for such Series B-2 Preferred Unit *plus* the product of (1) the Closing Per Unit Merger Consideration and (2) 0.8333333.

(ii) Each Phantom Unit issued and outstanding immediately prior to the Effective Time that has vested in accordance with the terms of the applicable award agreement shall be canceled and converted into the right to receive, without interest thereon, the Closing Per Unit Merger Consideration.

(iii) Each Unit that is owned by the Parent Parties or any of their respective Subsidiaries immediately prior to the Effective Time shall be cancelled and shall cease to exist and no payment shall be made with respect thereto.

(iv) Each unit representing limited liability company interests in Merger Sub issued and outstanding immediately prior to the Effective Time will be converted into one unit representing limited liability company interests of the Surviving Company.

(v) All Units (as converted) will cease to represent any rights for the holders thereof as members of the Company except the right to receive the Merger Consideration as set forth in this Section 2.5(c).

(d) The SCOLP Units to be issued pursuant to the terms hereof shall be governed by that certain Fourth Amended and Restated Limited Partnership Agreement of SCOLP, dated as of January 31, 2019, as amended or restated from time to time (the "**Partnership Agreement**"). The rights and preferences of the Preferred OP Units shall be as set forth in the form of amendment to the Partnership Agreement attached hereto as Exhibit N. Notwithstanding anything to the contrary in this Agreement or the Partnership Agreement, distributions payable on the SCOLP Units for the quarter in which the Closing occurs shall be prorated based on the number of days elapsed in such quarter through the Closing Date as compared to the total number of days in such quarter. On or prior to the Closing Date, any Security Holders receiving SCOLP Units shall execute and deliver such customary investment, subscription and joinder documents as SCOLP shall reasonably require in connection with the issuance of the SCOLP Units.

2.6 Treatment of Incentive Awards.

(a) As soon as practicable following the date of this Agreement, and in any event prior to the Effective Time, the Board (or, if appropriate, any duly authorized committee of the Board) shall adopt such resolutions or take such other actions (including obtaining any required consents) as may be necessary or required to give effect to the following:

(i) At the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof, each award of Restricted Units that is outstanding as of immediately prior the Effective Time shall, to the extent provided in the applicable award agreement, become vested and all forfeiture restrictions with respect thereto shall lapse, and such Restricted Units shall become Outstanding Class A Units subject to treatment as provided in Section 2.5(c)(i)(A).

(ii) At the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof, each Phantom Unit that is outstanding as of immediately prior the Effective Time shall, to the extent provided in the applicable award agreement, become vested and all forfeiture restrictions with respect thereto shall lapse, and such Phantom Units that have vested in accordance with the terms of the applicable award agreement shall become entitled to receive the payment described in Section 2.5(c)(ii).

(b) Notwithstanding anything herein to the contrary, but subject to receipt by the Company of a Letter of Transmittal duly completed and validly executed by the applicable Selling Security Holder in accordance with the instructions thereto, any cash amounts that become payable to Selling Security Holders holding Restricted Units that vest as a result of the Transactions or holding vested Phantom Units pursuant to this Article II shall be paid through payroll of the Acquired Companies no later than the second payroll date following the Closing Date.

2.7 No Liability. Notwithstanding anything to the contrary in this Article II, none of Seller Representative, Parent, the Surviving Company or any other party shall be liable to any Person for any amount properly paid to a public official pursuant to any applicable abandoned property, escheat or similar Law.

2.8 Estimated Closing Statement. Not less than three Business Days prior to the Closing, the Company shall deliver to Parent a certificate, executed by an executive officer of the Company (the "**Estimated Closing Statement**") setting forth in reasonable detail:

(a) the Company's good faith calculations of the estimated Net Working Capital (calculated without reference to the Delayed Consent Subsidiaries) ("**Estimated Net Working Capital**"), the estimated Closing Indebtedness ("**Estimated Closing Indebtedness**"), the estimated Transaction Expenses ("**Estimated Transaction Expenses**"), the estimated Pipeline Acquisition Costs ("**Estimated Pipeline Acquisition Costs**"), the estimated Cash Amount ("**Estimated Cash Amount**"), the Debt Repayment Amount and the Optional Delayed Consent Debt Repayment Amount, the aggregate Attributable Property Values of the Delayed Consent Properties, and the resulting calculations of the Estimated Purchase Price and Closing Merger Consideration;

(b) the Closing Target Net Working Capital;

(c) the Fully Diluted Unit Number, the Class B Preferred Preference Amount with respect to Outstanding Class B Preferred Units and Conversion Units, and the Closing Per Unit Merger Consideration Value;

(d) the portion of the Closing Merger Consideration deliverable to each Security Holder under Section 2.5(c) with respect to his, her or its Outstanding Class A Units (including Conversion Units), Outstanding Class B Preferred Units and vested Phantom Units (the "**Payment Schedule**");

(e) each Security Holder's Pro Rata Share; and

(f) the Holdback Amount.

During the period between the delivery of the Estimated Closing Statement and the Closing Date, Parent shall have the right to review and propose comments to the Estimated Closing Statement, and the Company and Parent shall use good faith efforts to resolve any differences regarding the calculations of the Estimated Net Working Capital, Estimated Closing Indebtedness, the Estimated Transaction Expenses, the Estimated Pipeline Acquisition Costs, the Estimated Cash Amount, the aggregate Attributable Property Values of the Delayed Consent Properties (if not definitively set forth on Section 1.1(a) of the Company Disclosure Schedules), and the resulting calculations of the Estimated Purchase Price and the Closing Merger Consideration, set forth in the Estimated Closing Statement; *provided, however*, that if Parent and the Company are not able to reach mutual agreement by 11:59 p.m., Central Time, on the day immediately prior to the Closing Date, the Estimated Closing Statement provided by the Company to Parent, as modified to include any changes agreed to by the Company and Parent, shall be used as the Estimated Closing Statement for purposes of this Agreement.

2.9 Letters of Transmittal; Payments to Security Holders.

(a) As promptly as practicable following the date hereof, the Company shall deliver to each Security Holder a Letter of Transmittal substantially in the form attached as Exhibit H (a "**Letter of Transmittal**") and instructions for use in exchange for the applicable portion of Merger Consideration pursuant to Section 2.5.

(b) At the Closing, Parent shall deliver to the Company in accordance with written instructions provided by the Company to Parent prior to the Closing Date, the aggregate Closing Merger Consideration payable to the Security Holders pursuant to Section 2.5(c). No later than the later of (i) the Closing Date and (ii) three Business Days after receipt by the Company of a Letter of Transmittal duly completed and validly executed by a Security Holder in accordance with the instructions thereto, the Company (or, if applicable, the Surviving Company) shall deliver, or cause to be delivered (including, as applicable, through payroll of the Acquired Companies in accordance with Section 2.6(b)), to such Security Holder, the Closing Merger Consideration deliverable to such Security Holder as set forth in the Payment Schedule; *provided, however,* that in accordance with Section 2.6(b) above, any cash amounts that become payable to Selling Security Holders holding Restricted Units that vest as a result of the Transactions or holding vested Phantom Units pursuant to this Article II shall be paid through payroll of the Acquired Companies no later than the second payroll date following the Closing Date. The parties acknowledge and agree that the Company shall be entitled to rely on the instructions provided by the Security Holders, and any deliveries made by the Company in accordance with such instructions and the Payment Schedule will be deemed to have been made in accordance with this Agreement. The Company shall have no obligations to make, or cause to be made, any distributions of the Merger Consideration to the Security Holders in excess of the Closing Merger Consideration actually received by the Company from Parent in accordance with the terms hereof.

2.10 Other Payments.

(a) At the Closing, Parent shall pay, or cause to be paid, on behalf of the Acquired Companies, the Transaction Expenses reflected in the Estimated Closing Statement to the obligees thereof by wire transfer of immediately available funds to the accounts designated in writing to Parent prior to the Closing Date.

(b) At the Closing, Parent shall pay, or cause to be paid, on behalf of the Security Holders, the Holdback Amount by wire transfer of immediately available funds to the account designated in writing by Seller Representative to Parent prior to the Closing Date.

(c) At the Closing, Parent shall deposit, or cause to be deposited, with the Escrow Agent (i) cash in an amount equal to the Purchase Price Adjustment Escrow Amount and (ii) cash in an amount equal to the Retention Escrow Amount, in each case, in accordance with the Escrow Agreement.

(d) At the Closing, Parent shall pay, or cause to be paid, on behalf of the Acquired Companies, the Debt Repayment Amount to the lenders under the Credit Agreement in

accordance with payoff letters delivered by or on behalf of the Company to Parent prior to the Closing setting forth (i) the Debt Repayment Amount and the applicable amount of Closing Indebtedness, together with wire transfer information for such payments and (ii) the written commitment of each applicable creditor to release all Liens, if any, which such creditor may hold on any of the assets of the Delayed Consent Subsidiaries or the Acquired Companies (other than Liens arising out of the Credit Agreement) (collectively, the "**Payoff Letters**").

(e) At or prior to the Closing, the Company shall pay, or cause to be paid, through payroll of the Acquired Companies, the Closing Bonus Payment Amount.

2.11 Closing Deliveries.

(a) Deliveries to Parent. At or prior to the Closing, the Company shall deliver, or cause to be delivered, to Parent the following:

(i) a copy of the certificate of incorporation, certificate of formation or certificate of limited partnership of each Acquired Company, in each case, certified to by the Secretary or an Assistant Secretary (or equivalent officer) of each Acquired Company as the true and correct copy thereof, and a certificate of good standing (or analogous document) for each Acquired Company issued by the secretary of state or similar Governmental Entity in the jurisdiction in which each Acquired Company is organized and each other jurisdiction in which each such entity is authorized to do business, in each case, dated not earlier than ten Business Days prior to the Closing Date;

(ii) a copy of the resolution or written consent of the Board authorizing the execution and delivery of this Agreement and performance by the Company of the Transactions, including the Merger;

(iii) the Certificate of Merger duly executed by the Company;

(iv) terminations of the Related Party Contracts set forth on Section 2.11(a)(iv) of the Company Disclosure Schedules;

(v) certification of non-foreign status from each Security Holder, in form and substance reasonably satisfactory to Parent, in accordance with Treasury Regulations Section 1.1445-2(b) and Section 1446(f) of the Code;

(vi) a copy of the Escrow Agreement duly executed by Seller Representative;

(vii) a copy of the Interim Operating Agreement duly executed by Sailor Newco;

(viii) a copy of the Lockup Agreements duly executed by each Electing Security Holder;

(ix) a copy of a Registration Rights Agreement duly executed by each Qualifying Electing Security Holder;

(x) a completed Investor Letter and Questionnaire duly executed by each Electing Security Holder and a completed Registration Questionnaire duly executed by each Qualifying Electing Security Holder;

(xi) a copy of a joinder to the Partnership Agreement duly executed by each Electing Security Holder;

(xii) a copy of the Tax Protection Agreement duly executed by the Company and each Protected Member (as defined therein);

(xiii) resignation letters with respect to status as a director, manager and/or officer, as applicable (and not of employment, if applicable), in form and substance reasonably satisfactory to Parent, executed by each of the directors, managers and/or officers set forth on Section 2.11(a)(xiii) of the Company Disclosure Schedules;

(xiv) the Payoff Letters;

(xv) the Company Closing Certificate;

(xvi) an owner's affidavit for each parcel of Real Property (other than the Delayed Consent Properties) in the form attached hereto as Exhibit J-1 to remove the so-called standard exceptions from the policies of title insurance to be issued to Parent at Closing; a non-imputation affidavit form in the form attached hereto as Exhibit J-2 in order to issue non-imputation endorsements with the policies of title insurance; and a no change affidavit with respect to those parcels of Real Property (other than the Delayed Consent Properties) for which the Company delivered a survey to Parent and was not updated by Parent in the form attached hereto as Exhibit J-3 (revised to identify the exceptions noted in Exhibit J-4 for the corresponding Real Property), so long as the disclosures called for in such no change affidavit are accurate; and

(xvii) transfer tax statements and forms and other similar Tax disclosure forms required to be delivered in each jurisdiction where Real Property (other than the Delayed Consent Properties) is located in connection with the consummation of the Transactions.

(b) Deliveries to the Company. At or prior to the Closing, Parent shall deliver, or cause to be delivered, to the Company the following:

(i) a copy of the resolution of each Parent Party's governing body, as having been duly and validly adopted and being in full force and effect as of the Closing Date, authorizing the execution and delivery of this Agreement and performance by the Parent Parties, as applicable, of the Transactions, including the Merger;

(ii) the Certificate of Merger duly executed by Merger Sub;

(iii) a copy of the Escrow Agreement duly executed by Parent and the Escrow Agent;

(iv) a copy of the Interim Operating Agreement duly executed by Parent;

(v) a copy of the Lockup Agreements duly executed by Parent and SCOLP;

(vi) a copy of the Registration Rights Agreement duly executed by Parent;

(vii) a copy of the Tax Protection Agreement duly executed by Parent and SCOLP;

(viii) a written opinion to the Electing Security Holders of Jaffe, Raitt, Heuer & Weiss, Professional Corporation, dated as of the Closing Date and substantially in the form attached hereto as Exhibit K, which opinion will be based in part on customary representations contained in an officer's certificate executed by Parent and SCOLP; and

(ix) the Parent Closing Certificate.

2.12 Tax Treatment.

(a) Purchase Price Allocation. The parties agree that the Closing Merger Consideration (including all other amounts treated as consideration for U.S. federal income tax purposes) shall be allocated among assets of each Acquired Company pursuant to the methodologies set forth on Section 2.12 of the Company Disclosure Schedules (the "**Purchase Price Methodologies**"), and an allocation schedule shall be prepared after the Closing as provided in this Section 2.12 in accordance with the Purchase Price Methodologies and Section 1060 of the Code and the Treasury Regulations promulgated thereunder (the "**Purchase Price Allocation**"). The parties agree that, for Tax purposes, including for purposes of determining the amount of money or fair market value of property received by the Security Holders that is attributable to unrealized receivables or inventory pursuant to Section 751(a) of the Code, the Purchase Price Methodologies shall be determinative. Within 90 days after the determination of the post-Closing adjustments to the Purchase Price pursuant to Section 2.15, Parent shall deliver a copy of its initial determination of the Purchase Price Allocation to Seller Representative. Seller Representative shall, within 30 days after receipt of the initial determination of the Purchase Price Allocation from Parent, notify Parent if Seller Representative disagrees with such initial determination, and if Seller Representative does not so notify Parent within such 30 day period, the initial Purchase Price Allocation shall be final and binding on the parties. If Seller Representative disagrees with such initial Purchase Price Allocation, Parent and Seller Representative shall make a good faith effort to resolve the dispute. If Parent and Seller Representative have been unable to resolve their differences within 30 days after Parent has been notified of Seller Representative's disagreement with the initial Purchase Price Allocation, then Seller Representative and Parent shall each be entitled to adopt their own positions regarding the allocation of the Purchase Price among the assets of the Acquired Companies for federal income tax purposes. If the parties agree on the allocation schedule (or such is deemed accepted or rendered final), Parent and Seller's Representative and each Security Holder agree (i) that no party will take a position on any Tax Return, before any Governmental Entity charged with the collection of any Tax, or in any judicial proceeding, that is in any way inconsistent with the Purchase Price Allocation; *provided*, *however*,

that neither party shall be unreasonably impeded in its ability and discretion to negotiate, compromise and/or settle any Tax audit, claim or similar proceedings in connection with such allocation and (ii) in the event that any adjustment is required to be made to the Purchase Price Allocation as a result of an adjustment to the Purchase Price pursuant to this Agreement, Parent shall prepare or cause to be prepared, and shall provide to Seller Representative, a revised Purchase Price Allocation reflecting such adjustment. In the event that a revised Purchase Price Allocation is required to be prepared, it shall be subject to review and resolution of timely raised disputes in the same manner as the initial Purchase Price Allocation.

(b) Tax Treatment of Merger. Except as otherwise required by law, the parties shall treat the Merger, for all applicable tax reporting purposes as an "assets over merger" of the Company with and into SCOLP, with SCOLP being treated as the continuing partnership under Section 708 of the Code and Treasury Regulation Section 1.708-1(c)(3)(i). Consistent with this treatment, the parties shall treat the Merger as (i) a sale by the Selling Security Holders of all or a portion of their Units in the Company to SCOLP in exchange for cash and (ii) for the Electing Security Holders a tax-deferred contribution of their Units in the Company (not otherwise sold for cash) in exchange for SCOLP Units under Section 721 of the Code. No party shall take any position inconsistent with such treatment.

2.13 Pre-Closing Restructuring; Delayed Consents.

(a) On the date that is three Business Days prior to the Closing, the Company shall deliver to Parent a schedule that sets forth each Delayed Consent and, with respect to each such Delayed Consent, (i) the applicable Delayed Consent Lease, (ii) the applicable Delayed Consent Subsidiary, (iii) the applicable Delayed Consent Property, (iv) the Attributable Property Value for each Delayed Consent Property (the "**Delayed Consent Schedule**") and (v) a list of the Optional Delayed Consent Leases for which the consent of the counterparty to such Optional Delayed Consent Leases has not been obtained. If requested by Parent in writing within 24 hours following delivery of the Delayed Consent Schedule, the Delayed Consent Schedule shall be updated to include any Optional Delayed Consent Lease for which the consent of the counterparty to such Optional Delayed Consent Lease has not been obtained prior to delivery of the Delayed Consent Schedule. Following delivery of the Delayed Consent Schedule and on the Closing Date but prior to the Closing, the Company will consummate a restructuring ("**Restructuring**") pursuant to which the issued and outstanding Equity Securities of the Delayed Consent Subsidiaries (the "**Delayed Consent Equity**") will be transferred and assigned to Sailor Newco, which is a wholly-owned Subsidiary of the Company, and the Equity Securities of Sailor Newco will be distributed *pro rata* to the Security Holders.

(b) With respect to each Delayed Consent, from and after the Closing through the earlier of (i) the applicable Delayed Consent Approval Date (with respect to any Delayed Consent that is not required pursuant to an Optional Delayed Consent Lease) or November 30, 2020 (with respect to any Delayed Consent that is required pursuant to an Optional Delayed Consent Lease) and (ii) the Delayed Consent Deadline, each of Sailor Newco, Seller Representative, the Surviving Company and Parent shall (A) use their respective reasonable best efforts to obtain such Delayed Consent as quickly as possible, (B) cooperate with the other parties in executing any additional instruments reasonably requested by another party necessary to obtain such Delayed Consent, (C) provide such information or documentation as may be requested by the

lessor of the Delayed Consent Property in connection with considering the request for consent, and (D) keep the other parties reasonably apprised of the status of any negotiations with the lessor of the Delayed Consent Property. The request for each Delayed Consent shall be in substantially the forms attached hereto as Exhibit I for the respective Delayed Consent Property or, if any material changes are requested by Sailor Newco or Seller Representative, on the one hand, or the Surviving Company or Parent, on the other hand, with such changes as are consented to (such consent not to be unreasonably withheld, conditioned or delayed) by Parent or Seller Representative, respectively; *provided*, that, to the extent an Acquired Company received a consent pursuant to a Delayed Consent Lease in connection with the acquisition of the applicable Delayed Consent Property by the Acquired Company, the request for such Delayed Consent may be in substantially the same form as the original consent (with, other than for a Required Estoppel Lease, all estoppel language deleted from such form if requested by the counterparty to such Delayed Consent Lease) without additional consents required by the parties. Each party shall bear its own costs and expenses (including for its attorneys, accountants and other advisors) in connection with obtaining the Delayed Consents; *provided*, that any costs and expenses that are incurred by or on behalf of the Surviving Company in connection with obtaining the Delayed Consents shall be borne by the Surviving Company and shall not be deemed Transaction Expenses; *provided, further, however*, (1) the Surviving Company may, but shall not be required, to make any payments to a third Person or agree to any changes or amendments to any Delayed Consent Lease in connection with obtaining any such Delayed Consent, (2) the Surviving Company shall agree to financial concessions as Seller Representative shall deem necessary to obtain a Delayed Consent (other than Delayed Consents that are required pursuant to Optional Delayed Consent Leases, it being agreed that any financial concessions required with respect to Optional Delayed Consent Leases shall be borne by the Surviving Company and subject to the Surviving Company's approval and consent) and (3) the Surviving Company shall agree to such non-financial changes or amendments to each Delayed Consent Lease as do not materially interfere with the ownership, use or operation of the Delayed Consent Property, it being agreed that (x) any non-financial changes or amendments that materially interfere with the ownership, use or operation of a Delayed Consent Property not underlying an Optional Delayed Consent Lease shall be subject to the Surviving Company's approval and consent, not to be unreasonably withheld, conditioned or delayed (determined in the context of the materiality of the interference), and (y) any non-financial changes or amendments that materially interfere with the ownership, use or operation of a Delayed Consent Property underlying an Optional Delayed Consent Lease shall be subject to the Surviving Company's approval and consent; *provided*, that any payments to a third Person and the impact of such changes, amendments or concessions, other than as approved by Parent in connection with obtaining any Delayed Consents that are required pursuant to Optional Delayed Consent Leases, as applicable, shall be taken into account in the calculation of the Attributable Property Value Adjustment Amount in accordance with Section 1.1(b) of the Company Disclosure Schedules.

(c) During the period from the Closing until the earlier of (i) the transfer of the Delayed Consent Equity in accordance with Section 2.13(d) and (ii) the termination of the Interim Operating Agreement in accordance with its terms, the Surviving Company shall continue to operate the Delayed Consent Property in the ordinary course of business consistent with past practice pursuant to the terms and conditions of the Interim Operating Agreement. The Surviving Company shall collect all revenues, pay all expenses and remit all income associated with the operation of such Delayed Consent Property in accordance with the terms of the Interim Operating Agreement. Without limiting the foregoing, during the period from the Closing until the earlier of

(A) the transfer of the Delayed Consent Equity in accordance with Section 2.13(d) and (B) the Delayed Consent Deadline, Sailor Newco shall not, and where applicable shall cause each Delayed Consent Subsidiary not to, except (1) as permitted, contemplated or required by the Interim Operating Agreement or by applicable Laws or (2) as Parent otherwise consents to in writing, in its sole discretion:

(i) sell, lease, transfer, or assign any material tangible assets of a Delayed Consent Subsidiary, other than in the ordinary course of business consistent with past practice;

(ii) grant any material license or sublicense of any rights under or with respect to any Intellectual Property of a Delayed Consent Subsidiary other than in the ordinary course of business consistent with past practice;

(iii) permit a Delayed Consent Subsidiary to incur or guaranty any material Indebtedness;

(iv) make or authorize any material change in any Organizational Document of any Delayed Consent Subsidiary;

(v) issue, sell, or otherwise dispose of any of Equity Securities of any Delayed Consent Subsidiary, or grant any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of Equity Securities of any Delayed Consent Subsidiary;

(vi) take any action that would, or fail to take any action, the failure of which to be taken would, reasonably be expected to cause any Delayed Consent Subsidiary to cease to be treated as a partnership or disregarded entity for federal income tax purposes;

(vii) permit any Delayed Consent Subsidiary to enter into any new line of business or abandon or discontinue any material existing line of business;

(viii) request a Tax ruling, change any method of Tax accounting or method of reporting income or deductions for Tax or accounting purposes, make, change or rescind any Tax election, amend any material Tax Return, or settle or compromise any material Tax liability audit, claim or assessment, enter into any closing agreement related to material Taxes, waive or extend the statute of limitations in respect of any material Taxes (other than pursuant to extensions of time to file Tax Returns obtained in the ordinary course of business), or knowingly surrender any right to claim any material Tax refund, in each case, with respect to any Delayed Consent Subsidiary;

(ix) adopt any plan of merger, consolidation, reorganization, liquidation or dissolution for any Delayed Consent Subsidiary, file a petition in bankruptcy under any provisions of federal or state bankruptcy Law for any Delayed Consent Subsidiary or consent to the filing of any bankruptcy petition under any similar Law for any Delayed Consent Subsidiary; and

(x) legally obligate itself to do any of the actions described in the foregoing clauses (i) through (ix).

(d) Within two Business Days after the final determination of the amount payable by Parent with respect to a Delayed Consent Subsidiary in accordance with Section 2.14 (or, with respect to a Delayed Consent Subsidiary that is party to an Optional Delayed Consent Lease, on November 30, 2020), Sailor Newco and the Surviving Company shall deliver (or cause to be delivered) to each other a duly executed copy of the applicable Delayed Consent Subsidiary Purchase Agreement, and each of Seller Representative, Sailor Newco and the Surviving Company shall cooperate with each other in executing (or causing to be executed) such other documentation as may be required to consummate each such transfer of Delayed Consent Equity, free and clear of all Liens (other than Permitted Liens). Concurrently with the execution and delivery of each Delayed Consent Subsidiary Purchase Agreement, Parent shall pay, or cause to be paid, an amount that is equal to (i) the Attributable Property Value for the applicable Delayed Consent Property, *minus* (ii) if applicable, the Attributable Property Value Adjustment Amount to Seller Representative (on behalf of the Security Holders for distribution to each such Security Holder in accordance with its Pro Rata Share thereof) by wire transfer of immediately available funds to the accounts designated in writing to Parent, *minus* (iii) the Optional Delayed Consent Debt Repayment Amount, if any, *plus* (iv) the amount, if any, by which the Net Working Capital of the applicable Delayed Consent Subsidiary exceeds the Proportionate Target Net Working Capital for such Delayed Consent Subsidiary; *minus* (v) the amount, if any, by which the Net Working Capital of the applicable Delayed Consent Subsidiary is less than the Proportionate Target Net Working Capital for such Delayed Consent Subsidiary (the amount set forth in clauses (iv) and (v), as applicable, the "**Delayed Net Working Capital Adjustment Amount**"). The parties agree to treat each assignment of Delayed Consent Equity as a sale of the assets of each such Delayed Consent Subsidiary and further agree to report all Tax consequences consistent with such treatment.

2.14 Attributable Property Value Adjustments. Within two Business Days after each Delayed Consent Approval Date, with respect to each Delayed Consent, the Surviving Company shall, and Parent shall cause the Surviving Company to, deliver to Seller Representative reasonably detailed calculations of the corresponding Attributable Property Value Adjustment Amount (if applicable) and the Delayed Net Working Capital Adjustment Amount. Seller Representative shall have five Business Days following delivery of such calculations to review and either accept or dispute such calculations. If Seller Representative timely disputes the calculation of the Attributable Property Value Adjustment Amount (if applicable) or the Delayed Net Working Capital Adjustment Amount, Seller Representative and the Surviving Company shall, and Parent shall cause the Surviving Company to, promptly endeavor in good faith to resolve any disagreement as to such calculation. If the Surviving Company and Seller Representative are unable to resolve in writing any disagreement as to the calculation of the Attributable Property Value Adjustment Amount (if applicable) or the Delayed Net Working Capital Adjustment Amount within ten Business Days, then the amounts in dispute will be promptly referred to the Accountants for final arbitration, which arbitration shall be completed within 30 days after the matter is submitted to the Accountants, and which arbitration shall be final, binding and non-appealable. The Accountants shall act as an arbitrator to determine, based solely on presentations and submissions by the Surviving Company and Seller Representative (which presentations and submissions shall be made to the Accountants no later than 15 days after the engagement of the

Accountants), and not by independent review, only those amounts still in dispute in accordance with the definitions of Attributable Property Value Adjustment Amount and Delayed Net Working Capital Adjustment Amount set forth herein. In resolving any disputed item, the Accountants may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. The Accountants shall have full authority to resolve all issues relating to the Attributable Property Value Adjustment Amount (if applicable) and the Delayed Net Working Capital Adjustment Amount pursuant to this Section 2.14 (including procedural, legal, factual and accounting issues). Seller Representative and the Surviving Company shall, and Parent shall cause the Surviving Company to, execute, if requested by the Accountants, a reasonable engagement letter. The fees and expenses of the Accountants shall be allocated between the Surviving Company and Seller Representative (on behalf of the Security Holders, severally, and not jointly, in accordance with each Security Holder's Pro Rata Share), so that Seller Representative's share of such fees and expenses shall be equal to the product of (i) the aggregate amount of such fees and expenses, and (ii) a fraction, the numerator of which is the amount in dispute that is ultimately unsuccessfully disputed by Seller Representative (as determined by the Accountants) and the denominator of which is the total amount in dispute submitted to arbitration. Notwithstanding anything to the contrary contained herein, the process set forth in this Section 2.14 shall be the sole and exclusive remedy of the parties for any disputes related to the calculation of the Attributable Property Value Adjustment Amount (if applicable) and the Delayed Net Working Capital Adjustment Amount. The rights and obligations set forth in this Section 2.14 shall also apply to calculation of the Delayed Net Working Capital Adjustment Amount for any Delayed Consent that is required by an Optional Delayed Consent Lease, except that the Surviving Company shall, and Parent shall cause the Surviving Company to, deliver to Seller Representative a reasonably detailed estimate of the Delayed Net Working Capital Adjustment Amount reasonably in advance of November 30, 2020 and Seller Representative and the Surviving Company shall cooperate with respect to any disputes with respect to such estimate and the final calculation of the Delayed Net Working Capital Adjustment Amount, and the payment of any amounts owing to or from such parties shall be made pursuant to the applicable Delayed Consent Subsidiary Purchase Agreement.

2.15 Purchase Price Adjustment.

(a) As promptly as practicable and in any event within 90 days after the Closing Date, Parent shall prepare and deliver to Seller Representative a statement (the "**Closing Statement**") setting forth in reasonable detail its good faith calculation of (i) the Net Working Capital (calculated without reference to the Delayed Consent Subsidiaries), (ii) the Closing Indebtedness, (iii) the Transaction Expenses, (iv) the Pipeline Acquisition Costs, (v) the Cash Amount and (vi) the resulting calculation of the Purchase Price.

(b) Seller Representative shall have 45 days following delivery of the Closing Statement to review and either accept or dispute the Closing Statement and the calculations set forth therein. If Seller Representative disputes any amounts reflected on the Closing Statement, it shall deliver to Parent a statement setting forth its objections thereto, setting forth, in reasonable detail, the basis for such dispute, the dollar amounts involved and Seller Representative's calculation of the adjustments to the Closing Statement that Seller Representative believes should be made, within 45 days of delivery of the Closing Statement to Seller Representative (such written notice of objection, the "**Objection Statement**"). If an Objection Statement is not delivered to

Parent within the time period required by the preceding sentence, then the Closing Statement (as delivered by Parent to Seller Representative), as modified to include any changes agreed to by Seller Representative and Parent, shall be final, binding and non-appealable by the parties hereto.

(c) If Seller Representative timely delivers an Objection Statement to Parent, Seller Representative and Parent shall negotiate in good faith to resolve any objections made by Seller Representative, but if they do not reach a final resolution within 30 days (or such longer period as may be agreed by Seller Representative and Parent) after the delivery of the Objection Statement, Seller Representative and Parent shall submit the items remaining in dispute for final resolution to the Accountants for final arbitration. Promptly following the submission of the items in dispute to the Accountants, and in any event within ten Business Days following such submission, each of Parent and Seller Representative shall submit to the Accountants (and the other party) all documentary materials and analyses that Parent or Seller Representative, as the case may be, believes to be relevant to a resolution of the disputed items set forth in the Objection Statement. The Accountants shall render their determination of all disputed items submitted for resolution within 30 days after receipt of all submissions by Parent and Seller Representative to the Accountants, and such determination shall be final, binding and non-appealable absent bad faith or manifest error. The Accountants shall, acting as experts in accounting and not as arbitrators, determine in a manner consistent with the requirements of this Agreement (including the Accounting Principles), based solely on written presentations and written submissions by Parent and Seller Representative (which presentations and submissions shall be made to the Accountants no later than 15 days after the engagement of the Accountants), and not by independent review, whether those items identified by Seller Representative on the Objection Statement that were submitted to the Accountants, and any resulting adjustments, were properly calculated in accordance with the terms of this Agreement (including the Accounting Principles). In resolving any disputed item, the Accountants may not assign a value to any item greater than the greatest value for such item claimed by either party or less than the smallest value for such item claimed by either party. Neither Parent nor Seller Representative shall engage in any *ex parte* communications with the Accountants. Seller Representative and Parent shall promptly execute, if reasonably requested by the Accountants, a commercially reasonable engagement letter. The fees and expenses of the Accountants shall be allocated between the Surviving Company and Seller Representative (on behalf of the Security Holders, severally, and not jointly, in accordance with each Security Holder's Pro Rata Share), so that each such party's share of such fees and expenses shall be equal to the product of (A) the aggregate amount of such fees and expenses and (B) a fraction, the numerator of which is the amount in dispute that is ultimately resolved in the other party's favor pursuant to this Section 2.15 (as finally determined by the Accountants) and the denominator of which is the total amount of the disputed items submitted to the Accountants.

(d) No later than five Business Days after the Purchase Price has been finally determined in accordance with this Section 2.15, the parties agree to the following payments (if any):

(i) If the Purchase Price is greater than the Estimated Purchase Price, Parent shall pay the amount of such excess to Seller Representative (on behalf of the Security Holders for distribution to each such Security Holder in accordance with its Pro Rata Share thereof) and all funds in the Purchase Price Adjustment Escrow Account shall be released to Seller Representative (on behalf of the Security Holders for distribution to each such Security Holder in accordance with its Pro Rata Share thereof).

(ii) If the Estimated Purchase Price is greater than the Purchase Price, (A) the amount of such excess (the "**Purchase Price Overpayment**") shall be released to Parent from the Purchase Price Adjustment Escrow Account and (B) all remaining funds in the Purchase Price Adjustment Escrow Account shall be released to Seller Representative (on behalf of the Security Holders for distribution to each such Security Holder in accordance with its Pro Rata Share thereof). Except as provided in the next sentence, the payment of funds from the Purchase Price Adjustment Escrow Account in accordance with this Section 2.15(d)(ii) shall be Parent's sole and exclusive remedy for any adjustments to the Purchase Price contemplated by this Section 2.15, and if the Purchase Price Overpayment would otherwise exceed the remaining funds at the time of such adjustments from the Purchase Price Adjustment Escrow Account, Parent and the Acquired Companies shall have no recourse against the Security Holders or their Affiliates for such excess. Notwithstanding anything to the contrary in this Agreement or any Ancillary Document, Parent may offset against any consideration payable to Sailor Newco under the Delayed Consent Subsidiary Purchase Agreements any amount by which the Purchase Price Overpayment exceeds the funds in the Purchase Price Adjustment Escrow Account.

(iii) If the Purchase Price is equal to the Estimated Purchase Price, all funds in the Purchase Price Adjustment Escrow Account shall be released to Seller Representative (on behalf of the Security Holders for distribution to each such Security Holder in accordance with its Pro Rata Share thereof).

(e) Any payment to be made pursuant to this Section 2.15 shall be made by wire transfer of immediately available funds to an account (or accounts) specified in writing by Seller Representative or Parent, as applicable. Promptly following final determination of the Purchase Price in accordance with this Section 2.15, Parent and Seller Representative hereby agree to deliver joint written instructions to the Escrow Agent to release from the Purchase Price Adjustment Escrow Account, in accordance with the Escrow Agreement, the funds to be delivered in accordance with Section 2.15(d). The parties acknowledge and agree that, with respect to any payments to be made by Seller Representative to the Security Holders pursuant to this Section 2.15, Seller Representative shall be entitled to rely on the instructions provided by the Security Holders, and any deliveries made by Seller Representative in accordance with such instructions based on each Security Holder's Pro Rata Share will be deemed to have been made in accordance with this Agreement. Seller Representative shall have no obligations to make, or cause to be made, any distributions of the amounts described in this Section 2.15 to the Security Holders in excess of the funds actually received by Seller Representative from Parent or the Escrow Agent, as applicable, in accordance with the terms hereof.

2.16 Withholding. Each of Parent, SCOLP, its Affiliates and, effective upon the Closing, the Surviving Company each be entitled to deduct and withhold from any amount otherwise payable pursuant to this Agreement such amounts as it is required to deduct and withhold with respect to the making of such payment under any provision of Law; *provided* that, except with respect to compensatory payments, Parent shall not withhold or deduct from any amount

otherwise payable to a Security Holder pursuant to this Agreement if such Security Holder has provided the certifications described in Section 2.11(a)(v). If Parent determines that it is required by Law to deduct and withhold from any amount otherwise payable pursuant to this Agreement, then Parent shall provide three Business Days' notice to Seller Representative prior to deducting and withholding such amount. If any amount otherwise payable under this Agreement is deducted or withheld and paid over to a Governmental Entity, then such amount shall be treated for all purposes of this Agreement as having been paid to the Person with respect to which such deduction or withholding was imposed.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as set forth in the Company Disclosure Schedules, the Company hereby makes the representations and warranties contained in this Article III, subject, in each case, to the Company's Knowledge, to Parent and SCOLP:

3.1 Organization, Good Standing and Other Matters; Subsidiaries.

(a) The Company is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and has all requisite limited liability company power and authority to own and lease its properties and to carry on its business as now being conducted. Section 3.1(a) of the Company Disclosure Schedules sets forth each jurisdiction in which the Company is licensed or qualified to do business. The Company is duly qualified to conduct its business as currently conducted in each jurisdiction in which the location of the property owned, leased or operated by it or the nature of its business makes such qualification necessary, except where the failure to be so qualified would not, individually or in the aggregate, (i) reasonably be expected to prevent or materially delay the Company from performing its obligations under this Agreement and consummating the Transactions or (ii) have a Material Adverse Effect.

(b) Each Subsidiary of the Company is duly organized, validly existing and in good standing under the Laws of the jurisdiction of its organization and has all requisite corporate or entity power and authority to own its properties and carry on its business as presently conducted. Section 3.1(b) of the Company Disclosure Schedules sets forth each jurisdiction in which each Subsidiary of the Company is licensed or qualified to do business. Each Subsidiary of the Company is duly qualified or authorized to do business as a foreign corporation or entity and is in good standing under the Laws of each jurisdiction in which the conduct of its business or the ownership of its properties requires such qualification or authorization, except where the failure to be so qualified, authorized, or in good standing would not (i) reasonably be expected to prevent or materially delay such Subsidiary of the Company from performing its obligations under this Agreement and consummating the Transactions or (ii) have a Material Adverse Effect.

(c) Section 3.1(c)(i) of the Company Disclosure Schedules sets forth for each Subsidiary of the Company (i) its name and jurisdiction of organization and (ii) its form of organization. The Company is the sole direct or indirect beneficial and record owner of the outstanding Equity Securities in each of its Subsidiaries, free and clear of all Liens, except (A) for Permitted Liens or (B) as may be required by the Restructuring or as otherwise set forth in Section 3.1(c)(ii) of the Company Disclosure Schedules. Except as set forth on Section 3.1(c)(iii)

of the Company Disclosure Schedules or as may be required by the Restructuring, (1) all outstanding Equity Securities of each Subsidiary of the Company are validly issued, fully paid and nonassessable and were not issued in violation of preemptive or other similar rights and (2) except for the Organizational Documents of the Subsidiaries of the Company, there are no (x) outstanding subscriptions, options, warrants, rights, calls, commitments, conversion rights, rights of exchange, plans or other agreements providing for the purchase, issuance or sale of any Equity Securities of any Subsidiary of the Company or (y) outstanding obligations, contingent or otherwise, of any Subsidiary of the Company to repurchase, redeem or otherwise acquire any Equity Securities of any Subsidiary. Except for interests in the Subsidiaries of the Company set forth in Section 3.1(c)(i) of the Company Disclosure Schedules, neither the Company nor any Subsidiary of the Company owns, directly or indirectly, any Equity Securities in any Person.

(d) The Company has made available to Parent, prior to the date hereof, true and complete copies of the Organizational Documents of the Company and each Subsidiary of the Company as of the date hereof. All Organizational Documents of the Company and each Subsidiary of the Company are in full force and effect as of the date hereof.

3.2 Authorization. The execution, delivery, and performance by each of the Company and Sailor Newco of this Agreement and any Ancillary Document to which it is a party and the consummation of the Transactions (a) are within each such party's limited liability company powers and (b) have been, or will be prior to execution, duly authorized by all necessary limited liability company action on the part of each such party and the holders of their respective direct and indirect Equity Securities.

3.3 Enforceability. This Agreement and each Ancillary Document to which the Company or Sailor Newco is a party has been, or will be, duly executed and delivered by the Company or Sailor Newco, as applicable, and constitutes a valid and legally binding obligation of each such party, enforceable against such party in accordance with its terms, except as enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, receivership and similar Laws affecting the enforcement of creditors' rights generally and general equitable principles (the "**Enforceability Exceptions**") and except insofar as the availability of equitable remedies may be limited by applicable Law.

3.4 No Conflict; Required Filings and Consents. Except (a) as required by the HSR Act and any other Antitrust Laws that require the consent, waiver, approval, Order or Permit of, or declaration or filing with, or notification to, any Person or Governmental Entity, (b) for the filing of the Certificate of Merger with the Secretary of State of the State of Delaware, (c) such filings and consents as may be required solely by reason of Parent's (as opposed to any other third party's) participation in the Transactions and (d) as otherwise set forth on Section 3.4 of the Company Disclosure Schedules, the execution and delivery of this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed

by the Company in connection with the Transactions and the consummation of the Transactions by the Company will not (i) violate the provisions of the Organizational Documents of any of the Acquired Companies, (ii) violate any Law or Order to which any of the Acquired Companies is subject or by which its properties or assets are bound, (iii) require any of the Acquired Companies to obtain any consent or approval, or give any notice to, or make any filing with, any Governmental Entity on or prior to the Closing Date, (iv) result in a breach of or constitute a default (with or without due notice or lapse of time or both), give rise to any right of termination, cancellation or acceleration under, or require the consent of or notice to any third party to, any Material Contract, Real Property Lease, Material Tenant Lease or Personal Property Lease, or (v) result in the imposition or creation of any Lien upon or with respect to any of the assets or properties of any of the Acquired Companies; excluding from the foregoing clauses (ii) through (v) any consents, approvals, notices and filings the absence of which, and violations, breaches, defaults, rights of acceleration, cancellation or termination, and Liens, the existence of which would not, individually or in the aggregate, have a Material Adverse Effect.

3.5 Capitalization. The authorized and outstanding Equity Securities of the Company as of the date hereof are set forth on Section 3.5(a)(i) of the Company Disclosure Schedules. Section 3.5(a)(i) of the Company Disclosure Schedules sets forth a list of the names of each holder of Equity Securities of the Company and the number and type of such Equity Securities held by each such holder as of the date hereof. Except as set forth on Section 3.5(a)(ii) of the Company Disclosure Schedules, all outstanding Equity Securities of the Company are validly issued, fully paid and nonassessable, are held by the Security Holders free and clear of all Liens created by the Company (other than Permitted Liens), and were not issued in violation of any applicable Laws or any preemptive or other similar rights. Except for this Agreement and the Organizational Documents of the Company or as set forth on Section 3.5(b) of the Company Disclosure Schedules, as of the date hereof there are no (A) outstanding subscriptions, options, warrants, rights, calls, commitments, conversion rights, rights of exchange, plans or other agreements providing for the purchase, issuance or sale of any Equity Securities of the Company, (B) outstanding obligations, contingent or otherwise, of the Company to repurchase, redeem or otherwise acquire any Equity Securities of the Company or (C) to the Company's Knowledge, voting trusts, proxies or other agreements among the Security Holders related to voting, transfer or distributions with respect to the Units or any other Equity Securities of the Company or any Subsidiary of the Company.

3.6 Financial Statements; Indebtedness; Undisclosed Liabilities.

(a) The Company has delivered to Parent: (i) the audited consolidated balance sheets of the Company at December 31, 2019 and December 31, 2018, and the related audited consolidated statements of income of the Company for the fiscal years then ended (the "**Audited Financial Statements**"), and (ii) the unaudited consolidated balance sheet (the "**Most Recent Balance Sheet**") of the Company and the related unaudited consolidated statement of income of the Company at June 30, 2020 (the "**Balance Sheet Date**") (collectively, the "**Financial Statements**"). Except as set forth on Section 3.6(a) of the Company Disclosure Schedules, the Financial Statements (A) have been prepared based on the Books and Records of the Acquired Companies, (B) have been prepared in accordance with GAAP and (C) present fairly the consolidated financial position of the Acquired Companies as of the dates thereof and the results of operations of the Acquired Companies for the periods covered thereby (except as may be indicated in the footnotes thereto and, in the case of the unaudited Financial Statements, for the absence of footnotes and for normal year-end and other adjustments).

(b) Section 3.6(b)(i) of the Company Disclosure Schedules sets forth as of the date hereof a true and complete list of all Indebtedness of the Acquired Companies. Except as set forth on Section 3.6(b)(ii) of the Company Disclosure Schedules or as reflected in, reserved against or described on the Financial Statements (or the notes thereto), neither the Company nor any Subsidiary of the Company has any liability or obligation of any nature (whether accrued, absolute, contingent or otherwise) that would be required by GAAP to be recorded on or reflected in the consolidated financial statements of the Company and the Subsidiaries of the Company, other than liabilities and obligations (i) incurred under this Agreement or any Ancillary Document or in connection with the Transactions, (ii) included in the Purchase Price adjustments pursuant to Section 2.15, (iii) incurred in connection with non-delinquent executory Contracts with customers and leases and trade payables and other items of the type included in Net Working Capital, or (iv) incurred since the Balance Sheet Date in the ordinary course of business consistent with past practice.

(c) With respect to any and all Taxes of any Acquired Company for all Pre-Closing Tax Periods and all Straddle Periods not yet due and payable as of, or prior to, the Closing Date, the Company has established, in accordance with GAAP, adequate reserves on its books and financial records for the payment of such Taxes.

3.7 Absence of Certain Changes. Except (a) as set forth on Section 3.7 of the Company Disclosure Schedules or (b) as is otherwise contemplated or permitted by this Agreement, since the Balance Sheet Date, (i) each of the Acquired Companies has conducted its business in the ordinary course of business consistent with past practice and (ii) there has not occurred a Material Adverse Effect.

3.8 Material Contracts.

(a) Section 3.8(a) of the Company Disclosure Schedules sets forth a true, correct and complete list of all of the following Contracts (each, together with all amendments, supplements, modifications, annexes, exhibits and schedules thereto, a "**Material Contract**") to which any of the Acquired Companies is a party or by which any of the Acquired Companies, or their respective assets, is bound as of the date hereof; *provided*, *however*, that in no event shall any Real Property Lease (or any other lease or sublease for real property pursuant to which any Acquired Company is a lessee), Tenant Lease or Personal Property Lease be a Material Contract:

(i) any Contract containing covenants of any of the Acquired Companies not to compete in any line of business or with any Person or to solicit any customers of any other Person that materially impair the business of the Acquired Companies as currently conducted;

(ii) any Contract for the sale of (including any grant of a right of first refusal or option to purchase) any of the assets or properties of any of the Acquired Companies other than in the ordinary course of business consistent with past practice for consideration in excess of $500,000 that contains any ongoing obligations or liabilities of any Acquired Company (except for customary indemnification obligations with respect to the representations and warranties and covenants of the Acquired Companies set forth therein);

(iii) any partnership agreement, limited liability company agreement, joint venture or other similar agreement to which any Acquired Company is a party, other than the Organizational Documents of the Acquired Companies and any Contracts for commercial partnerships or other joint marketing or cooperation arrangements entered into in the ordinary course of business consistent with past practice;

(iv) any Contract relating to the acquisition (by merger, purchase of stock or assets or otherwise) by any of the Acquired Companies of any operating business or material assets or the Equity Securities of any other Person for consideration in excess of $500,000 that contains any ongoing obligations or liabilities of any Acquired Company (except for customary indemnification obligations with respect to the representations and warranties and covenants of the Acquired Companies set forth therein), including the Pipeline Acquisitions;

(v) any Contract relating to the incurrence, assumption or guarantee of any Indebtedness (other than intercompany Indebtedness solely among the Acquired Companies and endorsements for the purpose of collection in the ordinary course of business consistent with past practice) having a principal amount in excess of $500,000 or imposing a Lien (other than a Permitted Lien) on any of the material assets or material properties of any Acquired Company;

(vi) any Contract under which any Acquired Company has agreed to provide a monetary loan to any Person in excess of $500,000;

(vii) any Contract (other than an offer letter or similar agreement that provides for at-will employment and does not provide severance or change of control benefits) for the employment of any executive officer or Employee with annual base salary in excess of $150,000 or that provides for severance, a success bonus, a stay bonus, a change of control bonus or other bonus or payment triggered as a result of the Transactions;

(viii) any Contract pursuant to which any of the Acquired Companies grants to any Person or is granted by any Person any license, sublicense, right, consent or non-assertion under or with respect to any Intellectual Property, other than (A) Contracts pursuant to which any of the Acquired Companies is granted any license to use any Off-the-Shelf Software and (B) Contracts entered into in the ordinary course of business consistent with past practice;

(ix) any material Contract with a Governmental Entity;

(x) any Contract obligating any Acquired Company to provide indemnification outside the ordinary course of business consistent with past practice;

(xi) any Related Party Contract;

(xii) any Contract relating to the development or construction of, or additions or expansions to, the Real Property, under which any Acquired Company has, or expects to incur, an obligation in excess of $500,000 per property, following the Closing Date, other than Contracts for ordinary repair and maintenance entered into in the ordinary course of business consistent with past practice;

(xiii) any Contract pursuant to which any Acquired Company manages the operation of a property or business that is not owned by any Acquired Company; and

(xiv) any other Contract, other than a Company Plan, Insurance Policy or any purchase order entered into in the ordinary course of business consistent with past practice, that obligated any of the Acquired Companies to pay (other than pursuant to any pass-through arrangement for the payment of utilities or real property taxes), or that entitled any of the Acquired Companies to receive, $500,000 or more in the aggregate during the fiscal year ended December 31, 2019 that is not terminable upon less than 60 days' prior written notice by an Acquired Company without penalty.

(b) Except as set forth on Section 3.8(b) of the Company Disclosure Schedules, (i) since the Balance Sheet Date, no Acquired Company has received any written notice of any default or event that (with due notice or lapse of time or both) would constitute a default by any Acquired Company under any Material Contract, other than defaults that have been cured or waived in writing, (ii) each Material Contract is a legal, valid and binding obligation of the applicable Acquired Company and is in full force and effect (except to the extent subject to, and limited by, the Enforceability Exceptions) and (iii) to the Company's Knowledge, no other party to any Material Contract is (with or without the lapse of time or the giving of notice, or both) in material breach of or in material default under any Material Contract. The Company has made available to Parent true, correct and complete copies of each of the Material Contracts listed on Section 3.8(a) of the Company Disclosure Schedules.

3.9 Litigation. Except (a) as set forth on Section 3.9(a) of the Company Disclosure Schedules and (b) for workers' compensation claims in the ordinary course of business, in each case, as of the date hereof, there are no Actions pending or, to the Company's Knowledge, formally threatened in writing against any Acquired Company before any Governmental Entity that would reasonably be expected to result in material liability to the Acquired Companies if determined adversely and after taking into effect applicable insurance coverage. Except as set forth in Section 3.9(b) of the Company Disclosure Schedules, none of the Acquired Companies or any of their respective assets or properties is subject to any outstanding Order.

3.10 Compliance with Laws; Permits.

(a) Except as set forth on Section 3.10(a) of the Company Disclosure Schedules or as disclosed in zoning reports for the Real Property made available by the Company to Parent, and to the extent Parent has obtained newer zoning reports, as disclosed in such newer zoning reports, (i) each Acquired Company is, and has been during the Lookback Period, in compliance with all Laws (excluding Environmental Laws, which is expressly covered in Section 3.15) and Company Permits applicable to such Acquired Company, except as would not, or would not reasonably be expected to, result in material liability to the Acquired Companies, and (ii) no

Acquired Company has received any written notice since the Balance Sheet Date of any material violations of any Law applicable to such Acquired Company, in each case, except for any non-compliance or violation that has been cured or waived in writing.

(b) Except as set forth on Section 3.10(b) of the Company Disclosure Schedules, (i) each Acquired Company possesses all material Permits required for the operation of the business of the Acquired Companies as currently conducted (the "**Company Permits**"), (ii) all Company Permits are in full force and effect; and (iii) there are no Actions pending or to the Company's Knowledge, threatened, and no Acquired Company has received any written notifications during the Lookback Period (A) alleging any default or violation of any of the Company Permits, (B) relating to the suspension, revocation or modification of any of the Company Permits or (C) relating to the imposition of any fine, penalty or other sanctions in connection therewith, in each case of clauses (i)-(iii), except as they relate to a default or other violation that has been cured or waived in writing or, to the extent not cured or waived in writing, as would not, or would not reasonably be expected to, result in material liability to the Acquired Companies. The Acquired Companies have filed all reports, notifications and fillings with, and have paid all regulatory fees to, the applicable Governmental Entity necessary to maintain all such Company Permits in full force and effect, except as has been cured or waived in writing or, to the extent not cured or waived in writing, as would not, or would not reasonably be expected to, result in material liability to the Acquired Companies.

3.11 Intellectual Property.

(a) Section 3.11(a) of the Company Disclosure Schedules sets forth a true, correct and complete list of all registrations and applications for registration of Owned Intellectual Property including, for each item listed, the record owner, jurisdiction and issuance, registration or application number and date, as applicable, of such item. All registrations set forth on Section 3.11(a) of the Company Disclosure Schedules are, in all material respects, valid and in force, and all applications set forth on Section 3.11(a) of the Company Disclosure Schedules are pending and in good standing.

(b) Each Acquired Company owns or has a valid right to use in the manner currently used, all material Intellectual Property used in the operation of its business as currently conducted (the "**Company Intellectual Property**").

(c) Except as set forth on Section 3.11(c) of the Company Disclosure Schedules, during the Lookback Period, no Acquired Company has received any written notice from any Person (i) alleging that the conduct of the business of the Acquired Companies as currently conducted infringes, constitutes a misappropriation of or violates any Intellectual Property of any Person or (ii) challenging the ownership by any Acquired Company of or the validity or enforceability of any Owned Intellectual Property.

(d) Except as set forth on Section 3.11(d) of the Company Disclosure Schedules, to the Company's Knowledge, no other Person has infringed any Owned Intellectual Property during the Lookback Period.

(e) Each Acquired Company has used commercially reasonable efforts to protect the confidentiality of all trade secrets and know-how included in the material Owned Intellectual Property.

(f) This Section 3.11 and Section 3.9 contain the sole and exclusive representations and warranties of the Company and the Acquired Companies under this Agreement with respect to infringement, misappropriation or other violation of any Intellectual Property of any Person.

3.12 Insurance. Section 3.12(a) of the Company Disclosure Schedules sets forth a complete and correct list of all insurance policies held by the Acquired Companies (the "**Insurance Policies**"), true and complete copies of which have been made available to Parent prior to the date hereof. Except as set forth on Section 3.12(b) of the Company Disclosure Schedules, there is no material claim by any Acquired Company under any Insurance Policy for which coverage has been denied or disputed by the applicable insurer (other than a customary reservation of rights notice). With respect to each Insurance Policy: (a) to the Company's Knowledge, such Insurance Policy is legal, valid, binding and enforceable in accordance with its terms, all premiums due and payable thereon have been paid (or will be paid prior to Closing), and is in full force and effect; (b) none of the Acquired Companies is in material breach or material default thereunder, and no event has occurred which, with notice or the lapse of time, would constitute such a material breach or material default; and (c) no written notice of cancellation or termination has been received by any Acquired Company.

3.13 Property.

(a) Section 3.13(a)(i) of the Company Disclosure Schedules sets forth a true, correct and complete list of all primary addresses for the real property owned by the Acquired Companies and constituting a marina asset and for the other real property owned by the Acquired Companies (each owned real property, individually, or collectively, the "**Owned Real Property**"). Except as set forth on Section 3.13(a)(ii) of the Company Disclosure Schedules, the Acquired Companies have fee simple title to such Owned Real Property, free and clear of all Liens except for Permitted Liens.

(b) Section 3.13(b)(i) of the Company Disclosure Schedules sets forth a true, correct and complete list of all leases and subleases (including ground leases) as of the date hereof pursuant to which any Acquired Company is a lessee and the property subject thereto constitutes a marina asset and not any property that is merely ancillary thereto (the "**Real Property Leases**," and the leasehold interest, "**Leased Real Property**") and the primary addresses for each Leased Real Property. Except as set forth on Section 3.13(b)(ii) of the Company Disclosure Schedules, and except as may be limited by the Enforceability Exceptions, the applicable Acquired Company has a valid, binding and enforceable leasehold interest under each of the Leased Real Properties which is leased from a third party, free and clear of all Liens (other than Permitted Liens). Except as set forth on Section 3.13(b)(iii) of the Company Disclosure Schedules, during the Lookback Period, none of the Acquired Companies have received any written notice of, and the Acquired Companies are not otherwise aware of, any material default or event that (with due notice or lapse of time or both) would constitute a material default by any of the Acquired Companies under any Real Property Lease, other than defaults that have been cured or waived in writing. Except for

missing exhibits or schedules (or similar items) not in any Acquired Company's possession, the absence of which would not reasonably be expected to materially adversely affect the financial terms of any such Real Property Lease, and except as set forth on Section 3.13(b)(iv) of the Company Disclosure Schedules, the Company has made available to Parent true, correct and complete copies of each Real Property Lease listed on Section 3.13(b)(i) of the Company Disclosure Schedules, together with all amendments, modifications and supplements thereto, all of which are included in the definition of Real Property Leases. After using commercially reasonable efforts to conduct a diligent search of the Company's records, copies of the documents listed on Section 3.13(b)(iv) of the Company Disclosure Schedules are not in the Company's possession, and as of the date hereof, the fact that the Company does not have copies of the documents listed on Section 3.13(b)(iv) of the Company Disclosure Schedules and does not have knowledge (deemed to mean "Company's Knowledge") of the specific terms thereof has not caused a material adverse effect on the Acquired Company's leasehold interest in, or operation of, such Leased Real Property.

(c) Section 3.13(c) of the Company Disclosure Schedules sets forth a true, correct and complete list of all leases and subleases (other than those for boat slips and/or boat storage) as of the date hereof pursuant to which any Acquired Company is a lessor (the "**Tenant Leases**") and which (i) demises 10,000 rentable square feet or more of space within any buildings or other improvements on any Real Property, and (ii) has an annual fixed rent of at least $100,000 for each year of the term (the "**Material Tenant Leases**"). Since the Balance Sheet Date, none of the Acquired Companies have received any written notice of, and the Acquired Companies are not otherwise aware of, any material default or event that (with due notice or lapse of time or both) would constitute a material default by any of the Acquired Companies under any Material Tenant Lease, other than defaults that have been cured or waived in writing. Since the Balance Sheet Date, none of the Acquired Companies have received any written notice of any material default or event that (with due notice or lapse of time or both) would constitute a material default by any of the Acquired Companies under any Tenant Lease (other than a Material Tenant Lease), other than defaults that have been cured or waived in writing. The Company has made available to Parent true, correct and complete copies of each Material Tenant Lease listed on Section 3.13(c) of the Company Disclosure Schedules, together with all material amendments thereto.

(d) Section 3.13(d) of the Company Disclosure Schedules sets forth a true, correct and complete list of all leases of tangible assets and other personal property of any of the Acquired Companies as of the date hereof that involved annual payments in excess of $500,000 during the fiscal year ended December 31, 2019 (the "**Personal Property Leases**"). The Acquired Companies have good and valid title to, or in the case of leased tangible assets and other personal property, a valid leasehold interest in (or other right to use), all of the material tangible assets and other personal property that are necessary for the Acquired Companies to conduct the business of the Acquired Companies as it is conducted on the date hereof, in each case, free and clear of all Liens (other than Permitted Liens).

(e) Except for routine and customary maintenance and repair work at the Real Property and except as contemplated by the Capital Expenditure Plan, no Acquired Company has contracted for the furnishing of any material labor or materials to any Real Property which will not be paid for in full prior to the Closing Date.

(f) The representations and warranties set forth on Section 3.13(f) of the Company Disclosure Schedules relating to the Real Property are true and correct in all material respects.

3.14 Benefit Matters.

(a) Section 3.14(a) of the Company Disclosure Schedules sets forth a true, correct and complete list of each "employee benefit plan" (within the meaning of Section 3(3) of ERISA), and each other material employee benefit plan, including any material stock purchase, stock option, severance, change-in-control, bonus, incentive compensation, deferred compensation, pension, welfare benefit or vacation plan that is sponsored, maintained or contributed to by any Acquired Company (all such plans, programs and agreements, collectively, the "**Company Plans**").

(b) With respect to each Company Plan, the Company has provided or made available to Parent a copy of such Company Plan (or, in the case of a Company Plan that is an individual agreement, a representative form of such agreement) or a summary of the material terms and conditions thereof, and, to the extent such a document exists, a true and complete copy of (where applicable) (i) any material amendment to a Company Plan, (ii) the most recent annual reports on Form 5500 required to be filed with the IRS with respect to each Company Plan (if such report was required), (iii) the most recent summary plan description for each Company Plan for which summary plan description is required by Law, including any summary of material modifications thereto, and (iv) each trust agreement and insurance or group annuity Contract relating to any Company Plan, including any amendments thereto.

(c) Except as set forth on Section 3.14(c) of the Company Disclosure Schedules, each Company Plan has been, in all material respects, established and administered in accordance with its terms and in compliance with applicable Law. Each Company Plan that is intended to be qualified within the meaning of Section 401(a) of the Code has received an IRS determination letter or is the subject of an IRS opinion or advisory letter and, to the Company's Knowledge, nothing has occurred that would reasonably be expected to result in any such Company Plan not being so qualified.

(d) No Company Plan is or is intended to be (i) subject to Title IV of ERISA, including a "pension plan" (within the meaning of Section 3(2) of ERISA) subject to Section 412 or 4971 of the Code or Title IV or Section 302 of ERISA, or (ii) a multiemployer plan (within the meaning of Section 3(37) or 4001(a)(3) of ERISA). No Acquired Company otherwise has any liability under Title IV of ERISA.

(e) Except as set forth on Section 3.14(e) of the Company Disclosure Schedules, each Company Plan has been established and administered in all material respects in accordance with its terms, and in material compliance with the applicable provisions of ERISA, the Code and other applicable Laws. The Company and its Subsidiaries, as the case may be, have made all contributions and paid all premiums in respect of each Company Plan in a timely fashion in accordance with the terms of each Company Plan and all applicable Laws. As of the date hereof, there are no pending Actions that have been asserted or instituted with respect to any Company Plan other than routine claims for benefits, and, to the Company's Knowledge, no such Action has been formally threatened in writing.

(f) Except as set forth on Section 3.14(f) of the Company Disclosure Schedules or as otherwise contemplated by this Agreement, neither the execution and delivery of this Agreement nor the approval or consummation of the Transactions will (i) result in any compensation becoming due to any current or former Employee, including any payments that would reasonably be expected to constitute an "excess parachute payment" (as such term is defined in Section 280G(b)(1) of the Code), (ii) increase any payments or benefits payable under any Company Plan or (iii) result in the acceleration of the time of payment, funding or vesting of any payments or benefits under any Company Plan. No Acquired Company has any obligation (including, indirectly, by way of indemnification) to make any Tax gross-up payments, as a result of the interest and penalty provisions of Section 4999 of the Code, to any individual.

(g) Each Company Plan that is a "non-qualified deferred compensation plan" (as such term is defined in Section 409A(d)(1) of the Code) has been operated and maintained in good faith compliance with Section 409A of the Code and associated IRS and Treasury Department guidance, and neither the Company nor any of its Subsidiaries has any obligation to gross-up or indemnify any individual with respect to any Tax set forth under Section 409A(a)(1)(B) of the Code.

3.15 Environmental Matters. The Company has used commercially reasonable efforts to provide to Parent true, complete and accurate copies of all Phase I Environmental Site Assessments in the possession of the Company or the other Acquired Companies obtained during the Lookback Period concerning the environmental condition of the Real Property. Except as set forth on Section 3.15 of the Company Disclosure Schedules and except for such matters that, individually or in the aggregate, would not, or would not reasonably be expected to, result in material liability to the Acquired Companies, (a) the Acquired Companies are, and have been during the Lookback Period, in compliance with all applicable Environmental Laws; (b) no Acquired Company has received any written notice from any Governmental Entity requesting information or asserting liability arising from or relating to the presence, production, transportation, importation, use, treatment, handling, storage, discharge, emission, Release or disposal of any Hazardous Substances; (c) no Governmental Entity has commenced or, to the Company's Knowledge, formally threatened in writing to commence, any Environmental Claim against any Acquired Company in connection with any asserted liability under Environmental Laws in connection with the conduct of the business by the Acquired Companies; and (d) there has been no Release of Hazardous Substances, other than in accordance with Environmental Laws, by any Acquired Company, or, to the Company's Knowledge, by any other party, at any Real Property currently or formerly owned or operated (including as lessee) by any Acquired Company, including, to the Company's Knowledge, at any off-site disposal locations presently or formerly used by any Acquired Company.

3.16 Taxes. Except as set forth on Section 3.16 of the Company Disclosure Schedules:

(a) Each Acquired Company has timely filed all Tax Returns required to be filed by it (taking into account any extension of time to file), and all such Tax Returns are true, correct and complete in all material respects.

(b) All Taxes required to be paid by the Acquired Companies have been fully and timely paid.

(c) No Acquired Company is currently the subject of an audit or other examination relating to Taxes, no Acquired Company has received written notice from any Governmental Entity that an audit or examination will be initiated or is pending and, to the Company's Knowledge, no threatened audit or examination exists.

(d) No Acquired Company is a party to or bound by, or has any obligation under, any Tax allocation, indemnity or sharing agreement or similar Contract or has any other obligation to indemnify any other Person with respect to Taxes that will be in effect after the Closing.

(e) There are no Liens (other than Permitted Liens) with respect to Taxes on any of the assets of any Acquired Company.

(f) Each Acquired Company is, and since its formation or acquisition by the Company has always been, treated for United States federal income tax purposes, as well as state and local income tax purposes, as a partnership or disregarded entity, as the case may be, and not as a corporation or an association taxable as a corporation whose separate existence is respected. No Acquired Company has any liability for Taxes of any Person as a transferee or successor, by contract, or otherwise. No Acquired Company has been a member of an affiliated, consolidated, combined, unitary or similar group for any federal, state, local or foreign Tax purposes (other than a group the common parent of which is the Company).

(g) With respect to any and all Taxes of any Acquired Company for all Pre-Closing Tax Periods and all Straddle Periods not yet due and payable as of, or prior to, the Closing Date, the Company has established, in accordance with GAAP, adequate reserves on its books and financial records for the payment of such Taxes. The Acquired Companies have timely complied with all information reporting or backup withholding requirements, including maintenance of required records with respect thereto, in connection with amounts paid or owing to any employee, creditor, independent contractor or other third party.

(h) No Acquired Company has waived any statute of limitations in respect of Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver or extension is still in effect, and no request for any such waiver or extension is currently pending.

(i) No Acquired Company has any income or non-income Tax nexus in any state other than the state (or states) in which the Acquired Company has filed a Tax Return

(j) No Acquired Company owns any assets subject to the "anti-churning rules" of Section 197(f)(9) of the Code.

(k) No written claim in respect of any Acquired Company has ever been made by a Governmental Entity in a jurisdiction in which it has never filed a Tax Return that it is or may be subject to taxation by that jurisdiction.

(l) No private letter rulings, technical advice memoranda or similar agreements or rulings have been requested, entered into or issued by any Governmental Entity with respect to any Acquired Company.

(m) No Acquired Company has participated in a "reportable transaction" as defined in Treasury Regulations Section 1.6011-4 (or a transaction under any similar provision of state, local, or foreign Laws).

(n) None of the Acquired Companies are required to include in a Straddle Period or in a Post-Closing Tax Period taxable income attributable to income that accrued in a Pre-Closing Tax Period that was not recognized in a Pre-Closing Tax Period or any material deduction that was accelerated to a Pre-Closing Tax Period, including as a result of an installment method of accounting long term contracts or any like kind exchange under Section 1031 of the Code or as a result of the application of Section 951 of the Code or Section 951A of the Code.

(o) No Acquired Company has any agreement to make, and no Acquired Company is required to make, any adjustment (i) under Section 481(a) of the Code (or any similar provision of applicable state, local or foreign Law) by reason of a change in accounting method or otherwise, or (ii) as a result of the use of an impermissible accounting method, and the IRS has not proposed any such adjustment or change in accounting method. No Acquired Company has entered into a "closing agreement" under Section 7121 of the Code or any similar provision under state or local Laws.

(p) Each Acquired Company has, within the meaning of Section 6662(d)(2)(B)(ii)(I) of the Code, adequately disclosed on its respective Tax Returns the relevant facts affecting any item or position taken for which substantial authority (within the meaning of Section 6662(d)(2)(B)(i) of the Code) did not exist at the time the Tax Return was filed. The Acquired Companies have not reflected on any Tax Return any item the Tax treatment for which there was no "reasonable basis" (within the meaning of Section 6662(d)(2)(B)(ii)(II) of the Code). All state filing methodologies of the Companies are accurate.

(q) The Acquired Companies have not granted in writing any power of attorney which is currently in force with respect to any Taxes or Tax Returns. No Acquired Company has a permanent establishment (within the meaning of an applicable Tax treaty) or otherwise has an office or fixed place of business in a country other than the country in which it is organized.

(r) Each Acquired Company has properly collected and remitted sales Taxes, use Taxes, surtaxes and similar Taxes with respect to sales made to its customers or has properly received and retained any appropriate Tax exemption certificates and other documentation for all sales made without charging or remitting sales Taxes, use Taxes, surtaxes or similar Taxes that qualify such sales as exempt from sales Taxes, use Taxes, surtaxes and similar Taxes.

3.17 Labor Matters.

(a) During the Lookback Period, (i) none of the Acquired Companies have experienced or been affected by any work stoppage, labor strike, lockout, work slowdown, picketing, handbilling, material grievance, material labor or employment arbitration, or other material labor dispute, disruption or claim of unfair labor practices and, to the Company's

Knowledge, none is threatened; (ii) no labor union, works council, other labor organization, or group of Employees has made a demand for recognition or certification, and there are no representation or certification proceedings presently pending or, to the Company's Knowledge, threatened to be brought or filed with the National Labor Relations Board or any other labor relations tribunal or authority; and (iii) to the Company's Knowledge, there have been no labor organizing activities with respect to any Employees.

(b) Except for such matters that, individually or in the aggregate, would not, or would not reasonably be expected to, result in material liability to the Acquired Companies, the Acquired Companies (i) are in compliance with all applicable Laws respecting labor, employment and practices, including, without limitation, all Laws respecting terms and conditions of employment, wages and hours (including the classification of independent contractors and exempt and non-exempt employees), immigration (including the completion of I-9s for all employees and the proper confirmation of employee visas), employment discrimination, disability rights or benefits, equal opportunity (including compliance with any affirmative action plan obligations), plant closures and layoffs including the WARN Act, workers' compensation, labor relations, employee leave issues, affirmative action and affirmative action plan requirements and unemployment insurance, and (ii) have not engaged in any unfair labor practice during the Lookback Period.

(c) There is no, and during the Lookback Period there has been no, material unfair labor practice charge or complaint against any Acquired Company pending before the National Labor Relations Board or any similar state agency. There are no Actions against any Acquired Company concerning workman's compensation, alleged employment discrimination or other employment related matters or breach of any employment-related Law or Contract pending or, to the Company's Knowledge, threatened before any Governmental Entity and to the Company's Knowledge, no employee or agent of any Acquired Company has committed any act or omission giving rise to liability for any such violation or breach, except, in each case, for such matters that, individually or in the aggregate, would not, or would not reasonably be expected to, result in material liability to the Acquired Companies.

(d) (i) None of the Acquired Companies is a party to or bound by any collective bargaining agreements ("**CBAs**"); (ii) there are no CBAs or any other labor-related agreements or arrangements that pertain to any Employees; and (iii) to the Company's Knowledge, no Employees are represented by any labor union, works council, or other labor organization with respect to their employment with an Acquired Company.

(e) No Acquired Company has any liability, other than liability for payment of current amounts, for (i) any unpaid wages, salaries, wage premiums, commissions, bonuses, fees, or other compensation to their current or former employees and independent contractors under applicable Law, Contract or company policy; and/or (ii) any fines, Taxes, interest, or other penalties for any failure to pay or delinquency in paying such compensation.

(f) The Acquired Companies have conducted commercially reasonable investigations or inquiries with respect to any credible allegations of harassment or discrimination, on the basis of any protected trait under state or federal Laws, reported to the Acquired Companies during the Lookback Period, and the Company does not reasonably expect to incur any liability with respect to any such allegations.

(g) To the Company's Knowledge, no Person is in violation or breach, in any material respect, of any term of any employment agreement, nondisclosure agreement, common law nondisclosure obligation, fiduciary duty, noncompetition agreement, restrictive covenant or other obligation: (i) to any Acquired Company or (ii) to any third party with respect to such Person's right to be employed or engaged by any Acquired Company.

3.18 Brokers and Finders. Except as set forth on Section 3.18 of the Company Disclosure Schedules, no Acquired Company has, directly or indirectly, entered into any agreement with any Person that would obligate any Acquired Company to pay any commission, brokerage fee or "finder's fee" in connection with the Transactions.

3.19 Bank Accounts. Section 3.19 of the Company Disclosure Schedules sets forth a true, correct and complete list of the names and locations of all banks in which any Acquired Company has depository bank accounts, safe deposit boxes or trusts and the account numbers of such accounts. No Person that is not an Employee is authorized to draw on such accounts or otherwise has access thereto.

3.20 Transactions with Affiliates. Except (a) as set forth on Section 3.20 of the Company Disclosure Schedules, no manager, director, officer, Security Holder or other Affiliate of any of the Acquired Companies (other than any other Acquired Company) is party to (i) any Contract with any Acquired Company; (ii) any Real Property Lease; or (iii) any Contract with any Acquired Company pursuant to which it provides goods or services to such Acquired Company (any Contract referred to in clauses (i)-(iii), a "**Related Party Contract**"); *provided*, that "Related Party Contract" shall not include (A) any Organizational Document of any Acquired Company, (B) any Contract between the Company, on the one hand, and any Subsidiary of the Company, on the other hand, (C) any Contract relating to employment or the issuance or grant of Equity Securities of the Acquired Companies, and (D) any Contract between Subsidiaries of the Company.

3.21 Certain Payments. No Acquired Company has taken any action, including making any contribution, gift, bribe, payoff, influence payment, kickback or other similar payment to any Person, private or public, regardless of form, whether in money, property or services, that would constitute a violation in any material respect by such Acquired Company of any Law to (a) obtain favorable treatment in securing business, (b) pay for favorable treatment for business secured, or (c) obtain special concessions, in each case, for or in respect of any Acquired Company, including the Foreign Corrupt Practices Act of 1977 (collectively, "**Anti-Corruption Laws**"). No Acquired Company, nor, to the Company's Knowledge, any of their officers, members, stockholders, managers, directors, or agents has made, promised to make, or caused to be made any payments for or on behalf of an Acquired Company (i) to or for the use or benefit of any government official; (ii) to any other Person, either for an advance or reimbursement, if it knows or has reason to know that any part of such payment will be directly or indirectly given or paid by such other Person, or will reimburse such other Person for payments previously made, to any government official; or (iii) to any other Person, to obtain or keep business or to secure some other improper advantage, in each of clauses (i), (ii) and (iii), the payment of which would violate applicable Anti-Corruption Laws.

3.22 Data Privacy. During the Lookback Period, each Acquired Company has: (a) processed personally identifiable information belonging to a third party ("**Personal Data**"), in material compliance with applicable Laws; (b) obtained all necessary consents of the data subjects from whom such Acquired Company collects Personal Data (the "**Data Subjects**") in a manner appropriate for each jurisdiction that requires such consent for the processing of that data in the manner it was and is now processed; (c) complied in all material respects with the applicable privacy policies, privacy notices, and agreements related to the collection and usage of Personal Data; and (d) taken reasonable steps to ensure that any third parties responsible for processing Personal Data have implemented appropriate technical and organizational measures. During the Lookback Period, no Acquired Company has, to the Company's Knowledge, (i) had a material information security breach, data breach, or loss of or unauthorized access to the Personal Data of any Data Subject; or (ii) experienced any material unauthorized access to, deletion or other misuse of, any Personal Data in its possession or control or made or been required to make any disclosure or notification under any privacy or data protection Laws applicable to it or to its businesses in all pertinent jurisdictions.

3.23 No Other Representations or Warranties.

(a) Except for the representations and warranties contained in this Article III, no Acquired Company nor any other Person on behalf of the Acquired Companies makes any other express or implied representation or warranty with respect to the Acquired Companies or with respect to any other information provided to Parent or its Representatives, including with respect to merchantability or fitness for any particular purpose of any assets, the nature or extent of any liabilities, the prospects of the business of the Acquired Companies, the effectiveness or the success of any operations, or the accuracy or completeness of any confidential information memoranda, documents, projections, material or other information (financial or otherwise) regarding the Acquired Companies furnished to the Parent Parties or their Representatives or made available to the Parent Parties and their Representatives in any "data rooms," "virtual data rooms," management presentations or in any other form in expectation of, or in connection with, the Transactions, or in respect of any other matter or thing whatsoever, and no Affiliate or Representative of the Acquired Companies has any authority, express or implied, to make any representations, warranties or agreements not specifically set forth in this Agreement, and the Acquired Companies disclaim any other representations or warranties, whether made by any Acquired Company or any of their respective Affiliates or Representatives. No Acquired Company nor any other Person will have or be subject to any liability to Parent or any other Person resulting from the distribution to Parent, or Parent's use of, any such information, including any information, documents, projections, forecasts or other material made available to Parent or its Representatives in any "data rooms," "virtual data rooms," management presentations or in any other form in expectation of, or in connection with, the Transactions, or in respect of any other matter or thing whatsoever (electronic or otherwise) or otherwise in expectation of the Transactions.

(b) Other than the specific representations and warranties expressly set forth in Article IV, the Company specifically disclaims that it is relying upon or has relied upon any such

other representations or warranties that may have been made by any Person, and acknowledges and agrees that the Parent Parties and their Affiliates have specifically disclaimed and do hereby specifically disclaim, and shall not have or be subject to any liability for reliance on, any such other representation or warranty made by any Person. The Company specifically waives any obligation or duty by any Parent Party or any of their Affiliates to make any disclosures of fact not required to be disclosed pursuant to the specific representations and warranties expressly set forth in Article IV and disclaims reliance on any information not specifically required to be provided or disclosed pursuant to the specific representations and warranties set forth in Article IV.

ARTICLE IV
REPRESENTATIONS AND WARRANTIES OF THE PARENT PARTIES

The Parent Parties hereby jointly and severally represent and warrant to the Company as follows as of the date hereof:

4.1 Organization, Good Standing and Other Matters. Each Parent Party is duly organized, validly existing and in good standing under the Laws of its jurisdiction of organization and has all requisite entity power and authority to own its properties and to carry on its business as now being conducted. Each Parent Party is duly qualified or licensed to conduct its business as currently conducted and is in good standing in each jurisdiction in which the location of the property owned, leased or operated by it or the nature of its business makes such qualification necessary, except where the failure to be so qualified or licensed would not, individually or in the aggregate, have a material adverse effect on its ability to consummate the Transactions.

4.2 Authorization. The execution, delivery, and performance by each Parent Party of this Agreement and the consummation of the Transactions (a) are within each Parent Party's entity powers and (b) have been duly authorized by all necessary entity action on the part of each Parent Party.

4.3 Enforceability. This Agreement has been duly executed and delivered by each Parent Party and constitutes a valid and legally binding obligation of each Parent Party, enforceable against each Parent Party, respectively, in accordance with its terms, except for the Enforceability Exceptions and except insofar as the availability of equitable remedies may be limited by applicable Law.

4.4 No Conflict: Required Filings and Consent. Except (a) as required by the HSR Act and any other Antitrust Laws that require the consent, waiver, approval, Order or Permit of, or declaration or filing with, or notification to, any Person or Governmental Entity, (b) for the filing of the Certificate of Merger with the Secretary of State of Delaware, (c) such filings as may be required in connection with the Transfer Taxes described in Section 7.4(b) and (d) as otherwise set forth on Section 4.4 of the Parent Disclosure Schedules, the execution and delivery of this Agreement and each other agreement, document, instrument or certificate contemplated by this Agreement or to be executed by any Parent Party in connection with the Transactions and the consummation of the Transactions by each Parent Party will not (i) violate the provisions of its Organizational Documents, (ii) violate any Law or Order to which it is subject or by which any of its properties or assets are bound, (iii) require it to obtain any consent or approval, or give any notice to, or make any filing with, any Governmental Entity or any stock market or stock exchange

on which capital stock of Parent is listed for trading on or prior to the Closing Date, (iv) result in a material breach of or constitute a default (with or without due notice or lapse of time or both), give rise to any right of termination, cancellation or acceleration under, or require the consent of any third party to, any material Contract to which it is a party or (v) result in the imposition or creation of any Lien upon or with respect to any of its assets or properties; excluding from the foregoing clauses (ii) through (v) consents, approvals, notices and filings the absence of which, and violations, breaches, defaults, rights of acceleration, cancellation or termination, and Liens, the existence of which would not, individually or in the aggregate, (A) have a material adverse effect on the ability of any Parent Party to perform its obligations under this Agreement or (B) otherwise prevent, hinder or delay the consummation of the Transactions.

4.5 Capitalization.

(a) The authorized capital stock of Parent consists of (i) 180,000,000 shares of common stock, $0.01 par value per share ("**Parent Common Stock**") and (ii) 20,000,000 shares of preferred stock, $0.01 par value per share ("**Parent Preferred Stock**" and, together with the Parent Common Stock, "**Parent Shares**"). At the close of business on September 25, 2020, (A) 98,279,960 shares of Parent Common Stock were issued and outstanding, (B) no shares of Parent Preferred Stock were issued and outstanding and (C) 993,566 shares of Parent Common Stock were reserved for issuance in respect of outstanding stock based awards and other incentive plans. All of the outstanding Parent Shares have been duly authorized and validly issued and are fully paid and nonassessable, and no class or series of capital stock of Parent is entitled to preemptive rights. Except as set forth in the SEC Documents, there are no options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities for, Equity Securities of Parent.

(b) At the close of business on September 25, 2020, the issued and outstanding Equity Securities of SCOLP consisted of: (i) 2,472,693 Common OP Units, (ii) 1,283,819 Preferred OP Units (also referred to as "Aspen preferred OP units"), (iii) 298,620 Series A-1 preferred OP units, (iv) 308,939 Series C preferred OP units, (v) 488,958 Series D preferred OP units, (vi) 90,000 Series E preferred OP units, (vii) 90,000 Series F preferred OP units and (viii) 40,268 Series A-3 preferred OP units. All of the outstanding Equity Securities of SCOLP have been duly authorized and validly issued, and no class or series of Equity Securities of SCOLP is entitled to preemptive rights. Except as set forth in the SEC Documents, there are no outstanding options, warrants or other rights to purchase, agreements or other obligations to issue, or rights to convert any obligations into or exchange any securities or interests for, Equity Securities of SCOLP.

(c) As of the date hereof, all of the membership interests of Merger Sub (the "**Merger Sub Interests**") are issued and outstanding. All outstanding Merger Sub Interests have been duly authorized and validly issued and are not subject to preemptive rights.

(d) Assuming the accuracy of the representations and warranties of the Electing Security Holders in the Investor Letter and Questionnaires, the issuance of the SCOLP Units in accordance with this Agreement will be exempt from registration or qualification under the Securities Act and applicable state securities Laws.

(e) The descriptions of the authorized capital stock of Parent and the authorized Equity Securities of SCOLP, including the number of authorized and outstanding shares of each class of Parent's capital stock and each class of SCOLP's Equity Securities and the rights and preferences of each such class of capital stock and Equity Securities, in each case, as described in each Public Filing, was accurate as of the date of each such Public Filing.

(f) Upon the Closing, the issuance of the SCOLP Units to the Electing Security Holders will have been duly authorized and, when issued and delivered and paid for as provided herein, will be validly issued and free of any preemptive rights and free and clear of any Liens other than transfer restrictions under applicable securities Laws and the Organizational Documents of Parent and SCOLP, as applicable.

(g) No Subsidiary of Parent, including SCOLP and the Merger Sub, is currently prohibited, directly or indirectly, from paying any dividends or distributions to Parent, from making any other distribution on such Subsidiary's capital stock or equity interests, from repaying to Parent any loans or advances to such Subsidiary from Parent or from transferring any of such Subsidiary's property or assets to Parent or any other Subsidiary of Parent, except as described in or contemplated by the SEC Documents.

(h) All dividends made by Parent to holders of its capital stock have been made in compliance with the applicable rules and regulations of the Maryland General Corporation Law (the "**MGCL**"). All distributions made by Parent's Subsidiaries, including SCOLP, have been made in compliance with the applicable rules and regulations of the Michigan Revised Uniform Limited Partnership Act, to the extent applicable.

4.6 Public Filings and Related Matters.

(a) Parent has made available to the Company (by public filing with the SEC or otherwise) a true and complete copy of each Public Filing filed by Parent, together with all certifications required pursuant to the Sarbanes-Oxley Act of 2002, as amended (the "**Sarbanes-Oxley Act**"), in each case since January 1, 2018 (collectively, the "**SEC Documents**"). The SEC Documents were filed with or furnished to the SEC in a timely manner and constitute all reports, forms, schedules, documents, prospectuses, registration statements and definitive proxy statements required to be filed or furnished by Parent under the Securities Act, the Securities Exchange Act, and the rules and regulations promulgated thereunder since January 1, 2018. As of their respective dates, or, if supplemented, modified or amended since the time of filing, as of the date of the most recent supplement, modification or amendment, (i) the SEC Documents complied in all material respects with the requirements of the Securities Act or the Securities Exchange Act, as the case may be, and the rules and regulations of the SEC thereunder applicable to such SEC Documents and (ii) none of the SEC Documents contained or contain any untrue statement of a material fact or omitted or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. As of the Closing Date, (A) the SEC Documents will comply in all material respects with the requirements of the Securities Act or the Securities Exchange Act, as the case may be, and the

rules and regulations of the SEC thereunder applicable to such SEC Documents and (B) none of the SEC Documents will contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The consolidated financial statements of Parent and its Affiliates included in the SEC Documents complied as to form in all material respects with the applicable accounting requirements and the published rules and regulations of the SEC with respect thereto, have been prepared in accordance with GAAP (except as may be indicated in the notes thereto, or, in the case of the unaudited statements, as permitted by Rule 10-01 of Regulation S-X under the Exchange Act) and fairly presented, in accordance with applicable requirements of GAAP and the applicable rules and regulations of the SEC (subject, in the case of the unaudited statements, to normal, recurring adjustments, none of which are material), the consolidated financial position of Parent as of their respective dates and the consolidated statements of income and the consolidated cash flows of Parent for the periods presented therein. No Parent Party has any off-balance sheet arrangements that are not disclosed in the SEC Documents.

(c) Except as and to the extent set forth in the SEC Documents, no Parent Party has any liability or obligation of a nature (whether accrued, absolute, contingent or otherwise) required to be reflected on a balance sheet prepared in accordance with GAAP, except for liabilities and obligations arising in the ordinary course of each Parent Party's business.

(d) Parent and its Subsidiaries maintain "disclosure controls and procedures" (as such term is defined in Rules 13a-15(e) under the Securities Exchange Act) and such disclosure controls and procedures are effective to provide reasonable assurance that material information required to be disclosed by Parent in the reports that it files or submits under the Securities Exchange Act is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms and is accumulated and communicated to Parent's management as appropriate to allow timely decisions regarding required disclosure. Parent has designed and maintains a system of internal control over financial reporting (as defined in Rules 13a-15(f) of the Securities Exchange Act) intended to provide reasonable assurances regarding the reliability of financial reporting for Parent and its Subsidiaries.

(e) Parent is in compliance in all material respects with the applicable provisions of the Sarbanes-Oxley Act and the applicable listing and corporate governance rules and regulations of the New York Stock Exchange. There are no outstanding loans or other extensions of credit made by Parent to any executive officer (as defined in Rule 3b-7 under the Exchange Act) or director of Parent.

4.7 Brokers and Finders. Except as set forth on Section 4.7 of the Parent Disclosure Schedules, no Parent Party or their respective Affiliates have, directly or indirectly, entered into any agreement with any Person that would obligate any Security Holder or any Acquired Company to pay any commission, brokerage fee or "finder's fee" in connection with the Transactions.

4.8 Financial Ability. At the Closing, the Parent Parties shall have sufficient cash on hand or other sources of immediately available funds to enable it to pay the aggregate Closing Merger Consideration (and any repayment or refinancing of debt contemplated by this Agreement)

and any other amounts required to be paid by the Parent Parties in connection with the consummation of the Transactions (including, for the avoidance of doubt, any obligations of the Acquired Companies which become due or payable by the Company or any of its Subsidiaries in connection with, or as a result of, this Agreement), and to pay all related fees and expenses of the Parent Parties and the Acquired Companies. Notwithstanding anything to the contrary, each Parent Party affirms that it is not a condition to the Closing or to any of its obligations under this Agreement that Parent, SCOLP or any of their Affiliates (or the Surviving Company) obtain financing for or related to any of the Transactions.

4.9 Solvency. No Parent Party is entering into this Agreement with the intent to hinder, delay or defraud either present or future creditors. Immediately after giving effect to all of the Transactions, including the making of the payments contemplated by Article II, and assuming satisfaction of the conditions to Parent's obligation to consummate the Merger as set forth herein, the accuracy of the representations and warranties of the Company set forth herein and the performance by the Company of its obligations hereunder in all material respects, the Company will be Solvent.

4.10 Activities of Merger Sub. SCOLP owns beneficially and of record all of the outstanding equity interests of Merger Sub, free and clear of any and all Liens, other than Liens resulting from this Agreement. Merger Sub was formed solely for the purpose of engaging in the Transactions and has not engaged in any business activities or conducted any operations other than in connection with the Transactions.

4.11 R&W Policy. Attached hereto as Exhibit F is a true, correct and complete copy of (a) the binder agreement for the R&W Policy, (b) the form of the R&W Policy attached to such binder agreement and (c) the no claims declaration delivered in connection with the inception of the R&W Policy. The binder agreement for the R&W Policy is in full force and effect and is a legal, valid, binding and enforceable obligation of Parent, and to Parent's Knowledge, the insurer(s) party thereto, except as enforcement may be limited by the Enforceability Exceptions and except insofar as the availability of equitable remedies may be limited by applicable Law.

4.12 Litigation. There is no Action pending or formally threatened in writing against any Parent Party or involving any of their properties or assets that would be reasonably be expected to (a) have a material adverse effect on the ability of any Parent Party to perform its obligations under this Agreement or (b) otherwise prevent, hinder or delay the consummation of the Transactions.

4.13 Taxes.

(a) Parent and each of its Subsidiaries has timely filed all income and other material Tax Returns required to be filed by it (taking into account any extension of time to file), and all such Tax Returns are true, correct and complete in all material respects.

(b) All income and other material Taxes required to be paid by Parent and each of its Subsidiaries have been fully and timely paid.

(c) Neither Parent nor any of its Subsidiaries are currently the subject of an audit or other examination relating to a material amount of Taxes, neither Parent nor any of its Subsidiaries have received written notice from any Governmental Entity that an audit or examination will be initiated or is pending and, to Parent's Knowledge, no threatened audit or examination exists.

(d) Neither Parent nor any of its Subsidiaries is a party to or bound by, or has any obligation under, any Tax allocation, indemnity or sharing agreement or similar Contract or has any other obligation to indemnify any other Person with respect to Taxes that will be in effect after the Closing.

(e) There are no Liens (other than Permitted Liens) with respect to Taxes on any of the assets of any Parent or any of its Subsidiaries.

(f) Each Subsidiary of Parent that is a partnership, joint venture or limited liability company and that has not elected to be a "taxable REIT subsidiary" within the meaning of Section 856(l) of the Code (each, a "**Taxable REIT Subsidiary**") has been since its formation or acquisition by Parent treated for United States federal income tax purposes as a partnership, disregarded entity, or "qualified REIT subsidiary" within the meaning of Section 856(i)(2) of the Code (each, a "**Qualified REIT Subsidiary**"), as the case may be, and not as a corporation or an association taxable as a corporation whose separate existence is respected for federal income tax purposes.

(g) Parent and each of its Subsidiaries have complied, in all material respects, with all applicable Laws relating to the payment and withholding of Taxes (including withholding of Taxes pursuant to Sections 1441, 1442, 1445, 1446 and 3402 of the Code or similar provisions under any state and foreign Laws) and have duly and timely withheld and, in each case, have paid over to the appropriate taxing authorities all material amounts required to be so withheld and paid over on or prior to the due date thereof under all applicable Laws.

(h) Neither Parent nor has any of its Subsidiaries, waived any statute of limitations in respect of income or other material Taxes or agreed to any extension of time with respect to a Tax assessment or deficiency, which waiver or extension is still in effect, and no request for any such waiver or extension is currently pending.

(i) Neither Parent nor any of its Subsidiaries has participated in a "reportable transaction" as defined in Treasury Regulations Section 1.6011-4 (or a transaction under any similar provision of state, local, or foreign Laws).

(j) Since its inception, Parent and its Subsidiaries have not incurred (i) any material liability for Taxes under Sections 857(b)(1), 857(b)(4), 857(b)(5), 857(b)(6)(A), 857(b)(7), 860(c) or 4981 of the Code which have not been previously paid, (ii) any liability for Taxes under Sections 857(b)(5) (for income test violations), 856(c)(7)(C) (for asset test violations), or 856(g)(5)(C) (for violations of other qualification requirements applicable to REITs) and (iii) neither Parent nor any of its Subsidiaries has incurred any material liability for Tax other than (A) in the ordinary course of business consistent with past practice, or (B) transfer or similar Taxes arising in connection with sales of property. No event has occurred, and to Parent's Knowledge no condition or circumstances exists, which presents a material risk that any material liability for Taxes described clause (i) or (iii) of the preceding sentence or any liability for Taxes described in clause (ii) of the preceding sentence will be imposed upon Parent or any of its Subsidiaries.

(k) Neither Parent nor any of its Subsidiaries has constituted either a "distributing corporation" or a "controlled corporation" (within the meaning of Section 355(a)(1)(A) of the Code) in a distribution of stock qualifying for tax-free treatment under Section 355 of the Code (i) in the two years prior to the date of this Agreement or (ii) in a distribution which could otherwise constitute part of a "plan" or "series of related transactions" (within the meaning of Section 355(e) of the Code) in conjunction with the Transactions.

(l) Parent (i) for all taxable years commencing with Parent's year ending December 31, 1993 and through December 31, 2019, has been subject to taxation as a real estate investment trust within the meaning of Section 856 of the Code (a "**REIT**") and has satisfied all requirements to qualify as a REIT for such years; (ii) has operated since January 1, 2016 to the date hereof, in a manner consistent with the requirements for qualification and taxation as a REIT; (iii) intends to continue to operate in such a manner as to qualify as a REIT for its taxable year that will include the day of the Merger; and (iv) has not taken or omitted to take any action that could reasonably be expected to result in a challenge by the IRS or any other governmental authority to its status as a REIT, and no such challenge is pending or threatened, to Parent's Knowledge. No Subsidiary of Parent is a corporation for United States federal income tax purposes, other than a corporation that qualifies as a Qualified REIT Subsidiary or as a Taxable REIT Subsidiary. Parent's dividends paid deduction, within the meaning of Section 561 of the Code, for each taxable year, taking into account any dividends subject to Sections 857(b)(8) or 858 of the Code, has not been less than the sum of (i) Parent's REIT taxable income, as defined in Section 857(b)(2) of the Code, determined without regard to any dividends paid deduction for such year and (ii) Parent's net capital gain for such year.

4.14 No Other Representations or Warranties.

(a) Except for the representations and warranties contained in this Article IV, no Parent Party, nor any other Person on behalf of any Parent Party, makes any other express or implied representation or warranty with respect to the Parent Parties or with respect to any other information provided to the Acquired Companies or their Representatives, including with respect to merchantability or fitness for any particular purpose of any assets, the nature or extent of any liabilities, the prospects of the business of the Parent Parties, the effectiveness or the success of any operations, or the accuracy or completeness of any confidential information memoranda, documents, projections, material or other information (financial or otherwise) regarding the Parent Parties furnished to the Company or its Representatives or made available to the Company and its Representatives in any "data rooms," "virtual data rooms," management presentations, through the SEC's Edgar website, or in any other form in expectation of, or in connection with, the Transactions, or in respect of any other matter or thing whatsoever, and no Affiliate or Representative of the Parent Parties has any authority, express or implied, to make any representations, warranties or agreements not specifically set forth in this Agreement, and the Parent Parties disclaim any other representations or warranties, whether made by the Parent Parties or any of their respective Affiliates or Representatives. No Parent Party nor any other Person will have or be subject to any liability to an Acquired Company or any other Person resulting from the distribution to the Acquired Companies or the Acquired Companies' use of, any such information,

including any information, documents, projections, forecasts or other material made available to the Acquired Companies or their Representatives in any "data rooms," "virtual data rooms," management presentations or in any other form in expectation of, or in connection with, the Transactions, or in respect of any other matter or thing whatsoever (electronic or otherwise) or otherwise in expectation of the Transactions.

(b) Other than the specific representations and warranties expressly set forth in Article III, the Parent Parties specifically disclaim that they are relying upon or have relied upon any such other representations or warranties that may have been made by any Person, and acknowledge and agree that the Acquired Companies and their Affiliates have specifically disclaimed and do hereby specifically disclaim, and shall not have or be subject to any liability for reliance on, any such other representation or warranty made by any Person. The Parent Parties specifically waive any obligation or duty by any Acquired Company or any of their Affiliates to make any disclosures of fact not required to be disclosed pursuant to the specific representations and warranties expressly set forth in Article III and disclaim reliance on any information not specifically required to be provided or disclosed pursuant to the specific representations and warranties set forth in Article III.

ARTICLE V
COVENANTS OF THE COMPANY AND SECURITY HOLDERS

5.1 Conduct of Business. Except (w) as set forth on Section 5.1 of the Company Disclosure Schedules, (x) as contemplated by this Agreement (including any actions taken in connection with the Restructuring, obtaining the Delayed Consents or the amendment of the Credit Agreement in connection with the Transactions) or as Parent may otherwise consent to in writing (which consent shall not be unreasonably withheld, conditioned or delayed), or (y) as is otherwise permitted, contemplated or required by this Agreement or by applicable Laws, from the date hereof through the earlier of the Closing or the termination of this Agreement, the Company shall, and shall cause each other Acquired Company to:

(a) conduct its business in the ordinary course of business consistent with past practice in all material respects (which, for the avoidance of doubt, may include completion of any Pipeline Acquisitions and preservation of current relationships with their customers, suppliers and other key Persons with which they have had material business relationships); *provided*, *however*, that, notwithstanding the foregoing, the Acquired Companies may use all of their available cash to repay any Indebtedness;

(b) not declare or pay any cash dividends or distributions other than Tax distributions in accordance with the Company Operating Agreement or other distributions in the ordinary course of business consistent with past practice;

(c) not sell, lease, transfer, or assign any of its material tangible assets, other than in the ordinary course of business consistent with past practice;

(d) not cancel, compromise, waive, or release any material right, other than in the ordinary course of business consistent with past practice;

(e) not grant any material license or sublicense of any rights under or with respect to any Intellectual Property other than in the ordinary course of business consistent with past practice;

(f) not incur or guaranty any material Indebtedness (other than to fund working capital for ordinary course of business payables or for draws under the Credit Agreement in connection with the consummation of the Pipeline Acquisitions);

(g) not make or authorize any material change in any Organizational Document of any of Acquired Company;

(h) not issue, sell, or otherwise dispose of any of its Equity Securities, or grant any options, warrants, or other rights to purchase or obtain (including upon conversion, exchange, or exercise) any of its Equity Securities (other than (i) grants of incentive equity to Employees in the ordinary course of business consistent with past practice or (ii) the issuance of Class A Units to the applicable sellers pursuant to the Pipeline Acquisitions; *provided* that the Company shall promptly provide written notice to Parent of any such issuance of Class A Units);

(i) not (i) make any material increase in the base cash compensation of any Employees, except in the ordinary course of business consistent with past practice or to restore such compensation to previous levels after reductions related to COVID-19, or (ii) adopt any material Company Plan or modify any material Company Plan in any material respect, in each case, except as may be required by any Law or Contract;

(j) not take any action that would, or fail to take any action, the failure of which to be taken would, reasonably be expected to cause any Subsidiary of the Company to cease to be treated as a partnership or disregarded entity for federal income tax purposes;

(k) not terminate (other than upon any expiration of the term of any Material Contract or Real Property Lease or any extensions granted to any Acquired Company in the ordinary course of business consistent with past practice), materially amend, materially modify, accelerate, renew, grant a waiver of any material rights or material obligation under, any Material Contract (including the Credit Agreement) or Real Property Lease or enter into any Contract that would be a Material Contract or Real Property Lease if such Contract was in effect on the date hereof, in each case, other than in the ordinary course of business consistent with past practice or pursuant to Section 2.13(b) and except for in connection with Pipeline Acquisitions;

(l) not make any loans or advances of money or other property to any Person, other than intercompany loans solely among the Acquired Companies, in excess of $500,000, other than in the ordinary course of business consistent with past practice;

(m) not acquire (including by merger, consolidation, acquisition of stock or assets or any other business combination) any properties or assets (other than the Pipeline Acquisitions or capital expenditures that are contemplated by the Capital Expenditure Plan) for consideration in excess of $500,000; *provided* that the Company shall deliver prompt written notice to Parent of any acquisition of real property or a business for consideration in the amount of $500,000 or less;

(n) not change any of its accounting methods, practices, principles or procedures (except as required by Law or GAAP);

(o) not enter into any new line of business or abandon or discontinue any material existing line of business;

(p) except for in connection with Pipeline Acquisitions or capital expenditures that are contemplated by the Capital Expenditure Plan, not authorize, or make any commitment with respect to, any capital expenditure in an amount greater than $500,000 in the aggregate;

(q) not settle, pay, discharge, satisfy or compromise any pending or threatened Action involving any Acquired Company, other than with respect to claims solely seeking monetary damages that are reasonably expected to be covered by insurance or in an amount not to exceed $1,000,000 per claim or $3,000,000 in the aggregate (in each case, net of any amount covered by insurance);

(r) not request a Tax ruling, change any method of Tax accounting or method of reporting income or deductions for Tax or accounting purposes, make, change or rescind any Tax election, amend any material Tax Return, or settle or compromise any material Tax liability audit, claim or assessment, enter into any closing agreement related to material Taxes, waive or extend the statute of limitations in respect of any material Taxes (other than pursuant to extensions of time to file Tax Returns obtained in the ordinary course of business), or knowingly surrender any right to claim any material Tax refund;

(s) not initiate or consent to any material zoning reclassification of any Real Property or any material change to any approved site plan, special use permit, planned unit development approval or other land use entitlement affecting any Real Property;

(t) use its commercially reasonable efforts to maintain in full force and effect the Insurance Policies or, if coverage under such Insurance Policies terminates or otherwise lapses, to replace such Insurance Policies with substantially similar policies;

(u) not abandon, dedicate to the public, sell, assign or encumber any material Owned Intellectual Property except as required by the Credit Agreement or to the extent that such material Owned Intellectual Property is no longer commercially reasonable to maintain;

(v) except for in connection with Pipeline Acquisitions, not enter into any Contract for a lease that should be recorded as a capital lease in accordance with GAAP (other than with respect to personal property in an amount not to exceed $1,000,000 per year in the aggregate);

(w) not adopt any plan of merger, consolidation, reorganization, liquidation or dissolution, file a petition in bankruptcy under any provisions of federal or state bankruptcy Law or consent to the filing of any bankruptcy petition under any similar Law; and

(x) not legally obligate itself to do any of the actions described in the foregoing clauses (b) through (w).

Notwithstanding anything herein to the contrary, from and after the Closing until the Reference Time, the Parent Parties shall not, and shall cause the Acquired Companies not to, (i) remove from any Acquired Company any cash or cash equivalents of such Acquired Company (including by means of declaring, setting aside or paying any cash dividends or cash distributions) or (ii) incur or guaranty any Indebtedness of any Acquired Company.

5.2 Credit Agreement and Financing Sources Cooperation.

(a) Although Parent acknowledges and agrees that obtaining financing for or related to any of the Transactions is not a condition to Closing, prior to the Closing the Company shall, and shall use commercially reasonable efforts to cause each other Acquired Company to, use commercially reasonable efforts to provide such cooperation as is reasonably requested by Parent upon reasonable prior notice in connection with (x) the arrangement of the Debt Financing and (y) any amendments and/or modifications to the Credit Agreement (in contemplation of the Transactions), in each case, including to the extent reasonably requested by Parent (and, in the case of the Debt Financing, otherwise customary for financings of such type for companies of similar size and industry as the Company): (i) participating in a reasonable number of meetings and due diligence sessions with the (A) Financing Sources and (B) the lenders under the Credit Agreement, (ii) reasonably assisting Parent in the preparation of any documents necessary in connection with (A) the Debt Financing and (B) any amendments and/or modifications to the Credit Agreement, and other materials reasonably and customarily requested to be used in connection with obtaining the Debt Financing or any amendments or modifications to the existing Credit Agreement, (iii) providing reasonably promptly to Parent, the Financing Sources and the lenders under the Credit Agreement such financial and other information regarding such Acquired Company that is readily available or within such Acquired Company's possession, in each case, as is reasonably requested in connection with (A) the Debt Financing or (B) amendments or modifications to the Credit Agreement, (iv) executing and delivering reasonable and customary certificates, management representation letters and other documentation required by (A) the Financing Sources or (B) the lenders party to the Credit Agreement and the definitive documentation related to the Debt Financing or Credit Agreement, subject to the occurrence of the Closing as applicable, (v) using commercially reasonable efforts to cooperate in satisfying the conditions precedent set forth in any definitive documentation relating to the Debt Financing or the Credit Agreement that are under the control of the Company, and (vi) taking all reasonably requested formal corporate or similar actions, subject to the occurrence of the Closing.

(b) Subject to applicable Law, prior to the Closing, the Company shall, and cause its Subsidiaries to, use their reasonable best efforts to provide all cooperation reasonably requested in writing by Parent in connection with enabling Parent and its Representatives to prepare financial statements in compliance with the requirements of Rules 3-05 and 3-14 of Regulation S-X or such other financial statements or information which Parent may reasonably request for use in a registered offering of equity by Parent (or an Affiliate) in connection with the Transactions and enable Parent's accountants to audit such financial statements, including, if requested by Parent, using reasonable best efforts to (i) provide a customary representation letter in such form as is reasonably required by Parent's accountants, as applicable, with such facts and assumptions as reasonably determined by such accountants in order to make such certificate accurate, signed by the individual(s) responsible for the Company's financial reporting, as prescribed by generally accepted auditing standards as promulgated by the Auditing Standards

Divisions of the American Institute of Public Accountants in order to enable an independent public accountant to render an opinion on such financial statements, (ii) cause the auditor of the Company's financial statements to provide its consent to the inclusion of such report, without exception or qualification, with respect to the Audited Financial Statements, and (iii) to provide to Parent and its underwriters appropriate comfort letters in accordance with the American Institute of Public Accountants' professional standards and to participate in due diligence sessions customarily conducted in connection with the provision of comfort letters. In addition, the Company shall use commercially reasonable efforts to, and shall use commercially reasonable efforts to cause each other Acquired Company to, provide such cooperation as is reasonably requested by Parent upon reasonable prior notice in connection with a registered equity offering, including to the extent reasonably requested by Parent: (A) participating in a reasonable number of "road show" meetings with potential investors, (B) reasonably assisting Parent in the preparation of offering documents and other materials reasonably and customarily requested to be used in connection with such a registered equity offering. The Company shall be afforded an opportunity to review and comment on the offering documents and other materials as they relate to the Company, and Parent shall in good faith consider and incorporate any reasonable comments made by the Company to such draft offering documents and other materials.

(c) Notwithstanding anything to the contrary in this Agreement, no Acquired Company or any officer or Employee, shall be required to (i) provide or prepare, and Parent shall be solely responsible for, the preparation of pro forma financial information, including pro forma costs savings, synergies, capitalization or other pro forma adjustments desired to be incorporated into any pro forma financing information, (ii) pay any commitment or other similar fee, (iii) provide Regulation S-X compliant financial statements (subject to the cooperation covenants provided in Section 5.2(b)), (iv) incur any liability of any kind (or cause their Representatives to incur any liability of any kind) prior to the Closing, (v) enter into any agreement or commitment in connection with the amendment and/or modification of the Credit Agreement and/or any Debt Financing which would be effective prior to the Closing (other than, in the case of any Debt Financing, customary authorization letters with regard to the information provided by or on behalf of any Acquired Company included therein and responses to customary "know-your-customer" information requests), (vi) provide any certificate, comfort letter or opinion of any of its Representatives other than (A) as expressly provided in Section 5.2(b), (B) customary authorization letters with regard to the information provided by or on behalf of any Acquired Company included in any marketing materials for any Debt Financing, (C) responses to "know-your-customer" information requests and (D) with respect to the Debt Financing, those which only become effective after the Closing, (vii) provide access to or disclose any information to Parent or its Representatives to the extent such disclosure would jeopardize the attorney-client privilege, attorney work product protections or similar protections or violate any applicable Law or Contract, (viii) provide and solvency certificate or (ix) take any action that would (A) unreasonably interfere with the day-to-day operations of such Acquired Company, (B) cause any representation, warranty, covenant or agreement in this Agreement or any Ancillary Document to be breached, (C) cause any Acquired Company or any director, manager, officer or Employee to incur any personal liability, (D) conflict with the Organizational Documents of any Acquired Company or any Law, (E) result in the contravention of, a violation or breach of, or a default under, any Contract, (F) change any fiscal period, or (G) authorize any corporate or similar action prior to the Closing (or cause any person who is not continuing in his/her role on any governing body of any Acquired Company) to adopt or consent to any such action. Any information memoranda, lender

presentation or other similar marketing document required in relation to the Debt Financing will contain disclosure reflecting Parent as the borrower and the Company and any other Acquired Company as obligor solely following the Closing.

(d) Notwithstanding anything to the contrary contained herein, the Acquired Companies will be deemed to be in compliance with this Section 5.2 for all purposes hereunder, and Parent shall not allege that any Acquired Company is not or has not been in compliance with this Section 5.2 for any purpose hereunder, unless Parent provides prompt written notice of the alleged failure to comply, specifying in reasonable detail specific steps to cure such alleged failure in a commercially reasonable and practical manner consistent with this Section 5.2, which failure to comply has not been cured on or prior to the Outside Date.

5.3 Information Statement. The Company shall use its commercially reasonable efforts to deliver to each Security Holder reasonably in advance of the Election Deadline an information statement (the "**Information Statement**") in accordance with any requirements of the Organizational Documents of the Company or applicable Law describing the transaction contemplated by this Agreement in reasonable detail and information relating to the business, finances and operations of Parent and to the offer and sale of the SCOLP Units to the Electing Security Holders which Parent shall determine; *provided* that no later than five Business Days prior to the delivery of the Information Statement to the Security Holders, Parent shall be afforded an opportunity to review and comment on the draft Information Statement, and thereafter Parent and the Company shall use commercially reasonable efforts to agree on a final form of the Information Statement and shall in good faith consider and incorporate any reasonable comments made by the other party to such draft Information Statement. The Parent Parties shall be solely responsible for any information included or incorporated by reference in the Information Statement as to (a) the business, finances and operations of Parent and (b) the Public Filings, and the Company shall not have any liability for the Investor Letter and Questionnaire, the Registration Questionnaire or the Registration Rights Agreement.

5.4 Investor Letter and Questionnaire. As promptly as reasonably practicable, the Company shall provide on behalf of Parent, or assist Parent in providing, to each Security Holder the Investor Letter and Questionnaire and, as applicable, the Registration Questionnaire. The Company shall use its commercially reasonable efforts to request that each Electing Security Holder truthfully complete, execute, and deliver the Investor Letter and Questionnaire to Parent on or prior to two Business Days prior to the Closing Date. The execution and delivery of the Investor Letter and Questionnaire and the qualification of the Security Holder in accordance with the Investor Letter and Questionnaire shall be conditions precedent to a Security Holder receiving SCOLP Units.

5.5 Access to Information and Real Property.

(a) Subject to the terms of the Confidentiality Agreement, at all times during the period commencing on the date hereof and terminating upon the earlier of Closing or the termination of this Agreement pursuant to and in accordance with the terms of Section 8.5, the Company shall, and shall cause its Subsidiaries to, (a) permit Parent and its Representatives to have reasonable access, upon reasonable notice and during normal business hours, to the Books and Records of the Acquired Companies and their respective businesses under the supervision of

Acquired Company personnel, (b) make reasonably available any executives and employees of the Acquired Companies, and (c) furnish to Parent such information and data, financial records and other documents in its possession relating to the Acquired Companies and their respective businesses and assets, in each case, as Parent may reasonably request and which are reasonably necessary in connection with Parent's due diligence investigation of the Acquired Companies and their respective businesses and assets; *provided*, *however*, that (i) all requests by Parent shall be made through such Person or Persons as the Company may designate from time to time, (ii) such activities do not unreasonably interfere with the ongoing business or operations of the Acquired Companies, (iii) nothing in this Section 5.5(a) shall require any Acquired Company to furnish to Parent or provide Parent with access to information (A) to the extent related to the sale or divestiture process conducted by the Company and the Security Holders vis-à-vis any Person other than Parent and its Affiliates, (B) that is subject to an attorney-client or an attorney work-product privilege or (C) that legal counsel for any Acquired Company reasonably concludes may not be disclosed pursuant to applicable Law.

(b) Without limiting the foregoing, subject to the terms of the Confidentiality Agreement, at all times during the period commencing on the date hereof and terminating upon the earlier of Closing, the termination of this Agreement pursuant to and in accordance with the terms of Section 8.5 or, with respect to any Delayed Consent Property, the date of transfer of the Delayed Consent Equity for such Delayed Consent Subsidiary in accordance with Section 2.13(d), the Company shall provide Parent and its consultants reasonable access to the Owned Real Property and, subject to any required lessor consent (which the Company shall use commercially reasonable efforts to obtain), provide Parent and its consultants access to the Leased Real Property, in each case, to conduct a Phase I Environmental Site Assessment of the Real Property as has not been completed prior to the date hereof and that Parent may reasonably request; *provided, however*, that Parent shall not conduct any intrusive environmental investigation at any Real Property, including any sampling, testing or other intrusive indoor or outdoor investigation of soil, subsurface strata, surface water, groundwater, sediments or ambient air or other media at or in connection with any such Real Property. Such access to the Real Property shall be scheduled with the cooperation of the Company. All such investigations shall be at Parent's cost and expense. For the avoidance of doubt, Parent's satisfaction with the results of such investigations shall not be a closing condition.

5.6 Company Permits. Prior to Closing, the Company shall use commercially reasonable efforts to obtain all consents, waivers and approvals from any Governmental Entity required under each Company Permit in connection with the Transactions, except those consents, waivers and approvals which, if not obtained, would not, or would not reasonably be expected to, result in material liability to the Acquired Companies or materially and adversely affect the operation of the applicable Owned Real Property or Leased Real Property, as the case may be. All such consents, waivers and approvals shall be delivered to the Parent Parties as and when obtained.

5.7 Lessor Consents. Prior to Closing, the Company shall use commercially reasonable efforts to obtain all consents, waivers and approvals from the lessors under each Real Property Lease listed on Section 3.4 of the Company Disclosure Schedules in connection with the Transactions, and copies thereof shall be delivered to the Parent Parties as and when obtained. The Parent Parties shall cooperate with the Company in executing any additional instruments reasonably requested by the Company necessary to obtain any such consent, waiver or approval

and shall provide such information or documentation as may be requested by the lessor of the applicable Real Property in connection with considering the request for consent, waiver or approval. The Company shall not be required to compensate any Person, commence or participate in any litigation or offer or grant any accommodation (financial or otherwise) to any Person, with respect to obtaining any such consent, waiver or approval in connection with the Transactions; *provided*, that the Company may agree to such (a) financial changes, amendments or concessions as it deems necessary to obtain the consent of, or waiver of any right of first refusal by, the applicable lessor in connection with the Transactions if the Base Purchase Price is reduced by an amount equal to the financial impact of such changes, amendments or concessions, as determined in a manner consistent with the determination of Attributable Property Value Adjustment Amounts as set forth in Section 1.1(b) of the Company Disclosure Schedules (it being agreed that, with respect to any Real Property underlying an Optional Delayed Consent Lease, any financial changes, amendments or concessions shall be borne by Parent and shall not reduce the Base Purchase Price but shall require the consent of Parent), and (b) non-financial changes or amendments to any Real Property Lease as it deems necessary to obtain the consent of, or waiver of any right of first refusal by, the applicable counterparty in connection with the Transactions, it being agreed that any such non-financial change or amendment that materially interferes with the ownership, use or operation of the applicable Real Property shall be subject to Parent's approval and consent, not to be unreasonably withheld, conditioned or delayed (determined in the context of the materiality of the interference as applicable) (it being agreed that any non-financial changes or amendments that materially interfere with the ownership, use or operation of the Real Property underlying an Optional Delayed Consent Lease shall be subject to Parent's approval and consent).

ARTICLE VI
COVENANTS OF THE PARENT PARTIES

6.1 Access to Books and Records. From and after the Closing until the six-year anniversary of the Closing Date, Parent and its Affiliates shall, and shall cause the Surviving Company to, grant Seller Representative and its Representatives reasonable access, during normal business hours and upon reasonable notice, to the Books and Records of the Acquired Companies with respect to periods or occurrences prior to or on the Closing Date, with respect to any Tax audits, Tax Returns, governmental investigations or legal compliance or other legitimate business purpose or to verify any item or information relevant to this Agreement and the Transactions; *provided*, *however*, that (a) all requests for access shall be directed to such Person(s) as Parent may designate in writing from time to time, (b) such activities do not unreasonably interfere with the ongoing business or operations of the Acquired Companies, (c) such access or related activities would not cause a violation of any agreement to which any Acquired Company is a party, (d) nothing in this Section 6.1 shall require any Acquired Company or its Representatives to furnish to Seller Representative or provide Seller Representative with access to information that (i) is subject to an attorney-client or an attorney work-product privilege or (ii) legal counsel for the Surviving Company reasonably concludes may not be disclosed pursuant to applicable Law. For a period of six years following the Closing, or such longer period as may be required by applicable Law or necessitated by applicable statutes of limitations, Parent shall, and shall cause its Affiliates (including the Acquired Companies) not to destroy, alter or otherwise dispose of any such Books and Records. On and after the end of such period, Parent shall, and shall cause its Affiliates to, provide Seller Representative with at least ten Business Days prior written notice before destroying, altering or otherwise disposing any such Books and Records, during which period Seller Representative may elect to take possession, at its own expense, of such Books and Records.

6.2 Communications Prior to Closing. Prior to the Closing, Parent and Parent's Representatives may only contact and communicate with the employees, lenders, customers, service providers and suppliers of any Acquired Company in connection with the Transactions after prior consultation with, and written approval of, the Company.

6.3 R&W Policy. Following the date hereof, Parent shall take, and shall cause its Affiliates to take, all action necessary to obtain and bind the R&W Policy as of the Closing or, with respect to any Delayed Consent Subsidiary, any other date(s) mutually agreed by Parent and Seller Representative, which shall contain substantially the same terms and conditions as set forth in the R&W Policy attached hereto as Exhibit F. The Company shall use commercially reasonable efforts to provide, and shall use commercially reasonable efforts to cause its controlled Affiliates to provide, such cooperation as Parent shall reasonably request in connection with obtaining and binding the R&W Policy as of the Closing or the applicable agreed date(s). Following the Closing, Parent shall not, and shall cause its Affiliates (including, after the Closing, the Acquired Companies) not to, amend, restate, supplement, modify or alter the R&W Policy (or waive any terms thereof) in any manner that is adverse to or that results or could reasonably be expected to result in any incremental liability to any Security Holder or any of its equityholders, officers, directors, managers, employees, counsel, accountants, financial advisors and consultants and each of the heirs, executors, successors and permitted assigns of any of the foregoing without the prior written consent of Seller Representative; *provided*, that the R&W Policy, and any other representation and warranty insurance policy acquired or otherwise obtained by Parent or any of its Affiliates in connection with the Transactions, shall in all cases prohibit the insurer(s) thereunder or any other Person from subrogating or otherwise making or bringing, and shall require such insurer(s) to waive and not pursue, any claim against any Security Holder or any Affiliate of any Security Holder or any past, present or future equityholder, member, partner, director, manager, officer, employee or advisor of any of the foregoing based upon, arising out of, or related to this Agreement, or the negotiation, execution or performance of this Agreement or the Transactions. Parent and the Company (as a Transaction Expense) shall each pay, or cause to be paid, one-half of all costs and expenses due at or prior to the Closing related to the R&W Policy to be issued as of the Closing, including the total premium, underwriting costs, brokerage commission for Parent's broker, Taxes related to such R&W Policy and other fees and expenses of such policy, as and when due.

6.4 Confidentiality. Any information provided to or obtained by the Parent Parties or their Representatives, including pursuant to this Section 6.4, is confidential information and subject to the terms of, and the restrictions contained in, the Confidentiality Agreement. The Parent Parties agree to be bound by and comply with the provisions set forth in the Confidentiality Agreement as if such provisions were set forth herein, and such provisions are hereby incorporated herein by reference. Effective upon (and only upon) the Closing, the Confidentiality Agreement shall automatically terminate and none of the parties thereto shall have any further liability or obligation thereunder except with respect to any confidential information provided to or obtained by the Parent Parties or their Representatives concerning the Security Holders, which information shall remain subject to the terms and conditions of the Confidentiality Agreement after the Closing Date. If this Agreement is terminated prior to Closing for any reason, the duration of the

confidentiality provisions of the Confidentiality Agreement shall be deemed extended, without any further action by the parties, for a period of time equal to the period of time elapsed between the date such Confidentiality Agreement was initially signed and the date of termination of this Agreement.

6.5 Credit Agreement and Financing Cooperating Reimbursement and Indemnification. Parent shall, within ten days following written request by the Company, reimburse the Company for all reasonable third-party costs and expenses incurred by any Acquired Company in connection with any cooperation provided hereunder. Parent shall indemnify and hold harmless the Acquired Companies and their respective Affiliates from and against any and all liabilities or losses suffered or incurred by them in connection with the amendment and/or modification of the Credit Agreement and/or any Debt Financing and any information utilized in connection therewith (including any action taken in accordance with this Section 6.5) (other than historical information provided by the Acquired Companies). The obligations of Parent under this Section 6.5 shall survive the termination of this Agreement.

ARTICLE VII
COVENANTS OF PARENT AND THE COMPANY

7.1 Public Announcements. Between the date of this Agreement and the Closing Date, except to the extent required by any applicable Law, no party nor any of its respective Affiliates or Representatives shall, directly or indirectly, issue any press release or public announcement of any kind without the prior written consent of Parent (in the case of Seller Representative, Sailor Newco or the Company) or the Company (in the case of the Parent Parties), as applicable; *provided*, *however*, that the Company and its Subsidiaries may make announcements from time to time to their respective employees, customers, suppliers and other business relations and otherwise as the Company may reasonably determine is necessary to comply with applicable Law or the requirements of this Agreement (including Section 7.2 and obtaining consents of lessors pursuant to the Real Property Leases) or any other agreement to which the Company or any of its Subsidiaries is a party. Except as provided in the preceding sentence, no party nor any of its respective Affiliates or Representatives shall, directly or indirectly, make any disclosure to any third parties concerning the Transactions (including the existence or terms thereof) without the prior written consent of Parent (in the case of Seller Representative, Sailor Newco or the Company) or the Company (in the case of the Parent Parties), as applicable; *provided*, *however*, that any party and its Affiliates may disclose such information (a) to its Representatives and members as is necessary in the ordinary course of business consistent with past practice (so long as such Person agrees to, or is bound by Contract to, keep the terms of this Agreement confidential), (b) in connection with enforcing its rights under this Agreement or the Ancillary Documents, (c) as required by Law (including to comply with any regulation promulgated by the U.S. Securities and Exchange Commission applicable to Parent), (d) in connection with the performance of such party's obligations under this Agreement (including Section 7.2) or (e) to bona fide investors for fund raising, marketing or reporting purposes so long as such investors are bound by customary confidentiality arrangements covering such information. In the event any such public announcement, release or disclosure is required by any applicable Law (including to comply with any regulation promulgated by the U.S. Securities and Exchange Commission applicable to Parent) in the reasonable opinion of counsel, the party required to make such announcement, release or disclosure may do so as long as Parent and the Company consult prior to the making thereof and use their reasonable best efforts to agree upon a mutually satisfactory text.

7.2 Antitrust Approvals.

(a) The Company and Parent shall as promptly as practicable and before the expiration of any relevant legal deadline, but in no event later than ten Business Days following the execution and delivery of this Agreement, file, or cause to be filed, with the United States Federal Trade Commission ("**FTC**") and the Antitrust Division of the United States Department of Justice ("**DOJ**") the notification and report form required for the Transactions and any supplemental information requested in connection therewith pursuant to the HSR Act. Each of the parties shall furnish, or cause to be furnished, to each other's counsel such necessary information and reasonable assistance as the other may request in connection with its preparation of any filing or submission that is necessary under the HSR Act and any other Antitrust Laws. Parent and the Company (as a Transaction Expense) shall each be responsible for 50% of all filing fees payable in connection with such filings and for any local counsel fees.

(b) The Company and Parent shall (and to the extent applicable, shall cause their respective Subsidiaries to) use their respective reasonable best efforts to obtain or take, as applicable, or cause to be obtained or taken, as applicable, as promptly as practicable but, in any event, no later than the Outside Date: (i) all necessary approvals under the HSR Act any other Antitrust Laws required in connection with this Agreement and the Transactions and (ii) all necessary actions or nonactions, waivers, consents, registrations, filings, approvals and authorizations from Governmental Entities, including all steps as may be necessary to avoid an Action by any Governmental Entity, including using reasonable best efforts in the contesting and defending of any lawsuits or other legal proceedings, whether judicial or administrative, challenging this Agreement or the consummation of the Transactions, including seeking to have any stay or temporary restraining order entered by any court or other Governmental Entity vacated or reversed. Neither the Company and its Affiliates nor any of their respective Affiliates shall be obligated to grant any consideration, or pay any fee or other similar payment, to any third Person from whom consent or approval is required or requested from or by such third Person in connection with the consummation of the Transactions in order to obtain any such consent or approval. Parent shall not, and shall not permit any of its Affiliates to, acquire or agree to acquire by way of arrangement, amalgamation, merger or consolidation with, or by purchasing a substantial portion of the assets of or equity in, or by any other manner, any Person or portion thereof, or otherwise acquire or agree to acquire any assets, if the entering into a definitive agreement relating to or the consummation of such acquisition, arrangement, amalgamation, merger or consolidation would reasonably be expected to (A) impose any delay in the obtaining of, or significantly increase the risk of not obtaining, any authorizations, consents, orders, declarations or approvals of any Governmental Entity necessary to consummate the Transactions or the expiration or termination of any applicable waiting period, (B) significantly increase the risk of any Governmental Entity entering an order prohibiting the consummation of the Transactions or (C) delay the consummation of the Transactions.

(c) Upon the terms and subject to the conditions herein provided and subject to the parties' (and, to the extent applicable, their respective Subsidiaries') obligations under applicable Law, none of the parties hereto shall (and such parties shall cause, to the extent

applicable, their respective Affiliates not to) knowingly take, or cause to be taken, any action that would reasonably be expected to materially delay or prevent the satisfaction by the Outside Date of any condition set forth in Article VIII.

(d) Each of the parties agrees to instruct their respective counsel to cooperate with the other and use commercially reasonable efforts to facilitate and expedite the identification and resolution of any issues arising under the HSR Act and any other Antitrust Laws at the earliest practicable dates. Such commercially reasonable efforts and cooperation include counsel's undertaking (i) to promptly inform the other parties' counsel of any substantive oral communication with, and provide copies of written communications with, any Governmental Entity regarding any such filings or applications or any such transaction, and (ii) to confer with each other regarding appropriate contacts with and response to personnel of such Governmental Entity. No party shall independently participate in any substantive meeting or discussion with any Governmental Entity in respect of any such filings, applications, investigation or other inquiry without giving the other parties prior notice of the meeting and, to the extent permitted by the relevant Governmental Entity, the opportunity to attend and participate (which, at the request of any of the parties, shall be limited to outside antitrust counsel only).

(e) A party shall not extend or consent to any extension of any applicable waiting or review period or enter into any agreement with a Governmental Entity to not consummate the Transactions, except upon the prior written consent of the other parties hereto, such consent not to be unreasonably withheld, conditioned or delayed.

7.3 Efforts to Close. Subject to the terms of this Agreement, and without limiting the obligations set forth in Section 7.2, each Parent Party and the Company shall use reasonable best efforts to cause the conditions to Closing to be satisfied and to cause the Closing to occur as soon as possible, including satisfying the conditions precedent set forth in Article VIII applicable to such party, and shall cooperate with the other parties in executing any additional instruments reasonably requested by another party (without cost or expense to the executing party) necessary to carry out the Transactions and to fully carry out the purpose of this Agreement, including executing such additional documents and providing such information or documentation as may be requested by any party from whom any consent or waiver in connection with the Transactions is requested. The "best efforts" of the Company shall not require any Acquired Company, Security Holder or any of their respective Affiliates to provide financing to the Parent Parties or to compensate any Person, commence or participate in any litigation or offer or grant any accommodation (financial or otherwise) to any Person, in each case, for the consummation of the Transactions.

7.4 Tax Matters.

(a) Intended Tax Treatment. The Security Holders, Seller Representative and Parent intend that the Merger shall be treated for U.S. federal income tax purposes in a manner consistent with Rev. Rul. 99-6, Situation 2, and that such transaction shall be treated as a sale and exchange of the Class A Units and Outstanding Class B Preferred Units under Section 741 of the Code with respect to the Security Holders and that, with respect to SCOLP, the Company shall be deemed to make a liquidating distribution of its assets to the Security Holders and SCOLP shall be deemed to acquire the assets in exchange for the Closing Merger Consideration. The

Transactions shall further result in a termination of the Company pursuant to Section 708(b)(1)(A) of the Code, causing the Company's taxable year to close as of the Closing Date. The Security Holders and SCOLP further agree that the principles of this Section 7.4(a) shall apply to any jurisdiction which requires or permits (whether by election or otherwise) the purchase of the Class A Units and Outstanding Class B Preferred Units to be treated as a sale and exchange under Section 741 of the Code with respect to the Security Holders, and as a distribution of the Company's assets to the Security Holders and the acquisition of such assets by SCOLP in exchange for the Closing Merger Consideration. Each party shall file all Tax Returns consistent with the intended treatment for Tax purposes under this Section 7.4(a) and shall not take any position inconsistent therewith.

(b) Transfer Taxes. Transfer Taxes shall be paid 50% by Parent and 50% by the Company (as a Transaction Expense, other than with respect to Delayed Consent Properties, which Transfer Taxes shall be paid pursuant to the applicable Delayed Consent Subsidiary Purchase Agreement), and Parent shall properly file on a timely basis all necessary Tax Returns and other documentation with respect to any Transfer Taxes and provide to the other party, upon request, evidence of such documentation.

(c) Preparation of Tax Returns.

(i) At its cost and expense, Seller Representative, with SCOLP's cooperation, shall prepare, or cause to be prepared, all Tax Returns of the Acquired Companies relating to income Taxes for any Pre-Closing Tax Period. Such Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by Law. Seller Representative shall, at least 30 days prior to the due date (with applicable extensions) for such Tax Return(s), provide a copy of such Tax Return(s) to SCOLP. SCOLP shall, within ten days after receiving such Tax Return(s), provide, in writing, any comments to Seller Representative regarding any matters in such Tax Return(s) with which it reasonably disagrees, and if SCOLP does not provide written comments within ten days, SCOLP shall be deemed to have accepted such Tax Return. In such case, Seller Representative and SCOLP shall reasonably cooperate in good faith with each other to reach a timely and mutually satisfactory solution to the disputed matters with respect to such Tax Returns.

(ii) At its cost and expense, SCOLP shall prepare and timely file any Tax Returns of the Acquired Companies for the Straddle Period and any other Tax Return not referenced in Section 7.4(c)(i) relating to a Pre-Closing Tax Period. Such Tax Returns shall be prepared on a basis consistent with past practice except to the extent otherwise required by a change in Law. SCOLP shall, at least 30 days prior to the due date (with applicable extensions) for any income Straddle Period Tax Return(s), provide a copy of such Tax Return(s) to Seller Representative. Seller Representative shall, within ten days after receiving such income Straddle Period Tax Return(s), provide, in writing, any comments to SCOLP regarding any matters in such Tax Return(s) with which it reasonably disagrees, and if Seller Representative does not provide written comments within ten days, Seller Representative shall be deemed to have accepted such Tax Return. SCOLP shall also, at least fifteen days prior to the due date (with applicable extensions) for all non-income Tax Return(s), provide a copy of such Tax Return(s) to Seller Representative and Seller's Representative shall provide, in writing, any comments to SCOLP regarding any

matters in such non-income Tax Return(s) with which it reasonably disagrees, and if Seller Representative does not provide written comments within five days, Seller Representative shall be deemed to have accepted such Tax Return. In both cases, Seller Representative and SCOLP shall reasonably cooperate in good faith with each other to reach a timely and mutually satisfactory solution to the disputed matters with respect to such Tax Returns. SCOLP shall pay and discharge all Taxes shown to be due on such Tax Returns. No later than ten Business Days prior to the due date of any income Straddle Period Tax Return, or three Business Days prior to the due date of any non-income Tax Return, as the case may be, Seller Representative shall pay to SCOLP the portion of the Taxes shown as due on such Tax Return that is attributable to the Pre-Closing Tax Period for any non-income Tax Return related solely to a Pre-Closing Tax Period or the pre-Closing portion of the Straddle Period (as determined under Section 7.4(c)(iii)), by wire transfer of immediately available funds.

(iii) For purposes of this Section 7.4(c), in the case of Taxes that are payable with respect to a Straddle Period, the portion of any such Taxes that is attributable to the portion of the period ending on the Closing Date shall be: (A) in the case of Taxes that are either (1) based upon or related to income or receipts or (2) imposed in connection with any sale or other transfer or assignment of property (real or personal, tangible or intangible), deemed equal to the amount that would be payable if the taxable period of the Company (and each partnership in which the Company is a partner) ended with (and included) the Closing Date; *provided* that exemptions, allowances or deductions that are calculated on an annual basis (including depreciation and amortization deductions) shall be allocated between the period ending on and including the Closing Date and the period beginning after the Closing Date in proportion to the number of days in each period and (B) in the case of Taxes that are imposed on a periodic basis with respect to the assets or capital of the Company, deemed to be the amount of such Taxes for the entire Straddle Period (or, in the case of such Taxes determined on an arrears basis, the amount of such Taxes for the immediately preceding period), multiplied by a fraction the numerator of which is the number of calendar days in the portion of the period ending on and including the Closing Date and the denominator of which is the number of calendar days in the entire period. Notwithstanding anything to the contrary contained in this Agreement, any franchise Tax shall be allocated to the period during which the income, operations, assets or capital comprising the base of such Tax is measured, regardless of whether the right to do business for another period is obtained by the payment of such franchise Tax.

(iv) Seller Representative and SCOLP shall reasonably cooperate, and shall cause their respective Subsidiaries, Affiliates, officers, employees, agents, auditors and representatives reasonably to cooperate, in preparing and filing all Tax Returns, including maintaining and making available to each other all records necessary in connection with Taxes and in resolving all disputes and audits with respect to all taxable periods relating to Taxes, in each case to the extent related to any Acquired Company. The parties will need access, from time to time, after the Closing Date, to certain accounting and Tax records and information with respect to the Acquired Companies to the extent such records and information pertain to events occurring prior to the Closing Date. SCOLP shall, and shall cause its Affiliates to, and Seller Representative shall, as applicable, (A) use its commercially reasonable efforts to properly retain and maintain such records for a

period of seven years following the Closing Date, (B) give the other party reasonable written notice prior to transferring, destroying, or discarding any such books and records and shall allow the other party to take possession of such books and records, and (C) allow the other party and its agents and representatives, at times and dates mutually acceptable to the parties, to inspect and review such records as the other party may deem necessary or appropriate from time to time, such activities to be conducted during normal business hours. SCOLP and Seller Representative shall, upon request, use their commercially reasonable efforts to obtain any certificate or other document from any Governmental Entity or any other Person as may be necessary to mitigate, reduce or eliminate any Tax that could be imposed (including with respect to the Transactions).

(v) In the case of any Tax Return described in Section 7.4(c)(i) or Section 7.4(c)(ii), if the parties are unable to resolve any dispute at least ten days before the due date (with applicable extensions) for any income Tax Return, or at least five days before the due date (with applicable extensions) for any non-income Tax Return, the dispute shall be referred to the Accountants for resolution in accordance with the procedures of Section 2.15(c). If the Accountants are unable to resolve any such dispute prior to the due date (with applicable extensions) for any such Tax Return, such Tax Return shall be filed as prepared by the relevant party, subject to amendment, if necessary, to reflect the resolutions of the dispute by the Accountants. The cost related to any such dispute shall be allocated in accordance with Section 2.15(c).

(vi) None of SCOLP, the Acquired Companies or any of their respective Affiliates shall amend, re-file, revoke or otherwise modify any Tax Return or Tax election of any Acquired Company, in each case in respect of a Pre-Closing Tax Period, or otherwise take any other action, that could adversely modify the liability for Taxes for such Pre-Closing Tax Period, without the prior written consent of Seller Representative, which consent shall not be unreasonably withheld, conditioned or delayed.

(vii) SCOLP and its Affiliates, on the one hand, or Seller Representative on the other hand (the "**Recipient**") shall notify Seller Representative or SCOLP, as the case may be, in writing within 30 days of receipt by the Recipient of written notice of any Tax audit or Tax proceeding which may affect the liability for Taxes of such other party under this Agreement ("**Tax Contest**"). Seller Representative, at Seller Representative's sole cost and expense, shall have the right to represent any Acquired Company's interests in any Tax Contest relating to a Tax period ending on or before the Closing Date. Seller Representative shall employ counsel of Seller Representative's choice and at Seller Representative's expense; *provided* that SCOLP shall be permitted, at SCOLP's expense, to be present at any such Tax Contest, including the review of any correspondence and providing reasonable comments to any documents related to such Tax Contest. Notwithstanding the foregoing, no party shall not be entitled to settle, either administratively or after the commencement of any Tax Contest without the prior written consent of the other party (not to be unreasonably withheld, conditioned or delayed). If Seller Representative declines such right to represent and control such defense and settlement with respect to a Tax Contest relating to a Tax period ending on or before the Closing Date, SCOLP, at SCOLP's sole cost and expense, shall have the right to represent and control such defense and settlement. SCOLP and its Affiliates shall have the sole right

to represent any Acquired Company's interests in any Tax Contest relating to a Straddle Period. SCOLP shall employ counsel of SCOLP's choosing at SCOLP's expense; *provided* that, Seller Representative shall be permitted at Seller Representative's expense to be present at any such Tax Contest, including the review of any correspondence and providing reasonable comments to any documents related to such Tax proceeding. The costs and expenses incurred by SCOLP in defending any Tax Contest relating to a Straddle Period shall be borne by Seller Representative and SCOLP in proportion to Seller Representative's and SCOLP's respective liability for Taxes for such Straddle Period, determined in the manner set forth in Section 2.15(c).

(viii) Except as otherwise provided in this Section 7.4(c), in the case of any conflict between this Section 7.4(c) and any other provision of this Agreement, the provisions of this Section 7.4(c) shall control.

(d) Cooperation. Parent, the Security Holders, Seller Representative, the Company and the Surviving Company shall cooperate, as and to the extent reasonably requested by any party, in connection with the filing of Tax Returns and any administrative or judicial proceedings with respect to Taxes or other Tax matters. Such cooperation shall include, but not be limited to, the requirements under Section 6.1.

7.5 Indemnification; Directors and Officers Insurance.

(a) For a period of six years from and after the Closing Date, Parent shall, and shall cause the Surviving Company and its Subsidiaries to, indemnify, defend and hold harmless, to the fullest extent permitted under applicable Law, the individuals who on or prior to the Closing Date were directors, managers, officers, employees, fiduciaries or agents of any Acquired Company (each, a "**Covered Party**" and collectively, the "**Covered Parties**"), with respect to all acts or omissions by them in their capacities as such or as trustees or fiduciaries of any plan for the benefit of the Employees or taken at the request of any Acquired Company at any time on or prior to the Closing Date. Parent agrees that all rights of the Covered Parties to indemnification, advancement of expenses and exculpation from liabilities for acts or omissions occurring at or prior to the Closing Date as provided in the respective Organizational Documents of each Acquired Company as now in effect and any indemnification agreements or arrangements of any Acquired Company with respect to Covered Parties shall survive the Closing Date and shall continue in full force and effect in accordance with their terms. Such rights shall not be amended or otherwise modified in any manner that would adversely affect the rights of the Covered Parties, unless such modification is required by applicable Law, for a period of not less than six years. In addition, Parent shall pay any and all legal and other fees, costs and expenses (including the cost of investigation and preparation) of any Covered Party under this Section 7.5 as incurred to the fullest extent permitted under applicable Law; *provided* that the Person to whom expenses are advanced provides an undertaking to repay such advances to the extent required by applicable Law. Parent shall also pay all fees, costs and expenses, including legal fees that may be incurred by a Covered Party in enforcing this Section 7.5 or any Action involving a Covered Party resulting from the Transactions.

(b) Each of Parent and the Covered Party shall cooperate, and cause their respective Affiliates to cooperate, in the defense of any Action relating to any acts or omissions

covered under this Section 7.5 and shall provide access to properties and individuals as reasonably requested and furnish or cause to be furnished records, information and testimony, and attend such conferences, discovery proceedings, hearings, trials or appeals, as may be reasonably requested in connection therewith.

(c) At or prior to the Closing Date, the Company shall purchase and pay in full a "tail" prepaid insurance policy (the "**D&O Insurance**") with respect to the Covered Party's existing directors' and officers' liability insurance coverage that shall provide such directors and officers coverage for six years following the Effective Time (including with respect to acts or omissions occurring in connection with this Agreement and the Transactions on terms with respect to such coverage and amount no less favorable to the Covered Parties than those of such policies in effect on the date hereof). Parent and the Company (as a Transaction Expense) shall each pay one-half of all costs and expenses related to the D&O Insurance, including the total premium, underwriting costs, brokerage commission for Parent's or Company's broker, Taxes related to such D&O Insurance and other fees and expenses of such policy, as and when due.

(d) The obligations of Parent, the Surviving Company and its Subsidiaries under this Section 7.5 shall not be terminated or modified in such a manner as to adversely affect any Covered Party to whom this Section 7.5 applies without the consent of the affected Covered Party (it being expressly agreed that (i) the Covered Parties to whom this Section 7.5 applies shall be third-party beneficiaries of this Section 7.5 and shall be entitled to enforce the covenants contained herein and (ii) the rights set forth in this Section 7.5 are in addition to, and not in substitution of, any other rights to indemnification or contribution that any Covered Party may have).

(e) If Parent or any of its successors or assigns (i) is not the continuing or surviving entity following an arrangement, amalgamation, merger or consolidation with any other Person or (ii) transfers or conveys all or substantially all of its properties and assets to any Person, then, and in each such case, proper provision shall be made so that the successors and assigns of Parent, as the case may be, shall assume the obligations set forth in this Section 7.5.

(f) For the avoidance of doubt, for purposes of this Section 7.5, the Acquired Companies shall not include any Delayed Consent Subsidiary during the period from the Closing Date until the applicable Delayed Consent Equity is transferred to the Surviving Company in accordance with Section 2.13(d), and no individual who would otherwise be a Covered Party with respect to such Delayed Consent Subsidiary shall be deemed to be a Covered Party unless and until the applicable Delayed Consent Equity is transferred to the Surviving Company in accordance with Section 2.13(d).

7.6 [Intentionally omitted]

7.7 Evidence of Title.

(a) Parent has ordered commitments (collectively, the "**Commitments**" and, individually, a "**Commitment**") for ALTA Form Owner's Policies of Title Insurance for each parcel of Real Property (collectively, the "**Title Policies**") from the Title Company, along with copies of all instruments described in Schedule B of each Commitment, in the amount of the

Attributable Property Value (or such lesser amount selected by Parent) for each such Owned Real Property and Leased Real Property. The parties will cooperate reasonably and in good faith to satisfy the requirements and conditions of the Title Company for the issuance of the Title Policies (which may include such requirements and conditions being satisfied by causing the Title Company to obtain an indemnity from the title company that issued the existing owner's title policy to the applicable Acquired Company in order to insure over such matters), including (without limitation), the execution and delivery by the Company or any Subsidiary of the Company at Closing of customary affidavits as may be required by the Title Company, in each case, in the forms attached as exhibits hereto or otherwise agreed by Company as of the date hereof; *provided, however*, the foregoing shall not apply to (i) requirements or conditions which are not applicable to the Transactions (including, without limitation, payment of amounts to be addressed as part of Net Working Capital), (ii) estoppel certificates, which shall be governed by Section 7.7(b), or (iii) any requirements or conditions for any endorsements or affirmative coverage requested by Parent other than the affidavits described in Section 2.11(a)(xvi). Parent shall bear the cost of the Title Policies and the costs of any endorsements to the Title Policies that are requested by Parent. For the avoidance of doubt, it shall not be a condition to Closing that the Title Company is prepared and committed to issue for each Real Property the Title Policies.

(b) The Company shall request an estoppel certificate from (i) the lessors under each Real Property Lease listed on Section 7.7(b)(i) of the Company Disclosure Schedules, (ii) the lessees under the Material Tenant Leases listed on Section 7.7(b)(ii) of the Company Disclosure Schedules, (iii) HSC South Fork LLC (with respect to the status of the Operating Agreement of SHM South Fork JV LLC) and (iv) when requested by Parent in writing, the counterparty to any material Permitted Lien, where such counterparty is obligated to provide an estoppel certificate under the terms of such Permitted Lien. The Company shall request such estoppel certificates promptly after the date hereof, or, in the case of Permitted Lien estoppels, promptly after requested by Parent, and shall use commercially reasonable efforts, at no expense to the Company and in any event excluding litigation, to obtain an estoppel certificate from HSC South Fork LLC and from each such lessor, lessee and counterparty to a Permitted Lien as described in the preceding sentence at or prior to the Closing to the extent the applicable Real Property Lease, Material Tenant Lease or Permitted Lien, as the case may be, obligates such lessor, lessee or party to a Permitted Lien to deliver an estoppel certificate. The estoppel certificates shall be in the form and content reasonably approved by the Company and Parent; *provided*, that, to the extent an Acquired Company received an estoppel certificate (including any estoppel language provided as part of a consent or other instrument) from such lessor in connection with the acquisition of such Real Property by the Acquired Company, an estoppel certificate (or estoppel language) in substantially the same form as the estoppel certificate (or estoppel language) provided to the Acquired Company at the time of such acquisition shall be deemed approved by Parent.

7.8 Exclusivity. The Company hereby covenants and agrees that until the earlier of the Closing Date and the termination of this Agreement, the Company shall not, and shall not permit its Subsidiaries or any of its controlled Affiliates to, and will instruct its and their respective Representatives not to, directly or indirectly:

(a) solicit, initiate or engage in any discussions or negotiations with any Person, knowingly encourage the submission of any inquiries, proposals, or offers by, or take any other

action intended or designed to facilitate the efforts of any such Person, other than Parent or its Affiliates, relating to:

(i) the possible acquisition of, or business combination with, any Acquired Company (whether by way of merger, consolidation, take-over bid, purchase of Equity Securities, purchase of assets or otherwise, directly or indirectly); or

(ii) the possible acquisition of any Equity Securities of any Acquired Company or all or a material portion of the assets of any Acquired Company (other than any assets sold in compliance with Section 5.1(c), (e) or (u)).

(b) Upon receipt of any inquiry from any third party with respect to any transaction of the type described in Sections 7.8(a)(i) and 7.8(a)(ii), the Company shall promptly notify Parent of such inquiry.

7.9 Notice of Certain Events.

(a) From the date hereof until the earlier of Closing or the termination of this Agreement in accordance with its terms, the Company shall promptly notify Parent in writing of: any fact, circumstance, event or action the existence, occurrence or taking of which (i) has had, or would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect, or (ii) has resulted in, or could reasonably be expected to result in, any failure of any of the conditions set forth in Section 8.1 to be satisfied. Parent's receipt of information pursuant to this Section 7.9(a) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by the Company in this Agreement and, unless Parent otherwise agrees in writing, shall not be deemed to amend or supplement the Company Disclosure Schedules.

(b) From the date hereof until the earlier of Closing or the termination of this Agreement in accordance with its terms, Parent shall promptly notify the Company in writing of: any fact, circumstance, event or action the existence, occurrence or taking of which (i) has had, or would reasonably be expected to have, a material adverse effect on the ability of Parent to consummate the Transactions, or (ii) has resulted in, or could reasonably be expected to result in, any failure of any of the conditions set forth in Section 8.2 to be satisfied. The Company's receipt of information pursuant to this Section 7.9(b) shall not operate as a waiver or otherwise affect any representation, warranty or agreement given or made by Parent in this Agreement and, unless the Company otherwise agrees in writing, shall not be deemed to amend or supplement the Parent Disclosure Schedules.

ARTICLE VIII
CONDITIONS TO CLOSING; TERMINATION

8.1 Conditions to Obligation of the Parent Parties. The obligation of the Parent Parties to consummate the Transactions is subject to the satisfaction (or waiver by Parent) of the following conditions:

(a) Each of the representations and warranties of the Company set forth in Article III shall be true, correct and complete at and as of the Closing Date (other than such representations and warranties that refer specifically to an earlier date, which representations and warranties shall have been true, correct and complete as of such earlier date), without giving effect to the term "Company's Knowledge" in the lead-in to Article III, except to the extent of changes or developments contemplated by the terms of this Agreement or caused by the Transactions and except where the failure of such representations and warranties to be so true, correct and complete has not had a Material Adverse Effect.

(b) The Company shall have performed or complied in all material respects with all obligations and covenants required to have been performed or complied with by it under this Agreement at or prior to the Closing.

(c) Parent shall have received a certificate, dated as of the Closing Date, executed by a duly authorized officer of the Company in his or her capacity as such (and not in his or her individual capacity) to the effect that the conditions set forth in Sections 8.1(a) and 8.1(b) have been satisfied (the "**Company Closing Certificate**").

(d) All applicable waiting periods required under the HSR Act and other Antitrust Laws shall have expired or been terminated, and any approvals, consents or clearances required in connection with the Transaction under any Antitrust Law shall have been obtained.

(e) The Company shall have delivered to Parent the estoppel certificates and evidence of delivery of notices to the lessors where required under the Real Property Leases set forth on Section 8.1(e) of the Company Disclosure Schedules, as applicable, it being agreed that any consents and, if applicable, waivers of any rights of first refusal, required in connection with the consummation of the Transactions pursuant to the Real Property Leases designated as "Delayed Consent Leases" on Section 1.1(e) of the Company Disclosure Schedules that are not obtained prior to the Closing, shall result in treatment of the applicable Real Property Lease as a Delayed Consent Lease in accordance with Section 2.13. The request for consents and estoppel certificates from lessors under the Real Property Leases shall be in substantially the forms attached hereto as Exhibit I for the respective Real Property or, if any material changes are requested by Sailor Newco or Seller Representative, on the one hand, or the Surviving Company or Parent, on the other hand, with such changes as are consented to (such consent not to be unreasonably withheld, conditioned or delayed) by Parent or Seller Representative, respectively; *provided*, that, to the extent an Acquired Company received a consent and/or estoppel certificate pursuant to such Real Property Lease in connection with the acquisition of the applicable Leased Real Property by the Acquired Company, the request for such consent and/or estoppel certificate may be in substantially the same form as the original consent and/or estoppel certificate (and, other than for a Required Estoppel Lease, all estoppel language may be deleted from such form if requested by the counterparty to such Real Property Lease) without additional consents required by the parties.

(f) Since the date of this Agreement, there shall have been no change, event, occurrence or circumstance that has had or would reasonably be expected to have a Material Adverse Effect.

(g) No Order shall have been entered that prevents the performance of this Agreement or the consummation of any of the Transactions, declares the Transactions unlawful or seeks to have such Transactions rescinded.

8.2 Conditions to Obligation of the Company. The obligation of the Company to consummate the Transactions is subject to the satisfaction (or waiver by the Company) of the following conditions:

(a) Each of the representations and warranties of Parent set forth in Article IV shall be true, correct and complete at and as of the Closing Date (other than such representations and warranties that refer specifically to an earlier date, which representations and warranties shall have been true, correct and complete as of such earlier date), except to the extent of changes or developments contemplated by the terms of this Agreement or caused by the Transactions and except where the failure of such representations and warranties to be so true, correct and complete, (i) has not had a material adverse effect on the ability of any Parent Party to perform its obligations under this Agreement or (ii) would not reasonably be expected to otherwise prevent, hinder or delay the consummation of the Transactions.

(b) Parent shall have performed or complied in all material respects with all obligations and covenants required by this Agreement to be performed or complied with by Parent at or prior to the Closing Date.

(c) Seller Representative shall have received a certificate, dated as of Closing Date, executed by a duly authorized officer of Parent in his or her capacity as such (and not in his or her individual capacity) to the effect that the conditions set forth in Sections 8.2(a) and 8.2(b) have been satisfied (the "**Parent Closing Certificate**").

(d) All applicable waiting periods under the HSR Act and other Antitrust Laws shall have expired or been terminated.

(e) No Order shall have been entered that prevents the performance of this Agreement or the consummation of any of the Transactions, declares the Transactions unlawful or seeks to have such Transactions rescinded.

8.3 Frustration of Closing Conditions. No Parent Party or the Company may rely on or assert the failure of any condition set forth in this Article VIII if such failure results from or was caused by such party's failure to act in good faith or use reasonable best efforts to cause the Closing to occur, as required by Section 7.3 and any other applicable provisions of this Agreement.

8.4 Waiver of Conditions. All conditions set forth in this Article VIII will be deemed to have been satisfied or waived from and after the Closing.

8.5 Termination. This Agreement may be terminated, and the Transactions may be abandoned, prior to the Closing solely:

(a) by the mutual written consent of the Company and Parent;

(b) by Parent, if (i) any representation or warranty of the Company set forth in Article III shall not be true, correct and complete, or (ii) the Company has failed to perform any covenant or agreement on the part of the Company set forth in this Agreement (including an obligation to consummate the Closing), in each case, such that the conditions to the Closing set forth in Section 8.1 would not (in the absence of a waiver) be satisfied as of the Closing Date and the breach or breaches causing such representations or warranties not to be true, correct and complete, or the failures to perform any covenant or agreement, as applicable, are not cured within 20 Business Days after written notice thereof is delivered to the Company; *provided* that no Parent Party is then in breach of this Agreement so as to cause the conditions to the Closing set forth in Section 8.2 to not (in the absence of a waiver) be satisfied as of the Closing Date;

(c) by the Company, if (i) any representation or warranty of the Parent Parties set forth in Article IV shall not be true, correct and complete, or (ii) any Parent Party has failed to perform any covenant or agreement on the part of the Parent Parties set forth in this Agreement (including an obligation to consummate the Closing), in each case, such that the conditions to the Closing set forth in Section 8.2 would not be satisfied as of the Closing Date and the breach or breaches causing such representations or warranties not to be true, correct and complete, or the failure to perform any covenant or agreement, as applicable, are not cured within 20 Business Days after written notice thereof is delivered to the Parent Parties; *provided* that the Company is not then in breach of this Agreement so as cause the conditions to the Closing set forth in Section 8.1 not to (in the absence of a waiver) be satisfied as of the Closing Date; *provided*, *further*, that neither a breach by Parent of Section 6.5 nor the failure to deliver the Closing Merger Consideration or the payments contemplated by Section 2.9 at the Closing (or the date on which the Closing would have occurred but for the breach of this Agreement by any Parent Party) as required hereunder shall be subject to cure hereunder unless otherwise agreed to in writing by the Company;

(d) by Parent or the Company if (i) the Closing shall not have occurred on or before October 30, 2020 (the "**Outside Date**"); *provided*, that the Outside Date may be extended by such period as Parent and the Company may mutually agree in writing, and *provided, further*, that if either of Baxter Underwood or Gavin McClintock dies or becomes disabled prior to the Closing Date, Parent and the Company may mutually agree in writing to extend the Outside Date for a period of up to three months, and (ii) the terminating party has not materially breached any provision of this Agreement in a manner that shall have proximately caused the failure to consummate the Transactions on or before the Outside Date; *provided* that if any party brings any Action pursuant to Section 11.11 to enforce specifically the performance of the terms and provisions hereof, the Outside Date shall automatically be extended pursuant to Section 11.11; or

(e) by the Company or Parent, respectively, if (i) the Merger shall not have been consummated on or before the date required by Section 2.2, (ii) all of the conditions to the Closing set forth in Article VIII would be satisfied or waived at the time of such termination of the Closing were held at the time of such termination (other than conditions that, by their nature, are to be satisfied at the Closing) and (iii) the Company or Parent, as applicable, stood ready, willing and able to consummate the Merger on the date required by Section 2.2 and at the time of termination.

8.6 Effect of Termination. In the event this Agreement is terminated by either the Company or Parent as provided in Section 8.5, the provisions of this Agreement shall immediately

become void and of no further force and effect (other than the last sentence of Section 6.3, Section 6.4, Section 6.5, Section 7.1, this Section 8.6, Section 10.1(d), Section 10.3 and Article XI, which shall survive the termination of this Agreement (other than the provisions of Section 11.11, which shall terminate)), and there shall be no liability on the part of the Parent Parties, the Company, Sailor Newco, Seller Representative or the Security Holders to one another; *provided*, *however*, that nothing set forth in this Agreement will relieve any party from liability for any Willful Breach. No termination of this Agreement shall affect the obligations contained in the Confidentiality Agreement, all of which obligations shall survive the termination of this Agreement in accordance with their terms.

ARTICLE IX
INDEMNIFICATION

9.1 Survival of Representations, Warranties and Covenants. The representations and warranties of the parties contained in this Agreement and all claims for indemnification with respect thereto shall survive the Closing and terminate on the date that is the 15-month anniversary of the Closing Date. The covenants and agreements of the parties set forth in this Agreement and all claims for indemnification with respect thereto shall not survive the Closing, except with respect to those covenants and agreements that, by their terms, contemplate performance in whole or in part after the Closing, which such covenants and agreements shall remain in full force and effect until performed in accordance with their express terms or the applicable obligations expire in accordance with their express terms (the date on which any such representation, warranty or covenant ceases to survive, as applicable, the "**Survival Period Termination Date**"). Any claim for indemnification not made by the Person to be indemnified before the applicable Survival Period Termination Date will be irrevocably and unconditionally released and waived.

9.2 Indemnification by the Security Holders.

(a) Subject to the provisions of this Article IX, from and after Closing, the Parent Parties and their respective directors, managers, officers, employees, Affiliates, equityholders, agents, attorneys, other Representatives, successors and permitted assigns (collectively, the "**Parent Indemnified Parties**") may assert, as their sole and exclusive remedy for any breach of this Agreement, and in accordance with the terms of the Escrow Agreement, claims against the amount of funds then remaining in the Retention Escrow Account in respect of any Losses arising from:

(i) the failure of any of the representations or warranties made by the Company in this Agreement to be true and correct in all respects at and as of the Closing Date or of any of the Delayed Consent Subsidiary Representations to be true and correct in all respects with respect to the applicable Delayed Consent Subsidiary at and as of the date of transfer of the Delayed Consent Equity for such Delayed Consent Subsidiary in accordance with Section 2.13(d), in each case, unless such representations or warranties relate to an earlier date and are true and correct on and as of such earlier date; and

(ii) the breach of any covenant on the part of the Company prior to the Closing (but only to the extent such breach occurred prior to the Closing Date) or on the part of the Security Holders, Seller Representative or Sailor Newco (whether such breach occurred prior to or after the Closing Date).

(b) No Parent Indemnified Party shall have any claim for any Loss to the extent that such Loss could reasonably be expected to have been avoided if the Parent Parties and their Affiliates had taken all reasonable steps to mitigate any Loss upon becoming aware of the event that gave rise to the Loss.

9.3 Indemnification by the Parent Parties.

(a) Subject to the provisions of this Article IX, the Parent Parties hereby agree, from and after the Closing, to indemnify, jointly and severally, and hold the Security Holders, Sailor Newco, Seller Representative and their respective directors, managers, officers, employees, Affiliates, equityholders, agents, attorneys, other Representatives, successors and permitted assigns (collectively, the "**Seller Indemnified Parties**") harmless from and against, and pay to the applicable Seller Indemnified Parties the amount of, any Losses arising from:

(i) the failure of any of the representations or warranties made by the Parent Parties in this Agreement to be true and correct in all respects at and as of the Closing Date, in each case, unless such representations or warranties relate to an earlier date and are true and correct on and as of such earlier date; and

(ii) the breach of any covenant on the part of any Parent Party (whether such breach occurred prior to or after the Closing Date) or, following the Closing, the Company.

(b) No Seller Indemnified Party shall have any claim for any Loss to the extent that such Loss could reasonably be expected to have been avoided if the Security Holders and their Affiliates had taken all reasonable steps to mitigate any Loss upon becoming aware of the event that gave rise to the Loss.

9.4 Indemnification Procedures.

(a) Subject to Section 9.1, in the event an indemnified party has a claim for indemnification for any matter not involving a third-party claim (a "**Direct Claim**"), the indemnified party shall, promptly (and in any event within five days) after becoming aware of such claim, deliver written notice of such claim to the indemnifying party setting forth in reasonable detail the specific claim, the basis therefor and the amount of the Loss, including copies of all material written evidence thereof. Any failure of the indemnified party to promptly provide notice as provided above shall not relieve the indemnifying party of its indemnification obligations, except and only to the extent that the indemnifying party forfeits rights or defenses or is otherwise materially prejudiced by reason of such failure. The indemnified party shall allow the indemnifying party and its professional advisors to investigate the matter or circumstance alleged to give rise to the Direct Claim and the amount of the Loss, and the indemnified party shall assist the indemnifying party's investigation by giving such information and assistance (including access to the applicable Acquired Company's premises and personnel and the right to examine and copy any accounts, documents or records) as the indemnifying party or any of its professional advisors may reasonably request.

(b) Subject to Section 9.1, in the event that any Action shall be instituted or that any claim or demand shall be asserted by any third party in respect of which payment may be sought under Section 9.2 or Section 9.3 (regardless of the limitations set forth in Sections 9.5 and 9.6) (a "**Third-Party Claim**"), the indemnified party shall, promptly (and in any event within five days) after receipt by such indemnified party of notice of such Third-Party Claim, deliver written notice to the indemnifying party setting forth in reasonable detail the specific claim, the basis therefor and the amount of the Loss, including copies of all material written evidence thereof. Thereafter, the indemnified party shall deliver to the indemnifying party, promptly (and in any event within five days) after the indemnified party's receipt thereof, copies of all notices and documents (including court papers) received by the indemnified party relating to the Third-Party Claim. Any failure of the indemnified party to promptly provide notice or deliver documents as provided above shall not relieve the indemnifying party of its indemnification obligations, except and only to the extent that the indemnifying party forfeits rights or defenses or is otherwise materially prejudiced by reason of such failure.

(i) At its sole cost and expense, the indemnifying party shall have the right to participate in the defense of a Third-Party Claim and, at its sole option, control, defend against, negotiate, settle or otherwise deal with such Third-Party Claim and be represented by counsel selected by the indemnifying party. If the indemnifying party shall assume the defense of any Third-Party Claim, the indemnifying party shall not be liable for the legal expenses subsequently incurred by the indemnified party in connection with the defense thereof but the indemnified party may participate, at his or its own expense, in the defense of such Third-Party Claim; *provided, however*, that such indemnified party shall be entitled to participate in any such defense with separate counsel at the expense of the indemnifying party if (A) so requested by the indemnifying party to participate or (B) in the reasonable written opinion of counsel to the indemnified party, a conflict exists on a material issue between the indemnified party and the indemnifying party that would make such separate representation advisable; *provided, further, however*, that the indemnifying party shall not be required to pay for more than one such counsel for all indemnified parties in connection with any Third-Party Claim. All the indemnified parties shall cooperate in the defense, negotiation and settlement of any Third-Party Claim. Such cooperation shall include the retention and (upon the indemnifying party's request) the provision to the indemnifying party of records and information that are reasonably relevant to such Third-Party Claim, and making employees available (without charge) at such times and places as may be reasonably necessary to defend against such Third-Party Claim for the purpose of providing additional information, explanation or testimony in connection with such Third-Party Claim. If the indemnifying party elects not to control, defend against, negotiate, settle or otherwise deal with any Third-Party Claim that relates to any Losses indemnified against hereunder, the indemnified party shall defend against, negotiate, settle or otherwise deal with such Third-Party Claim.

(ii) Notwithstanding anything in this Section 9.4 to the contrary, the indemnified party shall not, without the prior written consent of the indemnifying party, (A) admit any liability with respect to, or settle or compromise any, Third-Party Claim or (B) permit a default or consent to entry of any judgment. The indemnifying party may (1) settle or compromise any Third-Party Claim or (2) permit a default or consent to entry of any judgment (x) without the consent of the indemnified party if such settlement or

resolution is solely for money damages not exceeding the Parent Cap or the Seller Cap, as applicable, and the indemnified party is not required to admit guilt or liability relating to such matter and (y) with the consent of the indemnified party in all other cases, such consent not to be unreasonably withheld, conditioned or delayed.

(c) Subject to the limitations set forth in Sections 9.5 and 9.6, after any final decision, judgment or award shall have been rendered by a Governmental Entity of competent jurisdiction and the expiration of the time in which to appeal therefrom, or a settlement shall have been consummated, or the indemnified party and the indemnifying party shall have arrived at a mutually binding agreement with respect to a claim hereunder, the indemnifying party shall pay, or cause to be paid (if applicable) from the Retention Escrow Account in accordance with this Agreement and the Escrow Agreement, to the indemnified party any sums due and owing pursuant to this Agreement with respect to such matter. If the indemnifying party makes any payment on any Third-Party Claim, the indemnifying party shall be subrogated, to the extent of such payment, to all rights and remedies of the indemnified party to any insurance benefits (other than under the R&W Policy) or other claims of the indemnified party with respect to such Third-Party Claim.

(d) With respect to any notices, responses, consents, approvals or exercise of rights (but for the avoidance of doubt, not obligations to pay money) regarding claims by (i) a Parent Indemnified Party, reference in this Agreement to an indemnifying party shall mean Seller Representative and (ii) a Seller Indemnified Party, references in this Agreement to an indemnified party shall include Seller Representative. Nothing in this Section 9.4 shall affect the Parent Cap or the Seller Cap.

9.5 Certain Limits on Indemnification.

(a) Notwithstanding anything to the contrary, (i) the Parent Indemnified Parties shall not be entitled to indemnification for Losses under Section 9.2(a)(i) unless the aggregate amount of all such Losses for which such indemnifying party would, but for this Section 9.5(a), be liable thereunder exceeds on an aggregate basis $8,893,750, and then only to the extent of such excess; and (ii) in no event shall the aggregate amount of all payments made by or on behalf of the Security Holders in connection with indemnification claims and other obligations under this Article IX (which shall include all payments made from the Retention Escrow Account) exceed the Retention Escrow Amount (the "**Parent Cap**").

(b) Notwithstanding anything to the contrary, (i) the Seller Indemnified Parties shall not be entitled to indemnification for Losses under Section 9.3(a)(i) unless the aggregate amount of all such Losses for which such indemnifying party would, but for this Section 9.5(b), be liable thereunder exceeds on an aggregate basis $7,893,750, and then only to the extent of such excess; and (ii) in no event shall the aggregate amount of all payments made by or on behalf of the Parent Parties in connection with indemnification claims and other obligations under this Article IX exceed on an aggregate basis the aggregate value of the SCOLP Units issued to Electing Security Holders (the "**Seller Cap**").

(c) The limitations set forth in Section 9.5(a) and Section 9.5(b) shall not apply in respect of any claims for indemnification with respect to Fraud; *provided*, that in no event shall the Parent Indemnified Parties or the Seller Indemnified Parties be entitled to indemnification pursuant to Section 9.2 for any amounts that, in the aggregate, exceed the Base Purchase Price.

(d) Notwithstanding anything to the contrary, the Parent Indemnified Parties and the Seller Indemnified Parties shall be deemed not to have suffered any Loss (whether in contract, tort or otherwise) to the extent that such Loss (i) is accrued, provided or reserved for, or otherwise reflected or taken into account in, the Financial Statements, or (ii) arises from any item or matter that is included or otherwise taken into account in, or was raised or should have been raised as part of the settlement of, Net Working Capital or the other items of the Closing Statement.

(e) Any Loss under this Agreement shall be determined without duplication of recovery by reason of the state of facts giving rise to such Loss constituting a breach of more than one representation, warranty, covenant or agreement.

(f) With respect to the indemnification obligations pursuant to Section 9.2(a)(i), any payment to be made to the Parent Indemnified Parties with respect to Losses pursuant to Section 9.2(a)(i) (other than claims for Fraud) shall be made as follows, in each case, subject to the limitations contained in this Article IX:

(i) first, from the Retention Escrow Account pursuant to the terms of the Retention Escrow Agreement; and

(ii) second, from the R&W Policy up to the policy limit (or such lesser amount obtained under the R&W Policy in connection with a settlement and release negotiated with the insurer of the R&W Policy).

(g) The Parent Parties acknowledge and agree that, except as expressly set forth in Section 9.5(a), Section 9.5(c) and Section 9.5(f), other than in the case of Fraud, the R&W Policy shall be the sole and exclusive remedy of the Parent Indemnified Parties for any and all Losses with respect to the breach of any representation or warranty contained herein or in any certificate delivered pursuant to this Agreement that are sustained or incurred by any of the Parent Indemnified Parties and, except as expressly set forth in Section 9.5(a) and Section 9.5(c) and in the case of Fraud, the Security Holders shall have no liability to any Parent Indemnified Party for any Losses with respect to breaches of any representation or warranty hereunder pursuant to Section 9.2(a)(i) (*provided*, that, in the case of Fraud, any such Parent Indemnified Party shall first seek recovery, if the Losses with respect to breaches of any representation or warranty hereunder pursuant to Section 9.2(a)(i) are recoverable under the R&W Policy, under the R&W Policy).

(h) Solely for purposes of determining under this Article IX whether there is an indemnifiable Loss under Section 9.2(a)(i) or Section 9.3(a)(i), as applicable, including for purposes of determining the amount of such Losses, all qualifications or exceptions therein referring to the terms "material", "materiality", "in all material respects" or "Material Adverse Effect," as well as the qualification of "to the Company's Knowledge" in the lead-in to Article III (but not the references to "Company's Knowledge" in the specific representations and warranties in Article III), shall be disregarded (except with respect to the term "Material Adverse Effect" in clause (ii) of Section 3.7, the term "materially delay" in Section 3.1(a) and Section 3.1(b), the term "Material Contracts" and the term "Material Tenant Leases"). For the avoidance of doubt, such qualifications and exceptions shall not be disregarded for any purpose other than as set forth in this Section 9.5(h).

(i) Nothing in this Article IX is intended to affect or limit the ability of Parent to recover under the R&W Policy for any matters covered thereunder.

9.6 Calculation of Losses.

(a) The amount of any Losses for which indemnification is provided under this Article IX shall be net of any amounts actually recovered by the indemnified party under other sources of indemnification, insurance policies or otherwise with respect to such Losses (net of any expenses incurred in connection with such recovery). The Parent Parties shall use their commercially reasonable efforts to recover under insurance policies for any Losses prior to seeking indemnification under this Agreement. If an indemnified party recovers under an insurance policy (other than the R&W Policy) or other source of indemnification with respect to any Loss that an indemnified party has received an indemnity payment pursuant to this Agreement or the Escrow Agreement, then such indemnified party shall promptly pay over to the indemnifying party the amount so recovered (but not in excess of the amount received by the indemnified party pursuant to this Agreement or the Escrow Agreement).

(b) Notwithstanding anything to the contrary elsewhere in this Agreement, no party shall, in any event, be liable to any other Person for any Losses that are not legally recoverable under applicable Law as actual breach of contract damages of such other Person.

9.7 Tax Treatment of Indemnity Payments. Seller Representative (on behalf of the Security Holders) and Parent agree to treat any indemnity payment made pursuant to this Article IX as an adjustment to the Purchase Price for federal, state, local and foreign income Tax purposes except as otherwise required by Law after consultation with the other parties.

9.8 Release of Escrow Funds. Parent shall notify the Escrow Agent of any claim for indemnification made by any Parent Indemnified Party. Promptly following the final determination in accordance with this Article IX of any claim for indemnification made by any Parent Indemnified Party, upon request by Parent, Seller Representative shall execute and deliver a certificate requesting the Escrow Agent to deliver by wire transfer to an account designated by Parent immediately available funds in the amount of such claim as finally determined in accordance with this Article IX (not to exceed the amount of funds then remaining in the Retention Escrow Account). On the date that is the 15-month anniversary of the Closing Date (the "**Release Date**"), Parent and Seller Representative shall deliver joint written instructions to the Escrow Agent to deliver to Seller Representative (on behalf of the Security Holders for distribution to each such Security Holder in accordance with its Pro Rata Share), or upon request of Seller Representative, directly to the Security Holders, the amount of funds then remaining in the Retention Escrow Account by wire transfer to one or more accounts designated by Seller Representative; *provided, however*, that if prior to the Release Date Parent notifies the Escrow Agent in writing that all or a portion of the funds remaining in the Retention Escrow Account is subject to claims for indemnification under this Agreement that have not been finally determined (the "**Outstanding Claims**"), the amount delivered to Seller Representative (or, the Security Holders, if applicable) upon the Release Date shall be equal to the amount of funds then remaining

in the Retention Escrow Account, less the sum of any amounts subject to the Outstanding Claims. If at any time after the Release Date the amount of funds then remaining in the Retention Escrow Account exceeds the sum of any amounts subject to the Outstanding Claims, Seller Representative and Parent shall promptly execute and deliver a certificate requesting the Escrow Agent to deliver such excess amount to Seller Representative (on behalf of the Security Holders for distribution to each such Security Holder in accordance with its Pro Rata Share) by wire transfer to one or more accounts designated by Seller Representative.

9.9 Exclusive Remedy. Following the Closing, except with respect to claims based on Fraud and claims against the R&W Policy, the sole and exclusive remedy for any and all claims arising under, out of or related to this Agreement and any certificate delivered pursuant to this Agreement (including the Transactions and any representations and warranties set forth herein, made in connection herewith or made as an inducement to enter into this Agreement or any Ancillary Document) shall be the rights of post-Closing adjustments to the Purchase Price set forth in Section 2.15, indemnification set forth in this Article IX (including the Retention Escrow Account) and specific performance set forth in Article XI, and no Person will have any other entitlement, remedy or recourse, whether in contract, tort or otherwise, or whether at law or in equity, and regardless of the legal theory under which such entitlement, remedy or recourse may be sought or imposed (including all rights afforded by any statute which limits the effects of a release with respect to unknown claims), it being agreed that all of such other remedies, entitlements and recourse are expressly waived and released by the parties to the fullest extent permitted by applicable Law. The provisions of this Section 9.9 and the limited remedies provided in Section 2.15, this Article IX, Section 11.11 and Section 11.15 were specifically bargained for among the parties and were taken into account by the parties in arriving at the Base Purchase Price and the terms and conditions of this Agreement. Seller Representative (on behalf of the Security Holders) has specifically relied upon the provisions of this Section 9.9 and the limited remedies provided in Section 2.15, this Article IX, Section 11.11 and Section 11.15 in agreeing to the Base Purchase Price and the terms and conditions of this Agreement.

ARTICLE X
SELLER REPRESENTATIVE

10.1 Seller Representative.

(a) Appointment. Sailor Newco is hereby authorized, appointed and empowered to serve as the representative of each Security Holder with respect to the matters contemplated by this Agreement and all Ancillary Documents with respect to any Security Holder, with full power of substitution. Such appointment is not as an agent but as a term of the Transactions and accordingly such appointment is irrevocable by action of any Acquired Company (prior to Closing) or any Security Holder. Notwithstanding anything to the contrary contained in this Agreement or any Ancillary Document, Seller Representative shall have no obligation to act on behalf of any Acquired Company or any Security Holder in connection with the matters set forth in this Agreement or any Ancillary Document.

(b) Authority. Seller Representative, in its capacity as such, shall have the authority to act for and on behalf of each Acquired Company (prior to Closing) and each Security Holder, including the full power and authority on such Person's behalf, (i) to consummate the

Transactions, (ii) to pay such Person's expenses incurred in connection with the negotiation and performance of this Agreement (whether incurred before, on or after the date hereof), (iii) to hold and distribute any funds with respect to the Holdback Amount or payable by Parent hereunder which are for the account of the Security Holders, (iv) to deduct or hold back any funds which may be payable to any Security Holder pursuant to the terms of this Agreement in order to pay any amount which may be payable by such Security Holder or by Seller Representative on behalf of such Security Holder hereunder, (v) to defend, resolve or settle any Action with respect to this Agreement or the Transactions and to negotiate, settle, compromise and otherwise handle all disputes with the Parent Parties or any other Parent Indemnified Party under this Agreement, including disputes regarding any adjustment pursuant to Section 2.14 or Section 2.15 and any indemnification claims made by any Parent Indemnified Party, (vi) to take all other actions which may be taken by or on behalf of such Person in connection with this Agreement or any Ancillary Document, (vii) to retain funds for reasonably anticipated expenses and liabilities, (viii) to give and receive notices on behalf of the Security Holders, including any notice of an indemnification claim for which indemnification is sought by the Security Holders pursuant to Article IX and to provide notice and instructions to the Escrow Agent and to authorize disbursement of funds from the Purchase Price Adjustment Escrow Account and the Retention Escrow Account, as applicable, in accordance with this Agreement, and (ix) to do each and every act and exercise any and all rights of such Person, which such Person or Persons collectively are permitted or required to do or exercise under this Agreement. Any notice to Seller Representative, delivered in the manner provided in Section 11.1, shall be deemed to be notice to any or all Acquired Companies (prior to Closing) and Security Holders, as the case may be, for the purposes of this Agreement.

(c) Resignation of Seller Representative. Subject to the appointment and acceptance of a successor Seller Representative as provided below, Seller Representative may resign at any time 30 days after giving notice thereof to the Security Holders. Upon any such resignation, the Security Holders may appoint a successor Seller Representative by a vote of the Persons who were the holders of a majority of Outstanding Class A Units as of immediately prior to the Effective Time. If no successor Seller Representative shall have been appointed by the Security Holders and accepted such appointment within 20 days after the retiring Seller Representative's giving of notice of resignation, then the resigning Seller Representative shall, on behalf of the Security Holders, appoint a successor. Upon the acceptance of any appointment as Seller Representative hereunder, such successor Seller Representative shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the resigning Seller Representative, and the resigning Seller Representative shall be discharged from its duties and obligations hereunder. After any resigning Seller Representative's resignation, as applicable, hereunder as Seller Representative, the provisions of Sections 10.1(d), 10.2 and 10.3 shall continue in effect for such resigning Seller Representative's benefit in respect of any actions taken or omitted to be taken by it while it was acting as Seller Representative.

(d) Reimbursement. Each Security Holder shall be liable severally, but not jointly, based on its Pro Rata Share for the reimbursement of any reasonable out-of-pocket expenses (including reasonable attorneys' fees and expenses) paid or incurred by Seller Representative in connection with the performance of his, her or its obligations as Seller Representative. Notwithstanding anything to the contrary contained herein, Seller Representative shall utilize the Holdback Amount solely to satisfy any reimbursable out-of-pocket expenses paid or incurred by Seller Representative in connection with the performance of his, her or its

obligations as Seller Representative. To the extent the Holdback Amount is insufficient to cover all such expenses, Seller Representative shall be entitled to set off any reimbursement obligation owed under this Section 10.1(d) by any Security Holder against any amounts such Security Holder is entitled to receive under this Agreement.

10.2 Exculpation.

(a) The Acquired Companies and Security Holders acknowledge and agree that Seller Representative has been engaged in its capacity as such solely as an independent contractor and that Seller Representative's obligations are contractual in nature only as expressly set forth in this Agreement (and subject to all limitations contained herein). Accordingly, the Acquired Companies and the Security Holders disclaim any intention to impose any duties (including any fiduciary duty) by virtue of the engagement of Seller Representative contemplated by this Agreement. To the extent that, at Law or in equity, Seller Representative in its capacity as such has any duty (including any fiduciary duty) to any Acquired Company or Security Holder, all such duties are hereby eliminated, and each of the Acquired Companies and each Security Holder hereby waives such duties (including any fiduciary duties), to the fullest extent permitted by Law. Seller Representative shall not incur any liability to any other Person in any way relating to or arising out of its appointment hereunder, the performance of its duties hereunder or any of its omissions or actions with respect thereto, including by virtue of the failure or refusal of Seller Representative for any reason to consummate the Transactions, in each case, except to the extent finally determined by a court of competent jurisdiction (not subject to further appeal) to have resulted directly and exclusively from Seller Representative's fraud or willful misconduct.

(b) Seller Representative shall have no obligations to make any payments, including on behalf of any Security Holder or any other Person, other the distributions of the consideration for the Transactions actually received by Seller Representative, if any, in accordance with the terms hereof.

10.3 Indemnification. Each Security Holder shall severally, but not jointly, based on its Pro Rata Share, indemnify and hold harmless, Seller Representative from any and all losses, liabilities and expenses (including the reasonable fees and expenses of counsel) arising out of or in connection with Seller Representative's execution and performance (solely in his capacity as Seller Representative) of this Agreement and the Ancillary Documents, except to the extent finally determined by a court of competent jurisdiction (not subject to further appeal) to have resulted directly and exclusively from Seller Representative's fraud or willful misconduct. This indemnification will survive the termination of this Agreement or the consummation of the Closing, as applicable, indefinitely. Notwithstanding anything to the contrary contained herein, Seller Representative shall be entitled to set off any indemnification obligation owed under this Section 10.3 by any Security Holder against any amounts such Security Holder is entitled to receive under this Agreement.

10.4 Reliance by Parent. Parent, SCOLP and their Affiliates shall be entitled to rely upon any action taken and any agreements or amendments entered into by Seller Representative in his, her or its capacity as such, and shall have no liability or obligation to any Security Holder as a result of any such reliance in good faith. Without limiting the foregoing, (a) the delivery by Parent, SCOLP or their Affiliates to Seller Representative of any amounts required to be delivered

by any of them after Closing to any Security Holder pursuant to this Agreement or any Ancillary Document properly in accordance with the terms thereof shall discharge their obligations with respect to the delivery of such amounts, and (b) none of them shall have any liability or obligation to any Security Holder as a result of any failure by Seller Representative to distribute such amounts to any Security Holder.

10.5 Holdback Amount. The Holdback Amount shall be held by Seller Representative as a fund from which Seller Representative shall, in its sole discretion, (a) reimburse itself for or pay directly any out-of-pocket fees, expenses or costs it incurs in performing its duties and obligations under this Agreement and the Ancillary Documents, including out-of-pocket fees and expenses incurred pursuant to the procedures and provisions set forth herein and legal and consultant fees, expenses and costs for reviewing, analyzing and defending any claim or process arising under or pursuant to this Agreement or any Ancillary Document (and not, for the avoidance of doubt, as compensation for the performance of its duties and obligations under this Agreement and the Ancillary Documents) or (b) satisfy any other obligation or liability of any Security Holder under this Agreement or any Ancillary Document as set forth herein (*provided* that, for the avoidance of doubt, Seller Representative shall be entitled to do so in its sole discretion and shall have no obligation to satisfy any other obligation or liability of any Security Holder in priority to the items in clause (a) above or at all). Each Security Holder acknowledges that Seller Representative will not be liable for any loss of principal of the Holdback Amount except to the extent finally determined by a court of competent jurisdiction (not subject to further appeal) to have resulted directly and exclusively from Seller Representative's fraud or willful misconduct. At such time as Seller Representative deems appropriate in its sole discretion, Seller Representative shall pay to each Security Holder his, her or its Pro Rata Share of all or any portion of the remaining Holdback Amount.

ARTICLE XI
MISCELLANEOUS

11.1 Notices. All notices, consents, waivers, and other communications under this Agreement or the Ancillary Documents must be in writing and will be deemed to have been duly given (a) if personally delivered, on the date of delivery, (b) if delivered by express courier service of national standing for next day delivery (with charges prepaid), on the Business Day following the date of delivery to such courier service, (c) if delivered by telecopy (with confirmation of delivery), on the date of transmission if on a Business Day before 5:00 p.m. local time of the recipient party (otherwise on the next succeeding Business Day); (d) if delivered by electronic mail upon confirmation of successful transmission or appropriate response, on the date of transmission if on a Business Day before 5:00 p.m. local time of the business address of the recipient party (otherwise on the next succeeding Business Day); and (e) if deposited in the United States mail,

first-class postage prepaid, on the date of delivery, in each case, to the appropriate addresses or facsimile numbers set forth below (or to such other addresses or facsimile numbers as a party may designate by notice to the other parties in accordance with this Section 11.1):

If to the Parent Parties or to the Surviving Company, to:

Sun Communities, Inc.
27777 Franklin Road
Suite 200
Southfield, Michigan 48034
Facsimile: 248-208-2645
Attention: Gary A. Shiffman
E-mail: gshiffman@suncommunities.com

With a required copy (which shall not constitute notice) to:

Jaffe, Raitt, Heuer & Weiss, P.C.
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Facsimile: 248-351-3082
Attention: Arthur A. Weiss
E-mail: aweiss@jaffelaw.com

If to the Company (prior to the Closing), to:

Safe Harbor Marinas, LLC
14785 Preston Road, 9th Floor
Dallas, Texas 75254
Attention: Legal
E-mail: notices@shmarinas.com

With a required copy (which shall not constitute notice) to:

Sidley Austin LLP
2021 McKinney Avenue, Suite 2000
Dallas, Texas 75201
Facsimile: 214-981-3400
Attention: William D. Howell
E-mail: bhowell@sidley.com

If to Sailor Newco, individually (prior to the Closing), to:

Safe Harbor Marinas II, LLC
c/o Safe Harbor Marinas, LLC
14785 Preston Road, 9th Floor
Dallas, Texas 75254
Attention: Legal
E-mail: notices@shmarinas.com

With a required copy (which shall not constitute notice) to:

Sidley Austin LLP
2021 McKinney Avenue, Suite 2000
Dallas, Texas 75201
Facsimile: 214-981-3400
Attention: William D. Howell
E-mail: bhowell@sidley.com

If to Sailor Newco, individually (following the Closing) or in its capacity as Seller Representative, to:

Safe Harbor Marinas II, LLC
c/o AIM Marina Holdings, LLC
950 Tower Lane, Suite 800
Foster City, California 94404
Attention: Keith Ogden
E-mail: kogden@aimlp.com

With a required copy (which shall not constitute notice) to:

Sidley Austin LLP
2021 McKinney Avenue, Suite 2000
Dallas, Texas 75201
Facsimile: 214-981-3400
Attention: William D. Howell
E-mail: bhowell@sidley.com

or to such other address or to the attention of such Person or Persons as the recipient party has specified by prior written notice to the sending party (or in the case of counsel, to such other readily ascertainable business address as such counsel may hereafter maintain).

11.2 Amendments and Waivers. Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and is signed, in the case of an amendment, by each party, or in the case of a waiver, by the party against whom the waiver is to be effective. No failure or delay by any party in exercising any right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

11.3 Expenses. Except as otherwise provided in this Agreement, each party shall bear its own costs and expenses in connection with the negotiation, documentation and consummation of the Transactions, including all legal, accounting, financial advisory, consulting and all other fees and expenses of third parties (including, for the avoidance of doubt, the cost and expense of any consents or waivers obtained prior to the Closing, other than with respect to Optional Delayed Consent Leases, which will be paid by the Company and borne indirectly by the Security Holders), whether or not the Transactions are consummated.

11.4 Assignment. Except as otherwise provided herein, the provisions hereof shall inure to the benefit of, and be binding upon, the successors by operation of law and permitted assigns of the parties. No assignment of this Agreement or any of the rights, interests or obligations under this Agreement may be made by any party at any time, whether or not by operation of law, without the prior written consent of (a) prior to the Closing, the Company and Parent and (b) from and after the Closing, Seller Representative and Parent, and any attempted assignment without the required consent shall be void; *provided*, *however*, that Parent may assign any of its rights or delegate any of its duties under this Agreement to any Affiliate of Parent, or Parent may assign its rights, but not its duties, under this Agreement to any of its financing sources; *provided*, *further*, *however*, that, in each case, such assignment shall not release Parent from its obligations under this Agreement and the Company shall have no obligation to pursue remedies against any assignee of Parent before proceeding against Parent for any breach of its obligations hereunder.

11.5 Governing Law.

(a) This Agreement, the Company Disclosure Schedules, the Parent Disclosure Schedules, the Ancillary Documents, any Schedules hereto and the other documents, instruments and agreements specifically referred to herein or therein or delivered pursuant hereto or thereto, and all Related Claims, shall be governed by the internal Laws of the State of Delaware, without giving effect to any choice of Law or conflict of Laws rules or provisions (whether of the State of Delaware or any other jurisdiction) that would cause the application of the Laws of any jurisdiction other than the State of Delaware.

(b) Notwithstanding anything herein to the contrary, each of the parties hereto hereby irrevocably agrees (on behalf of themselves and any of their Affiliates, directors, officers, employees, agents and Representatives) (i) that any lawsuit, claim, complaint, controversy, formal investigation or proceeding before or by any governmental entity, dispute of any kind or nature (whether based upon contract, tort or otherwise) or any other Action involving a Financing Source that is in any way related to this Agreement or the Transactions or the performance of services hereunder or related hereto, including but not limited to any dispute arising out of or relating in any way to the Debt Financing or the Debt Commitment Letter, shall be governed by, and construed in accordance with, the Laws of the State of New York, without regard to the conflicts of law rules of the State of New York that would result in the application of the Laws of any other State (other than to the extent the Debt Commitment Letter expressly provides otherwise), (ii) that service of process, summons, notice or document by registered mail addressed to them at their respective addresses provided in Section 11.1 shall be effective service of process against them for any such Action and (iii) that a final judgment in any such Action shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law

11.6 Consent to Jurisdiction; Service of Process; Waiver of Jury Trial.

(a) The parties hereby irrevocably submit to the exclusive jurisdiction of the Court of Chancery of the State of Delaware (or, if the Court of Chancery of the State of Delaware declines to accept jurisdiction over a particular matter, any federal court within the State of Delaware, or, if no federal court in the State of Delaware accepts jurisdiction, any state court within the State of Delaware) over all Related Claims, and each party hereby irrevocably agrees that all Related Claims may be heard and determined in such courts. The parties hereby irrevocably and

unconditionally waive, to the fullest extent permitted by applicable Law, any objection which they may now or hereafter have to the laying of venue of any such Related Claim brought in such court or any defense of inconvenient forum for the maintenance of such dispute. Each of the parties agrees that a judgment in any such dispute may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Law. Each of the parties hereby consents to process being served by any party in any Related Claim by the delivery of a copy thereof in accordance with the provisions of Section 11.1 (other than by electronic mail) along with a notification that service of process is being served in conformance with this Section 11.6. Nothing in this Agreement will affect the right of any party to serve process in any other manner permitted by Law. EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY RELATED CLAIM IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE IT HEREBY IRREVOCABLY AND UNCONDITIONALLY EXPRESSLY WAIVES ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY RELATED CLAIM BROUGHT BY OR AGAINST IT, DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, ANY RELATED CLAIMS, THE DEBT FINANCING OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREBY, INCLUDING IN ANY ACTION, PROCEEDING OR COUNTERCLAIM AGAINST ANY FINANCING SOURCE.

(b) Notwithstanding anything herein to the contrary, each of the parties hereto hereby agrees that it will not, nor permit any of its Affiliates to, bring or support any action, cause of action, claim, cross-claim or third-party claim of any kind or description, whether in law or in equity, whether in contract or in tort or otherwise, against the Financing Sources in any way relating to this Agreement, the Debt Commitment Letter, or any of the transactions contemplated hereby or thereby, including, without limitation, any dispute arising out of or relating in any way to the Debt Financing or the performance thereof, in any forum other than the Supreme Court of the State of New York, County of New York, located in the Borough of Manhattan, or, if under applicable law exclusive jurisdiction is vested in the federal courts, the United States District Court for the Southern District of New York (and the appellate courts thereof), and that the provisions of Section 11.6(a) relating to the waiver of jury trial shall apply to any such action, cause of action, claim, cross-claim or third-party claim.

11.7 Counterparts. This Agreement may be executed in two or more counterparts (any of which may be delivered by facsimile or electronic transmission), each of which shall constitute an original, and all of which taken together shall constitute one and the same instrument. The exchange of a fully executed Agreement (in counterparts or otherwise) by electronic transmission in .PDF format, by facsimile or other agreed format shall be sufficient to bind the parties to the terms and conditions of this Agreement. Minor variations in the form of the signature page, including footers from earlier versions of this Agreement or any Ancillary Document, shall be disregarded in determining the party's intent or the effectiveness of such signature.

11.8 No Third Party Beneficiaries. Other than Sections 6.3, 6.5, 7.5, 10.1, 11.1, 11.14 and 11.15, which are intended to benefit and may also be enforced by the Covered Parties, Sidley, the Nonparty Affiliates and other third parties contemplated thereby, as applicable, no provision of this Agreement is intended to confer upon any Person other than the parties hereto (and their respective successors and permitted assigns) any rights or remedies hereunder. For the avoidance of doubt, the Financing Sources shall be intended third parties beneficiaries of Sections 11.5, 11.6, and 11.18 and this sentence of this Section 11.8, and shall be entitled to enforce such provisions directly (and no amendment or modification to such provisions in respect to the Financing Sources may be made without the prior written consent of the Financing Sources party to the Debt Commitment Letter).

11.9 Entire Agreement. This Agreement, including the Exhibits and Schedules hereto, the Company Disclosure Schedules, the Parent Disclosure Schedules, the Confidentiality Agreement and the Ancillary Documents, contain the entire understanding of the parties with respect to the subject matter contained herein and therein. This Agreement supersedes all prior and contemporaneous agreements, arrangements, contracts, discussions, negotiations, undertakings and understandings (including any letters of intent or term sheets), whether written or oral, among the parties with respect to such subject matter or any prior course of dealings. The parties have voluntarily agreed to define their rights, liabilities and obligations respecting the Transactions exclusively in contract pursuant to the express terms and conditions of this Agreement and the Ancillary Documents, and the parties expressly disclaim that they are owed any duties or entitled to any remedies not expressly set forth in this Agreement and the Ancillary Documents. Furthermore, the parties each hereby acknowledge that this Agreement and the Ancillary Documents embody the justifiable expectations of sophisticated parties derived from arm's-length negotiations, and all parties specifically acknowledge that no party has any special relationship with another party that would justify any expectation beyond that of an ordinary purchaser and an ordinary seller in an arm's-length transaction. The sole and exclusive remedies for any Related Claims shall be those remedies available at Law or in equity for breach of contract only (as such contractual remedies have been further limited or excluded pursuant to the express terms of this Agreement); and the parties hereby agree that neither party shall have any remedies or cause of action (whether in contract or in tort or otherwise) of any statements, communications, disclosures, failures to disclose, representations or warranties not set forth in this Agreement.

11.10 Disclosure Schedules. Except as otherwise provided in the Company Disclosure Schedules or the Parent Disclosure Schedules, all capitalized terms used but not defined therein shall have the meanings assigned to them in this Agreement. Matters reflected in the Company Disclosure Schedules or the Parent Disclosure Schedules are not necessarily limited to matters required by this Agreement to be disclosed. No disclosure made in the Company Disclosure Schedules or the Parent Disclosure Schedules shall constitute an admission or determination that any fact or matter so disclosed is material, and no Person shall use the fact of the inclusion of such facts or matters in any dispute or controversy as to whether any obligation, amount, fact or matter is or is not material. Information disclosed in the Company Disclosure Schedules or the Parent Disclosure Schedules will qualify any representation, warranty, covenant or agreement in this Agreement to the extent that a reasonable buyer would infer the relevance or applicability of the information disclosed to any such representation, warranty, covenant or agreement, notwithstanding the absence of a reference or cross-reference to such representation, warranty, covenant or agreement on any such Company Disclosure Schedules or Parent Disclosure Schedules or the absence of a reference or cross-reference to such Company Disclosure Schedules or Parent Disclosure Schedules in such representation, warranty, covenant or agreement. No disclosure in the Company Disclosure Schedules or the Parent Disclosure Schedules relating to any possible breach or violation of any agreement or Law shall be construed as an admission or indication that any such breach or violation exists or has actually occurred.

11.11 Remedies.

(a) The parties hereby acknowledge and agree that the failure of any party to perform any of its agreements and covenants hereunder will cause irreparable injury to the other parties, for which damages, even if available, will not be an adequate remedy. Accordingly, the parties hereby acknowledge and agree that in the event of any breach or threatened breach by any other party of its covenants or obligations set forth in this Agreement, the non-breaching party shall be entitled to seek an injunction or injunctions to prevent or restrain such breaches or threatened breaches of this Agreement by such other party, and to specifically enforce the terms and provisions of this Agreement to prevent such breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of such other party under this Agreement. Each of the parties hereby agrees not to raise any objections to the availability of the equitable remedy of specific performance to prevent breaches or threatened breaches of, or to enforce compliance with, the covenants and obligations of such parties under this Agreement. Each of the parties hereby waives (i) any defenses in any Action for specific performance, including the defense that a remedy at Law would be adequate and (ii) any requirement under any Law to post a bond or other security as a prerequisite to obtaining equitable relief.

(b) To the extent any Parent Party brings any Action, claim, complaint or other proceeding, in each case, before any Governmental Entity to enforce specifically the performance of the terms and provisions of this Agreement prior to the Closing, the Outside Date shall automatically be extended by (i) the amount of time during which such Action, claim, complaint or other proceeding is pending, *plus* 20 Business Days, or (ii) such other time period established by the court presiding over such Action, claim, complaint or other proceeding.

11.12 Severability; Specific Versus General Provisions. Whenever possible, each provision of this Agreement and the Ancillary Documents shall be interpreted in such manner as to be effective and valid under applicable Law, but if any term or other provision of this Agreement or the Ancillary Documents is invalid, illegal, or incapable of being enforced by any Law or public policy, all other terms or provisions of this Agreement and the Ancillary Documents shall nevertheless remain in full force and effect so long as the economic or legal substance of the Transactions is not affected in any manner materially adverse to any party. Upon such determination that any term or other provision is invalid, illegal, or incapable of being enforced, in whole or in part, such term or provision is hereby deemed modified to give effect to the original written intent of the parties to the greatest extent consistent with being valid and enforceable under applicable Law. No party shall assert, and each party shall cause its respective Affiliates or related parties not to assert, that this Agreement or any part hereof is invalid, illegal or unenforceable. Notwithstanding anything to the contrary, to the extent that a representation, warranty, covenant or agreement of the Company or any Security Holder contained in this Agreement or the Company Disclosure Schedules (each, a "**Provision**") addresses a particular issue with specificity (a "**Specific Provision**"), and no breach by the Company or any Security Holder exists under such Specific Provision, neither the Company nor any Security Holder shall be deemed to be in breach of any other Provision (with respect to such issue) that addresses such issue with less specificity than the Specific Provision and if such Specific Provision is qualified or limited by the Company's Knowledge, or in any other manner, no other Provision shall supersede or limit such qualification in any manner.

11.13 Interpretation. The parties have participated jointly in the negotiation and drafting of this Agreement, and any rule of construction or interpretation otherwise requiring this Agreement to be construed or interpreted against any party by virtue of the authorship of this Agreement shall not apply to the construction and interpretation hereof. The parties agree that any drafts of this Agreement or any Ancillary Document prior to the final fully executed drafts shall not be used for purposes of interpreting any provision thereof, and each of the parties agrees that no party or any Affiliate thereof shall make any claim, assert any defense or otherwise take any position inconsistent with the foregoing in connection with any Action among any of the foregoing. For the purposes of this Agreement, except as otherwise expressly provided herein or unless the context otherwise requires: (a) the meaning assigned to each term defined herein shall be equally applicable to both the singular and the plural forms of such term and vice versa, and words denoting either gender shall include both genders as the context requires; (b) where a word or phrase is defined herein, each of its other grammatical forms shall have a corresponding meaning; (c) the terms "hereof," "herein," "hereunder," "hereby" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement; (d) when a reference is made in this Agreement to an Article, Section, paragraph, Company Disclosure Schedule, Parent Disclosure Schedule, Exhibit or Schedule, such reference is to an Article, Section, paragraph, Company Disclosure Schedule, Parent Disclosure Schedule, Exhibit or Schedule to this Agreement unless otherwise specified; (e) the word "include," "includes," and "including" when used in this Agreement shall be deemed to be followed by the words "but not limited to," unless otherwise specified; (f) references to any legislation or to any provision of any legislation shall include any amendment thereto, and any modification or reenactment thereof, any legislative provision substituted therefor and all regulations and statutory instruments issued thereunder or pursuant thereto; (g) the word "or" shall be construed in the inclusive sense of "or" unless otherwise specified; (h) the provision of a table of contents, the division of this Agreement or Ancillary Documents into articles, sections and other subdivisions and the insertion of headings are for convenience of reference only and shall not affect or be utilized in construing or interpreting this Agreement or Ancillary Document, as applicable; and (i) all accounting terms used and not defined herein have the respective meanings given to them under GAAP. Time is of the essence with regard to all dates and time periods set forth or referred to in this Agreement.

11.14 Legal Representation. The Parent Parties and the Company acknowledge and agree that Sidley Austin LLP ("**Sidley**") has represented the Company or any other of the Acquired Companies in connection with the Transactions, and that the Security Holders, their Affiliates and their respective partners, officers, directors, managers, employees and Representatives (including Seller Representative) (the "**Seller Group Members**") have a reasonable expectation that Sidley will represent them in connection with any Action involving any Seller Group Member, on the one hand, and the Parent Parties, the Acquired Companies or any of their respective Affiliates and Representatives (the "**Parent Group Members**"), on the other hand, arising under this Agreement, the Ancillary Documents or the Transactions. Each of the Company and the Parent Parties hereby, on behalf of themselves and the Acquired Companies and the other Parent Group Members, irrevocably: (a) acknowledge and agree that any attorney-client privilege, solicitor-client privilege, work product or other attorney-client or solicitor-client confidential information ("**Attorney-Client Information**") arising from communications prior to the Effective Time between the Acquired Companies (including any one or more officers, directors, managers, employees or stockholders of the Acquired Companies), on the one hand, and Sidley, on the other hand, are not

included in the property, rights, privileges, powers, franchises and other interests that are possessed by or vested in the Acquired Companies, that the Acquired Company's rights to such Attorney-Client Information shall be deemed property of, and controlled solely by, Seller Representative for the benefit and on behalf of the Seller Group Members and, upon request, convey and transfer any Attorney-Client Information to Seller Representative; (b) acknowledge and agree that the Seller Group Members shall have the right to retain, or cause Sidley to retain, any such documentation or information in the possession of Sidley or such Seller Group Members at the Effective Time; (c) agree not to access, retain or use any documentation or information constituting Attorney-Client Information and that no Parent Group Member shall have any right to waive any attorney-client privilege or other right to confidentiality with respect to such Attorney-Client Information; (d) disclaim the right to assert a waiver by any Seller Group Member with regard to the attorney-client privilege, solicitor-client privilege or other right to confidentiality with respect to such Attorney-Client Information solely due to the fact that such documentation or information is physically in the possession of the Surviving Company after the Effective Time; (e) consent to Sidley's representation after the Effective Time of any Seller Group Member in any Action that may relate to a Parent Group Member or the Transactions and consent to and waive any conflict of interest arising therefrom without the need for any future waiver or consent; and (f) consent to the disclosure by Sidley to any Seller Group Member of any documentation or information obtained by Sidley during the course of its representation of the Acquired Companies or any Affiliate prior to the Effective Time, whether related to this Agreement, the Ancillary Documents, the Transactions or otherwise, whether or not such disclosure is made prior to or after the Effective Time and whether or not the documentation or information disclosed is subject to any attorney-client privilege, solicitor-client privilege or confidentiality obligation to the Company, any Affiliate of the Company or any other Person. To the extent that the Surviving Company or its Subsidiaries have any rights to request or control files of Sidley, only the Seller Group Members shall have such rights. In the event that any Action arises after the Effective Time between any Parent Group Member and a Person other than a Seller Group Member, such Parent Group Member shall not disclose any documentation or information that is subject to an attorney-client privilege or other rights of confidentiality referenced in this Section 11.14 without the prior written consent of Seller Representative; *provided*, *however*, that if such Parent Group Member is required by judicial order or other legal process to make such disclosure, such Parent Group Member shall promptly notify Seller Representative in writing of such requirement (without making disclosure) and shall provide Seller Representative with such cooperation and assistance as shall be necessary to enable Seller Representative to prevent disclosure by reason of such attorney-client privilege, solicitor-client privilege or other rights of confidentiality. This Section 11.14 is for the benefit of Sidley and the Seller Group Members and such Persons are intended third-party beneficiaries of this Section 11.14.

11.15 No Recourse Against Nonparty Affiliates. All Related Claims may be made only against (and are those solely of) the entities that are expressly identified as parties in the preamble to this Agreement (the "**Contracting Parties**"). No Person who is not a Contracting Party, including any current, former or future director, manager, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney, Representative or assignee of, or any financial advisor or lender to, any Contracting Party, or any current, former or future director, manager, officer, employee, incorporator, member, partner, stockholder, Affiliate, agent, attorney, Representative or assignee of, or any financial advisor or lender to, any of the foregoing (collectively, "**Nonparty Affiliates**"), shall have any liability; and, to the maximum extent

permitted by Law, each Contracting Party hereby waives and releases all such liabilities, claims, causes of action, and obligations against any such Nonparty Affiliates. Without limiting the foregoing, to the maximum extent permitted by Law, (a) each Contracting Party hereby waives and releases any and all rights, claims, demands, or causes of action that may otherwise be available at Law or in equity, or granted by statute, to avoid or disregard the entity form of a Contracting Party or otherwise impose liability of a Contracting Party on any Nonparty Affiliate, whether granted by statute or based on theories of equity, agency, control, instrumentality, alter ego, domination, sham, single business enterprise, piercing the veil, unfairness, undercapitalization, or otherwise; and (b) each Contracting Party disclaims any reliance upon any Nonparty Affiliates with respect to the performance of this Agreement or any representation or warranty made in, in connection with, or as an inducement to this Agreement or the Ancillary Documents.

11.16 Rights Cumulative. All rights and remedies of each of the parties under this Agreement and the Ancillary Documents will be cumulative, and the exercise of one or more rights or remedies will not preclude the exercise of any other right or remedy available under this Agreement, the Ancillary Documents or applicable Law.

11.17 Prevailing Party. In the event of any Action in connection with this Agreement or any Ancillary Document, the prevailing party in any such Action shall be entitled to recover from the other parties its costs and expenses incurred in connection with investigating, preparing, prosecuting, determining or settling such Action, including, without limitation, reasonable legal fees and expenses.

11.18 Limitation on Liability; Waiver of Claims. Notwithstanding anything to the contrary contained herein, the Company (on behalf of itself and any of its Affiliates and applicable Representatives) hereby waives any rights or claims (including any theory or law or claim in equity) against any Financing Source in connection with this Agreement, any Ancillary Document, the Debt Commitment Letter or in respect of any other document relating hereto or thereto (whether in tort, contract or otherwise) or in respect of any oral or written representations made or alleged to be made in connection herewith or therewith, and the Company (on behalf of itself and any of its Affiliates and applicable Representatives) agrees not to commence any action or proceeding against any Financing Source in connection with this Agreement, any Ancillary Document, the Debt Commitment Letter or in respect of any other document or theory of law or equity related hereto or thereto and agrees to cause any such action or proceeding asserted (on behalf of itself and any of its Affiliates and applicable Representatives) in connection with this Agreement, any Ancillary Document, the Debt Commitment Letter or in respect of any other document or theory of law or equity related hereto or thereto against any Financing Source to be dismissed or otherwise terminated. In furtherance and not in limitation of the foregoing waiver, it is acknowledged and agreed that no Financing Source shall have any liability for any claims or damages to the Company in connection with this Agreement, the Transactions, the Debt Financing or the Debt Commitment Letter and the transactions contemplated thereby. Notwithstanding the foregoing, nothing in this Section 11.18 shall in any way limit or modify the rights and obligations of Parent under this Agreement or any Financing Source's obligations to Parent under the Debt Commitment Letter or to Parent (and, following the Closing Date, any Acquired Company) under the definitive agreements governing the Debt Financing.

(Signature page follows)

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their respective authorized officers as of the date first above written.

COMPANY:

SAFE HARBOR MARINAS, LLC

By: /s/ Baxter R. Underwood
Name: Baxter R. Underwood
Title: Chief Executive Officer

SAILOR NEWCO:

SAFE HARBOR MARINAS II, LLC

By: /s/ Baxter R. Underwood
Name: Baxter R. Underwood
Title: Chief Executive Officer

SELLER REPRESENTATIVE:

SAFE HARBOR MARINAS II, LLC

By: /s/ Baxter R. Underwood
Name: Baxter R. Underwood
Title: Chief Executive Officer

PARENT:

SUN COMMUNITIES, INC.

By: /s/ Gary Shiffman
Name: Gary Shiffman
Title: Chief Executive Officer

SCOLP:

SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

By: Sun Communities, Inc., General Partner

By: /s/ Gary Shiffman
Name: Gary Shiffman
Title: Chief Executive Officer

MERGER SUB:

SUN SH LLC

By: Sun Communities Operating Limited Partnership, its Sole Member

By: Sun Communities, Inc., its General Partner

By: /s/ Gary Shiffman
Name: Gary Shiffman
Title: Chief Executive Officer

SECTION 1.1(b)

ATTRIBUTABLE PROPERTY VALUE ADJUSTMENT AMOUNT

The Attributable Property Value Adjustment Amount shall be calculated by the Company in good faith as follows:

1. **One-Time Expenses**: The Attributable Property Value Adjustment Amount shall be increased on a dollar-for-dollar basis by the amount of any consent fees, administrative fees, processing fees, reimbursement amounts payable to the landlord or representative of the landlord or similar one-time expenses incurred and actually paid by the Company, Parent or one of their Affiliates in connection with obtaining the Delayed Consent for the applicable Delayed Consent Lease (excluding, for the avoidance of doubt, any (a) security deposits, prepaid rent or similar payments in satisfaction of the Company's obligations as a tenant, (b) transfer or other Taxes arising out of the Transactions and (c) legal or other advisor fees incurred by the Company, Parent or any Affiliate of Parent in connection with obtaining such Delayed Consent).

2. **Other Adjustments**: The Attributable Property Value Adjustment Amount shall be further increased by an amount calculated by the Company in good faith applying the cap rate and Purchase Price Methodologies, as indicated in the Purchase Price Allocation schedule, to the Net Operating Income used to establish the Base Purchase Price (the "**Reference NOI**"), adjusted on a pro forma basis for any net anticipated negative impacts to the Reference NOI attributable to the applicable Delayed Consent Property when taking into account any actual or anticipated positive or negative changes to the Reference NOI, including as a result of adjustments required to be made to the corresponding Delayed Consent Lease (*e.g.*, increased rent for an extended term or change in use reducing the total number of slips or storage spaces at the property), if any, in order to obtain the applicable Delayed Consent. Such increase shall be by reference to the cap rate applied by the parties to the Agreement in agreeing to the Base Purchase Price.

For purposes of calculating the Attributable Property Value Adjustment Amount, "Net Operating Income" shall mean, for any period, with respect to any property, the sum of the following (without duplication and determined on a consistent basis with prior periods, including on a consistent basis with the Financial Statements): (a) rents and other revenues received or earned in the ordinary course of business (including, without limitation, revenue received or earned in respect of service and repair of marine vessels, cabin and boat rentals, brokerage and referral fees, commercial lease income, retail sales, fuel sales, restaurant sales, and other property related use fees or income) from or in connection with such property (including proceeds of rent loss (but not in excess of the rent otherwise payable) or business interruption insurance but excluding pre-paid rents and revenues and security deposits except to the extent applied in satisfaction of tenants' obligations for rent) *minus* (b) all expenses paid (excluding interest expense, income taxes, depreciation and amortization (for the avoidance of doubt including any capital expenditures), audit costs, software and technology costs, non-cash expenses and other corporate-level marketing, legal and professional fees, but including an appropriate accrual for expenses related to the ownership, operation or maintenance of such property during the relevant period (including but not limited to property taxes, assessments and the like, insurance, utilities, payroll costs, maintenance, repair and

landscaping expenses, local marketing expenses, and general and other property-level administrative expenses (including property-level legal, accounting, advertising, marketing and other expenses incurred in connection with such property, but specifically excluding general corporate-level overhead expenses of the Acquired Companies, non-recurring or extraordinary income and expenses, and any property management fees))).

The Company's calculation of the Attributable Property Value Adjustment Amount shall be subject to Seller Representative's right of review and the dispute resolution procedures set forth in Section 2.14 of the Agreement.

SECTION 1.1(d)

DEBT REPAYMENT AMOUNT

An amount in cash, if necessary, sufficient to reduce the Loans (as defined in the Credit Agreement) such that after giving effect to the Delayed Consent Properties Disposition (as defined in the Credit Agreement) and such repayment, on a pro forma basis (i) the Borrower and its Subsidiaries (each as defined in the Credit Agreement) (other than any Delayed Consent Credit Parties (as defined in the Credit Agreement)) shall be in compliance with each of the financial covenants set forth in Section 8.8 of the Credit Agreement; (ii) Availability will be greater than $25,000,000 and (iii) the Minimum Qualified Asset Condition and the Minimum Borrowing Base Asset Value Condition Assets (each as defined in the Credit Agreement) shall be satisfied. The Debt Repayment Amount will be calculated following delivery of the Delayed Consent Schedule (including any updates to the Delayed Consent Schedule in accordance with Section 2.13(a) of the Agreement) and will be set forth in the Estimated Closing Statement delivered by the Company prior to the Closing.

Exhibit 4.1

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement ("Agreement") is entered into as of , 2020 by and among Sun Communities, Inc., a Maryland corporation (the "Company"), and the Holders (as defined herein). The Company and each Holder are sometimes referred to herein individually as a "Party" and together as the "Parties". Certain capitalized terms used herein shall have the meanings given to them in Section 1.01 below.

W I T N E S S E T H:

WHEREAS, pursuant to the Merger Agreement, the Partnership has issued to each Holder that number of Common OP Units and/or that number of Series H Preferred Units set forth opposite such Holder's name on the attached Exhibit A.

WHEREAS, the Common OP Units and Series H Preferred Units are exchangeable for shares of Common Stock in accordance with the terms of the Partnership Agreement.

WHEREAS, in connection with the transactions contemplated by the Merger Agreement, the Holders have requested that the Company provide for the registration under the Securities Act of the Registrable Shares, upon the terms and subject to the conditions set forth herein.

NOW THEREFORE, in consideration of the promises, agreements and covenants hereinafter set forth and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the Parties hereby agree as follows:

ARTICLE I.

DEFINITIONS

Section 1.01 Definitions. The following terms, as used herein, have the following meanings:

"Affiliate" has the meaning set forth in Rule 501 of Regulation D promulgated under the Securities Act.

"Agreement" has the meaning set forth in the preamble.

"Commission" means the United States Securities and Exchange Commission, and any successor thereto.

"Common OP Units" means those Common OP Units representing common limited partnership interests in the Partnership that are issued to the Holders in connection with the Merger Agreement. The number of Common OP Units issued to each Holder is set forth on Exhibit A hereto.

"Common Stock" means the Company's common stock, $0.01 par value per share, and any securities of the Company into which such shares are converted and for which such shares are exchanged and any common stock or other securities of the Company or any successor entity which may be issued or distributed in respect of the Common Stock by way of stock dividend or stock split or other distribution, recapitalization, merger, conversion or reclassification.

"Company" has the meaning set forth in the preamble.

"Effectiveness Period" has the meaning set forth in Section 3.01(a).

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder, as in effect from time to time.

"FINRA" means the Financial Industry Regulatory Authority.

"Holders" means, collectively, those holders of Common OP Units and/or Series H Preferred Units issued pursuant to the Merger Agreement that execute and deliver a joinder to this Agreement in the form of Exhibit B hereto, and their successors and permitted assigns (subject to and in accordance with Section 5.08).

"Indemnified Party" has the meaning set forth in Section 4.03.

"Indemnifying Party" has the meaning set forth in Section 4.03.

"Losses" has the meaning set forth in Section 4.01.

"Majority Interest of the Holders" means the holders of at least a majority of the Registrable Shares (voting together on an as-converted basis).

"Merger Agreement" means the Agreement and Plan of Merger dated September 29, 2020, by and among Safe Harbor Marinas, LLC, the Company, the Partnership, Sun SH LLC, and Safe Harbor Marinas II, LLC, individually and in its capacity as Seller Representative pursuant thereto.

"Partnership" means Sun Communities Operating Limited Partnership, a Michigan limited partnership.

"Partnership Agreement" means the Fourth Amended and Restated Limited Partnership Agreement of Sun Communities Operating Limited Partnership dated January 31, 2019, as amended through the date hereof and as further amended or restated from time to time.

"Person" means an individual, corporation, partnership, limited liability company, association, trust, joint venture, unincorporated organization, other entity or group, or a government or governmental agency.

"Prospectus" means the prospectus included in a Registration Statement (including a prospectus that includes any information previously omitted from a prospectus filed as part of an effective Registration Statement in reliance upon Rule 430A promulgated under the Securities

Act), as amended or supplemented by any prospectus supplement, with respect to the terms of the offering of any portion of the securities covered by a Registration Statement, and all other amendments and supplements to the Prospectus, including post-effective amendments, and all material incorporated by reference or deemed to be incorporated by reference in such prospectus.

"Registrable Shares" means any shares of Common Stock that are issued upon the exchange of the Common OP Units or the Series H Preferred Units in accordance with the terms of the Partnership Agreement and held at any time by the Holders; provided, however, that any such securities will cease to be Registrable Shares when such securities (i) shall have been disposed of in accordance with a Registration Statement that has become effective under the Securities Act, (ii) shall have been distributed to the public pursuant to Rule 144 (or any successor provision) or any other exemption under the Securities Act, (iii) are eligible for sale under Rule 144 without regard to the volume limitation contained in Rule 144(e), or (iv) shall have ceased to be outstanding.

"Registration Statement" means the Company's Registration Statement on Form S-3 (File No. 333-224179) filed with the SEC on April 6, 2018, or such other registration statement in the form required to register the resale of Registrable Shares under the Securities Act and other applicable law, and including any Prospectus, amendments and supplements to each such registration statement or Prospectus, including pre- and post-effective amendments, all exhibits thereto, and all material incorporated by reference or deemed to be incorporated by reference in such registration statement.

"Rule 144" means Rule 144 (or any successor rule of similar effect) promulgated under the Securities Act.

"Securities Act" means the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder, as in effect from time to time.

"Series H Preferred Units" means those Series H Preferred OP Units representing preferred limited partnership interests in the Partnership that are issued to the Holders in connection with the Merger Agreement. The number of Series H Preferred Units issued to each Holder is set forth on Exhibit A hereto.

"Underwriters" shall mean the underwriters, if any, of the offering of Registrable Shares pursuant to an Underwritten Shelf Take-Down.

"Underwritten Shelf Take-Down" shall have the meaning set forth in Section 2.02.

Section 1.02 Internal References. Unless the context indicates otherwise, references to Articles, Sections and paragraphs shall refer to the corresponding articles, sections and paragraphs in this Agreement.

ARTICLE II.

REGISTRATION RIGHTS

Section 2.01 Registration. The Company will use its commercially reasonable efforts to prepare and file with the Commission, not later than 60 days after the date of this Agreement, a Prospectus or supplement thereto under a Registration Statement relating to the resale by the Holders of the Registrable Shares. The Company shall be entitled to postpone (but not more than twice in any 12-month period), for a reasonable period of time not in excess of 45 days, the filing or initial effectiveness of such Prospectus or supplement thereto, or suspend the use of the Registration Statement (or a Prospectus thereunder), if the Company delivers to the Holders a certificate signed by both the Chief Executive Officer and Chief Financial Officer of the Company certifying that, in the good faith judgment of the Board of Directors of the Company, such registration, offering or use would reasonably be expected to materially adversely affect or materially interfere with any bona fide material financing of the Company or any material transaction under consideration by the Company or would require the disclosure of information that has not been, and is not otherwise required to be, disclosed to the public, the premature disclosure of which would materially adversely affect the Company. Such certificate shall contain a statement of the reasons for such postponement or suspension and an approximation of the anticipated delay.

Section 2.02 Underwritten Shelf Take-Down; Selection of Underwriters. Subject to the terms and conditions of this Agreement, the Company shall conduct an underwritten resale of Registrable Shares (an "Underwritten Shelf Take-Down") upon the written request of one or more Holders of Registrable Shares. In connection with any proposed Underwritten Shelf Take-Down, each Holder participating in such Underwritten Shelf Take-Down agrees, in an effort to conduct any such Underwritten Shelf Take-Down in the most efficient and organized manner, to coordinate reasonably with the other Holders prior to initiating any sales efforts and cooperate reasonably with the other Holders as to the terms of such Underwritten Shelf Take-Down, including, without limitation, the aggregate amount of Registrable Shares to be sold and the number of Registrable Shares to be sold by each Holder in the Underwritten Shelf Take-Down. The sole or lead managing Underwriters and any additional investment bankers and managers to be used in connection with an Underwritten Shelf Take-Down shall be selected by the Company, subject to the prior written consent of the Holders of a majority of the Registrable Shares participating in such Underwritten Shelf Take-Down, such consent to not be unreasonably withheld or delayed. Notwithstanding anything herein to the contrary, in no event shall Holders be entitled to effect an Underwritten Shelf Take-Down (x) unless the aggregate gross proceeds expected to be received from the sale of Registrable Shares in such Underwritten Shelf Take-Down are at least $50,000,000 and (y) on more than three (3) occasions.

Section 2.03 S-3 Eligibility. During the Effectiveness Period, the Company shall use its commercially reasonable efforts to remain a well-known seasoned issuer eligible to use an automatic shelf registration statement on Form S-3.

Section 2.04 Underwritten Offerings.

(a) Underwritten Shelf Take-Downs. If requested by the sole or lead managing Underwriter for any Underwritten Shelf Take-Down, the Company shall enter into a customary underwriting agreement with the Underwriters for such offering, such agreement to be reasonably satisfactory in substance and form to the Company and to the Holders of a majority of the Registrable Shares participating in such Underwritten Shelf Take-Down and to contain such representations and warranties by the Company and such other terms as are customary in agreements of that type, including, without limitation, indemnification and contribution to the effect and to the extent provided in Section 4.01.

(b) Holders to be Party to Underwriting Agreement. The Holders participating in an Underwritten Shelf Take-Down shall be party to the underwriting agreement between the Company and such Underwriters and may, at the option of the Holders of a majority of the Registrable Shares participating in such Underwritten Shelf Take-Down, require that any or all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such Underwriters shall also be made to and for the benefit of such Holders and that any or all of the conditions precedent to the obligations of such Underwriters under such underwriting agreement be conditions precedent to the obligations of such Holders; provided, however, that the Company shall not be required to make any representations or warranties with respect to written information provided by such Holders for inclusion in the Registration Statement pursuant to Section 3.01(r). No such Holder shall be required to make any representations or warranties to, or agreements with, the Company or the Underwriters other than representations, warranties or agreements regarding such Holder, such Holder's Registrable Shares and such Holder's intended method of disposition.

(c) Participation in Underwritten Registration. Notwithstanding anything herein to the contrary, no Holder may participate in any Underwritten Shelf Take-Down hereunder unless such Holder (i) agrees to sell its securities on the terms and conditions provided in any underwriting agreement pertaining to such Underwritten Shelf Take-Down approved by the Persons entitled hereunder to approve such arrangement and (ii) accurately completes and executes in a timely manner all questionnaires, powers of attorney, custody agreements, lock-up agreements, underwriting agreements and other documents reasonably required under the terms of such underwriting arrangements.

Section 2.05 Additional Rights.

(a) The Company may grant to Persons other than the Holders the right to request or require the Company to register any Common Stock, or any securities convertible, exchangeable or exercisable for or into Common Stock ("Piggyback Registration Rights"), in connection with any Underwritten Shelf Take-Down; provided, however, that if the sole or lead managing Underwriter of an Underwritten Shelf Take-Down advises the Company and the Holders in writing that in its reasonable and good faith opinion the number of shares of Common Stock proposed to be included in such registration, including all Registrable Shares and all other shares of Common Stock proposed to be included in such underwritten offering, exceeds the number of shares of

Common Stock which can be sold in such offering and/or that the number of shares of Common Stock proposed to be included in any such registration would adversely affect the price per share of the Common Stock to be sold in such offering, the Company shall include in such registration (i) first, the shares of Common Stock requested to be included therein by the Holders of Registrable Shares, allocated pro rata among all such holders on the basis of the number of Registrable Shares owned by each such holder or in such manner as they may otherwise agree; and (ii) then, to the extent there is still excess availability, the shares of Common Stock requested to be included therein by holders of Common Stock other than Holders of Registrable Shares, allocated among such holders in such manner as they may agree.

(b) In the event that the Company grants Piggyback Registration Rights to any Person other than the Holders in connection with any public offering of Common Stock by the Company, the Company will also grant such Piggyback Registration Rights to the Holders of Registrable Shares subject to this Agreement.

ARTICLE III.

REGISTRATION PROCEDURES

Section 3.01 Filings; Information. In connection with the registration of Registrable Shares pursuant to Section 2.01 hereof:

(a) The Company will use its commercially reasonable efforts to cause the filed Registration Statement to become and remain effective until all of Holders' shares of Common Stock covered by the Registration Statement are no longer Registrable Shares (the "Effectiveness Period").

(b) The Company will furnish to the Holders draft copies of any Registration Statement or Prospectus or any amendments or supplements thereto proposed to be filed after the date of this Agreement at least five (5) days prior to such filing.

(c) The Company will notify the Holders, as soon as practicable after notice thereof is received by the Company, (i) when the Registration Statement or any amendment thereto has been filed or becomes effective and the Prospectus or any amendment or supplement to the Prospectus has been filed, (ii) of any request by the Commission for amendments or supplements to the Registration Statement or the Prospectus or for additional information, and (iii) of the receipt by the Company of any notification with respect to the suspension of the qualification of the Registrable Shares for offering or sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose.

(d) After the filing of the Registration Statement, the Company will promptly notify the Holders of any stop order issued, or, to the Company's knowledge, threatened to be issued, by the Commission and use its commercially reasonable efforts to prevent the entry of such stop order or to remove it if entered.

(e) The Company will prepare and file with the Commission such amendments, post-effective amendments and supplements to such Registration Statement and the Prospectus used in connection therewith as may be necessary to keep such Registration Statement effective for the Effectiveness Period, cause the Prospectus to be supplemented by any required Prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 under the Securities Act, and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by such Registration Statement (to the extent such compliance obligations fall on the Company) during such period in accordance with the intended methods of disposition by the Holders set forth in such Registration Statement.

(f) The Company will furnish to each Holder and each Underwriter, if any, without charge, such number of conformed copies of such Registration Statement, each amendment and supplement thereto, the Prospectus included in such Registration Statement (including each preliminary Prospectus) and any amendments or supplements thereto, as any such Holder or Underwriter may reasonably request in order to facilitate the disposition of the Registrable Shares.

(g) The Company will use its commercially reasonable efforts to qualify (or exempt) the Registrable Shares for offer and sale under such other securities or blue sky laws of such jurisdictions in the United States as the Holders or Underwriter, if any, reasonably request; keep each such registration or qualification (or exemption therefrom) effective during the Effectiveness Period; and do any and all other acts and things which may be reasonably necessary or advisable to enable each Holder to consummate the disposition of the Registrable Shares owned by such Holder in such jurisdictions; provided that the Company will not be required to (i) qualify generally to do business in any jurisdiction where it would not otherwise be required to qualify but for this paragraph 3.01(g), (ii) subject itself to taxation in any such jurisdiction or (iii) consent to general service of process in any such jurisdiction.

(h) The Company will as promptly as practicable notify the Holders and the sole or lead managing Underwriter, if any, at any time when a Prospectus relating to the sale of the Registrable Shares is required by law to be delivered under the Securities Act, of the occurrence of any event requiring the preparation of a supplement or amendment to such Prospectus so that, as thereafter delivered to the purchasers of such Registrable Shares, such Prospectus will not contain an untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading and promptly make available to the Holders and the sole or lead managing Underwriter, if any, any such supplement or amendment. Upon receipt of any notice of the occurrence of any event of the kind described in the preceding sentence, the Holders will forthwith discontinue the offer and sale of Registrable Shares pursuant to the Registration Statement covering such Registrable Shares until receipt by the Holders of the copies of such supplemented or amended Prospectus and, if so directed by the Company, the Holders will deliver to the Company all copies, other than permanent file copies then in the possession of Holders, of the most recent Prospectus covering such Registrable Shares at the time of receipt of such notice.

(i) The Company shall use commercially reasonable efforts to cause the Registrable Shares included in any Registration Statement to be (A) listed on each securities exchange, if any, on which similar securities issued by the Company are then listed or (B) authorized to be quoted and/or listed (to the extent applicable) on the Nasdaq Global Market (or any other applicable Nasdaq market), if the Registrable Shares so qualify.

(j) Provided that each Inspector executes a confidentiality agreement in form and substance reasonably acceptable to the Company, the Company shall make available for inspection by the Holders, any sole or lead managing Underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by the Holders, or any Underwriter (each, an "Inspector" and, collectively, the "Inspectors"), all financial and other records, pertinent corporate documents and properties of the Company and any subsidiaries thereof as may be in existence at such time as shall be necessary, in the opinion of the Holders' and such Underwriters' respective counsel, to enable them to exercise their due diligence responsibility and to conduct a reasonable investigation within the meaning of the Securities Act, and cause the Company's and any subsidiaries' or officers, directors and employees, and the independent public accountants of the Company, to supply all information reasonably requested by any such Inspectors in connection with such Registration Statement.

(k) The Company shall obtain an opinion from its counsel and a "cold comfort" letter from its independent public accountants who have certified the Company's financial statements included or incorporated by reference in such Registration Statement, in each case dated the date of the Prospectus that is part of such Registration Statement (and if such registration involves an Underwritten Shelf Take-Down, dated the date of the closing under the underwriting agreement), in customary form and covering such matters as are customarily covered by such opinions and "cold comfort" letters delivered to underwriters in underwritten public offerings, which opinion and letter shall be reasonably satisfactory to the sole or lead managing Underwriter, if any, and to a Majority Interest of the Holders, and furnish to the Holders and to each Underwriter, if any, a copy of such opinion and letter addressed to the Holders (in the case of the opinion) and Underwriter (in the case of the opinion and the "cold comfort" letter).

(l) The Company shall provide a CUSIP number, registrar and transfer agent for the Registrable Shares included in any Registration Statement not later than the effective date of such Registration Statement.

(m) The Company shall enter into and perform customary agreements (including, if applicable, an underwriting agreement in customary form) and provide officers' certificates and other customary closing documents.

(n) The Company shall cooperate with the Holders and the sole or lead managing Underwriter, if any, to facilitate the timely preparation and delivery of certificates not bearing any restrictive legends representing the Registrable Shares to be sold, and cause such Registrable Shares to be issued in such denominations and registered

in such names in accordance with the underwriting agreement prior to any sale of Registrable Shares to the Underwriters or, if not an Underwritten Shelf Take-Down, in accordance with the instructions of the Holders at least three (3) business days prior to any sale of Registrable Shares.

(o) The Company shall take all reasonable actions to ensure that any Free Writing Prospectus (as defined in Rule 405 of the Securities Act) utilized in connection with any registration hereunder complies in all material respects with the Securities Act, is filed in accordance with the Securities Act to the extent required thereby, is retained in accordance with the Securities Act to the extent required thereby and, when taken together with the related prospectus, will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(p) The Company and each Holder shall cooperate in connection with any filings required to be made with FINRA.

(q) The Company shall, during the period when the Prospectus is required to be delivered under the Securities Act, file all documents required to be filed with the Commission pursuant to the Exchange Act in accordance with the provisions of the Exchange Act and the rules and regulations promulgated thereunder.

(r) Upon the request of the Company, each Holder shall promptly furnish in writing to the Company such information regarding such Holder, the plan of distribution of the Registrable Shares and other information as may be legally required in connection with such registration, and the Holders shall do so as promptly as reasonably practicable.

Section 3.02 Registration Expenses.

(a) Except as set forth in Section 3.02(b) below, the Company will pay all expenses incurred in connection with registering the Registrable Shares hereunder, including (i) registration and filing fees with the Commission and FINRA with respect to registering the Registrable Shares, (ii) fees and expenses incurred in connection with the listing or quotation of the Registrable Shares, (iii) fees and expenses of compliance with securities or blue sky laws (including reasonable fees and disbursements of counsel in connection with blue sky qualifications of the Registrable Shares), (iv) printing expenses, (v) fees and expenses of counsel to the Company and independent certified public accountants for the Company (including fees and expenses associated with the special audits or the delivery of comfort letters), (vi) fees and expenses of any additional experts retained by the Company in connection with such registration and (vii) reasonable fees and expenses of not more than one law firm (as selected by a Majority Interest of the Holders included in such registration) incurred by the Holders in connection with such law firm's review on behalf of the Holders of the Registration Statement and Prospectus under which the Registrable Shares are registered.

(b) The Holders will pay (i) any and all fees and expenses of counsel to the Holders incurred in connection with registering and reselling the Registrable Shares (for

the avoidance of doubt, excluding the fees and expenses to be paid by the Company as specifically provided in Section 3.02(a)(vii) above) and (ii) any expenses of any Underwriters, underwriting discounts or commissions or any broker's fees or other similar selling fees attributable to the sale of Registrable Shares.

Section 3.03 Lock-Up Agreements. Each Holder in an Underwritten Shelf Take-Down shall, if requested (pursuant to a written notice) by the sole or lead managing Underwriter (pursuant to a lock-up agreement in a customary form requested by the sole or lead managing Underwriter), not effect any public sale or distribution of any Registrable Shares (except as part of such underwritten offering) during the period commencing seven (7) days prior to and continuing for not more than 60 days (or such shorter period as the sole or lead managing Underwriter may permit) after the date of the Prospectus (or Prospectus supplement if the offering is made pursuant to a "shelf" Registration Statement) pursuant to which such Underwritten Shelf Take-Down shall be made.

ARTICLE IV.

INDEMNIFICATION AND CONTRIBUTION

Section 4.01 Indemnification by the Company. The Company agrees to indemnify and hold harmless, to the fullest extent permitted by applicable law, each Holder and its Affiliates and their respective officers, directors, managers, partners, equityholders, members, employees, agents and representatives and each Person (if any) which controls a Holder within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all losses, claims, damages, liabilities, costs and expenses (including reasonable attorneys' fees) (collectively, "Losses") caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary Prospectus or Prospectus relating to the Registrable Shares (as amended or supplemented from time to time), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus, in light of the circumstances under which they were made, not misleading, except insofar as such Losses are caused by or contained in or based upon any information furnished in writing to the Company by or on behalf such Holder or any Underwriter expressly for use therein (which was not subsequently corrected in writing prior to or concurrently with the sale of Registrable Shares to the Person asserting the Loss in sufficient time to permit the Company to amend or supplement the Registration Statement or such Prospectus appropriately) or by the Holder's failure to deliver a copy of the Registration Statement or Prospectus or any amendments or supplements thereto after the Company has furnished the Holder with copies of the same. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of a Holder or any other Indemnified Party and shall survive the transfer of Registrable Shares by any such Holder in accordance with Section 5.08.

Section 4.02 Indemnification by Holders. Each Holder, severally and not jointly, agrees to indemnify and hold harmless, to the fullest extent permitted by applicable law, the Company and its Affiliates and their respective officers, directors, partners, stockholders, members, employees, agents and representatives and each Person (if any) which controls the Company

within the meaning of either Section 15 of the Securities Act or Section 20 of the Exchange Act, from and against any and all Losses caused by, arising out of, resulting from or related to any untrue statement or alleged untrue statement of a material fact contained in any Registration Statement, preliminary Prospectus or Prospectus relating to the Registrable Shares (as amended or supplemented from time to time), or caused by any omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein, in the case of the Prospectus, in light of the circumstances under which they were made, not misleading, but only insofar as such Losses are caused by or contained in or based upon any information furnished in writing to the Company by or on behalf of such Holder expressly for use therein (which was not subsequently corrected in writing prior to or concurrently with the sale of Registrable Shares to the Person asserting the Loss in sufficient time to permit the Company to amend or supplement the Registration Statement or such Prospectus appropriately).

Section 4.03 Conduct of Indemnification Proceedings. In case any claim or proceeding (including any governmental investigation) shall be instituted or threatened involving any Person in respect of which indemnity may be sought pursuant to Section 4.01 or Section 4.02, such Person (the "Indemnified Party") shall promptly notify the Person against which such indemnity may be sought (the "Indemnifying Party") in writing (it being understood that the failure to give such notice shall not relieve any Indemnifying Party from any liability which it may have hereunder except to the extent the Indemnifying Party is actually and materially prejudiced by such failure) and the Indemnifying Party, upon the request of the Indemnified Party, shall retain counsel reasonably satisfactory to such Indemnified Party to represent such Indemnified Party and shall pay the fees and disbursements of such counsel related to such claim or proceeding. If the Indemnifying Party does not elect within 15 days after receipt of the notice required hereby to assume the defense of any claim or proceeding, the Indemnified Party may assume such defense with counsel of its choice at the cost and expense of the Indemnifying Party. In any such claim or proceeding where the Indemnifying Party has assumed the defense, any Indemnified Party shall have the right to retain its own counsel and participate in, but not control, the defense, but the fees and expenses of such counsel shall be at the expense of such Indemnified Party unless (i) the Indemnifying Party and the Indemnified Party shall have mutually agreed to the retention of such counsel or (ii) the named parties to any such proceeding (including any impleaded parties) include both the Indemnified Party and the Indemnifying Party and, in the written opinion of counsel for the Indemnified Party, representation of both parties by the same counsel would be inappropriate due to actual or potential conflicting interests between them, in which case the Indemnified Party may retain counsel of its choice, which counsel shall be reasonably satisfactory to the Indemnifying Party, and such counsel may defend the Indemnified Party and its reasonable fees and expenses shall be paid by the Indemnifying Party. It is understood that the Indemnifying Party shall not, in connection with any claim or proceeding or related proceedings, be liable for the reasonable fees and expenses of more than one separate firm of attorneys (in addition to any local counsel for each such jurisdiction) at any time for all such Indemnified Parties, and that all such fees and expenses shall be reimbursed as they are incurred. In the case of any such separate firm for the Indemnified Parties, such firm shall be designated in writing by the Indemnified Parties. The Indemnifying Party shall not settle any claim or proceeding without the written consent of the Indemnified Party (not to be unreasonably withheld), unless such settlement (x) requires no remedy, relief or penalty other than the payment of money damages which is to be paid in full by the Indemnifying Party, (y) does not require any Indemnified Party to admit culpability or fault in any respect and (z) contains a full and complete

release of the Indemnified Party with respect to all matters arising from the facts giving rise to the underlying claim or proceeding. The Indemnifying Party shall not be liable for any settlement of any claim or proceeding effected without its written consent, but if settled with such consent, or if there be a final judgment for the plaintiff, the Indemnifying Party shall indemnify and hold harmless such Indemnified Parties from and against any Loss (to the extent stated above) by reason of such settlement or judgment.

Section 4.04 Contribution. If the indemnification provided for in this Article IV is unavailable to an Indemnified Party in respect of any Losses in respect of which indemnity is to be provided hereunder, then each such Indemnifying Party, in lieu of indemnifying such Indemnified Party, shall to the fullest extent permitted by law contribute to the amount paid or payable by such Indemnified Party as a result of such Losses in such proportion as is appropriate to reflect the relative fault of such party in connection with the statements or omissions that resulted in such Losses, as well as any other relevant equitable considerations; provided, that the maximum amount of liability in respect of such contribution shall be limited, in the case of each Holder, to an amount equal to the net proceeds (after underwriting fees, commissions or discounts) actually received by such Holder from the sale of Registrable Shares effected pursuant to registration as provided hereunder. The relative fault of the Company and each Holder shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by such party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 4.04 were determined by pro rata allocation or by any other method of allocation that does not take account of the equitable considerations referred to in the immediately preceding paragraph. The amount paid or payable by an Indemnified Party as a result of the Losses referred to in the immediately preceding paragraph shall be deemed to include, subject to the limitations set forth above, any legal or other expenses reasonably incurred by such Indemnified Party in connection with investigating or defending any such action or claim or proceeding. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person which was not guilty of such fraudulent misrepresentation.

ARTICLE V.

MISCELLANEOUS

Section 5.01 Participation in Registrations. No Holder may participate in any resale of Registrable Shares contemplated hereunder unless such Holder (a) completes and executes all questionnaires, powers of attorney, custody arrangements, indemnities and other documents reasonably required under the terms of this Agreement, (b) furnishes in writing to the Company such information regarding such Holder, the plan of distribution of the Registrable Shares and other information as the Company may from time to time reasonably request or as may be legally required in connection with such registration and (c) sells or otherwise transfers its securities in accordance with the plan of distribution described in the Prospectus covering such sale and delivers a current Prospectus in connection therewith in accordance with the requirements of the Securities Act; provided, however, that no such Holder shall be required to make any

representations or warranties in connection with any such registration other than representations and warranties as to (i) such Holder's ownership of its Registrable Shares to be sold or transferred free and clear of all liens, claims and encumbrances, (ii) such Holder's power and authority to effect such transfer and (iii) such matters pertaining to compliance with securities laws as may be reasonably requested.

Section 5.02 Compliance. The Company covenants that, during the Effectiveness Period, it will file any reports required to be filed by it under the Securities Act and the Exchange Act in accordance with the provisions of the Securities Act and the Exchange Act and the rules and regulations promulgated thereunder. Upon the request of any Holder, the Company will deliver to such Holder a written statement as to whether it has complied with such reporting requirements.

Section 5.03 Termination. The registration rights granted under this Agreement will terminate at such time as there shall no longer be any Registrable Shares.

Section 5.04 Amendments, Waivers, Etc. Any provision of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively) only by the written consent of a Majority Interest of the Holders. Any such amendment or waiver shall be binding on all Holders and their respective legal representatives, successors and permitted assigns.

Section 5.05 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. Copies (whether photostatic, facsimile or otherwise) of this Agreement may be made and relied upon to the same extent as an original.

Section 5.06 Entire Agreement. This Agreement (together with the exhibits hereto) constitutes the entire agreement of the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and undertakings, both written and oral, among the parties with respect to the subject matter hereof. There is no statement, promise, agreement or obligation in existence which may conflict with the terms of this Agreement or which may modify, enlarge or invalidate this Agreement or any provision hereof. None of the prior and/or contemporaneous negotiations, preliminary drafts, or prior versions of this Agreement leading up to its execution and not set forth herein shall be used by any of the parties to construe or affect the validity of this Agreement.

Section 5.07 Controlling Law; Jurisdiction and Venue. This Agreement shall be governed by, interpreted under, and construed and enforced in accordance with, the law of the State of Delaware, not taking into account any rules of conflicts laws that would cause the application of the laws of any other jurisdiction. Each of the parties irrevocably agrees that any legal action or proceeding arising out of or relating to this Agreement brought by any other Party or its successors or assigns shall be brought and determined in the Court of Chancery of the State of Delaware or, if such court lacks subject matter jurisdiction, any state or federal court in the State of Delaware, and each of the parties hereby irrevocably submits to the exclusive jurisdiction of the aforesaid courts for itself and with respect to its property, generally and unconditionally, with regard to any such action or proceeding arising out of or relating to this

Agreement or the transactions contemplated hereby. Each of the parties agrees not to commence any action, suit or proceeding relating thereto except in the courts described above in Delaware, other than actions in any court of competent jurisdiction to enforce any judgment, decree or award rendered by any such court in Delaware as described herein. Each of the parties further agrees that notice as provided herein shall constitute sufficient service of process and the parties further waive any argument that such service is insufficient. Each of the parties hereby irrevocably and unconditionally waives, and agrees not to assert, by way of motion or as a defense, counterclaim or otherwise, in any action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby, (a) any claim that it is not personally subject to the jurisdiction of the courts in Delaware as described herein for any reason, (b) that it or its property is exempt or immune from jurisdiction of any such court or from any legal process commenced in such courts (whether through service of notice, attachment prior to judgment, attachment in aid of execution of judgment, execution of judgment or otherwise) and (c) that (i) the suit, action or proceeding in any such court is brought in an inconvenient forum, (ii) the venue of such suit, action or proceeding is improper or (iii) this Agreement, or the subject matter hereof, may not be enforced in or by such courts.

Section 5.08 Assignment of Registration Rights. Each Holder of Registrable Shares may assign all or any part of its rights under this Agreement to any Person to which such Holder sells, transfers or assigns (i) any of its Common OP Units and/or Series H Preferred Units, or (ii) Registrable Shares after such Common OP Units and/or Series H Preferred Units are exchanged into Registrable Shares, in each case provided that (x) such sale, transfer or assignment is permitted under the terms of Company's charter and the Partnership Agreement, as applicable, any lockup agreements and all other documents and agreements applicable to such securities, and (y) such Person agrees in writing to be bound by the provisions of this Agreement by executing and delivering a joinder agreement in the form of Exhibit B hereto. In the event that the Holder shall assign its rights pursuant to this Agreement in connection with the transfer of less than all its Registrable Shares, including any Registrable Shares issued upon conversion or exchange of its Common OP Units or Series H Preferred Units, the Holder shall also retain its rights with respect to its remaining Registrable Shares, including any Registrable Shares issued upon conversion or exchange of such Common OP Units or Series H Preferred Units.

Section 5.09 Specific Performance. The Parties agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the Parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity. Additionally, each Party irrevocably waives any defenses based on adequacy of any other remedy, whether at law or in equity, that might be asserted as a bar to the remedy of specific performance of any of the terms or provisions hereof or injunctive relief in any action brought therefor.

Section 5.10 Severability. If any provision of this Agreement becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable, or void, portions of such provision, or such provision in its entirety, to the extent necessary, shall be severed from this Agreement and the balance of this Agreement shall be enforceable in accordance with its terms; provided, that upon any such declaration by a court of competent jurisdiction, the Parties shall

negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible to the fullest extent permitted by applicable law in an acceptable manner to the end that the transactions contemplated hereby are fulfilled to the greatest extent possible.

Section 5.11 Notices. All notices, requests, claims, demands, waivers and other communications hereunder shall be in writing and shall be duly given if (a) delivered personally, (b) mailed, certified or registered mail with postage prepaid, (c) sent by next-day or overnight mail or delivery or (d) sent by fax or email. All notices hereunder shall be delivered to the respective parties at the following addresses (or at such other address for a Party as shall be specified in a notice given in accordance with this Section 5.11):

If to a Holder, to such address as such Holder designates in the signature page to the joinder to this Agreement executed by such Holder.

If to the Company:

Sun Communities, Inc.
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attention: Gary A. Shiffman
Facsimile: (248) 208-2645
Email: gshiffman@suncommunities.com

with a copy (which shall not constitute notice) to:

Jaffe, Raitt, Heuer & Weiss, P.C.
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Attention: Arthur A. Weiss
Facsimile: (248) 351-3082
Email: aweiss@jaffelaw.com

All such notices, requests, claims, demands, waivers and other communications shall be deemed to have been given when received (x) if by personal delivery, on the day of such delivery, if on a business day and delivered prior to 5:00 p.m., otherwise on the business day following such delivery, (y) if by mail, next-day or overnight mail or delivery, on the day delivered, if on a business day and delivered prior to 5:00 p.m., otherwise on the business day following such delivery and (z) if by fax or email, on the business day on which such fax or email was received, if prior to 5:00 p.m., otherwise on the business day following such receipt.

Section 5.12 Review and Legal Representation. By executing a joinder to this Agreement, each Holder acknowledges and agrees that (i) he, she or it carefully reviewed the terms of this Agreement and has determined that the terms of this Agreement are fair and reasonable to him, her or it, and (ii) he, she or it was advised to, and was given ample opportunity to, seek advice from legal counsel of his, her or its choosing with respect to the terms, duties and obligations of this Agreement. This Agreement shall not be construed for or against any party.

Section 5.13 Benefit and Construction. The covenants, agreements and undertakings of each of the Parties hereto are made solely for the benefit of, and may be relied on only by, the other Parties hereto, their transferees and assigns, and are not made for the benefit of, nor may they be relied upon, by any other Person whatsoever. This Agreement shall not be construed more strictly against one Party than against any other Party, merely by virtue of the fact that it may have been prepared by counsel for one of the Parties, it being recognized that each of the Parties has contributed substantially and materially to the preparation of this Agreement.

[*Signature Page Follows*]

IN WITNESS WHEREOF, the Parties have executed this Registration Rights Agreement as of the date first written above.

COMPANY:

Sun Communities, Inc.

By: _____
Name: _____
Title: _____

[Signature Page to Registration Rights Agreement]

Exhibit 10.1

EMPLOYMENT AGREEMENT

This Employment Agreement (this "Agreement") is dated as of September 29, 2020 and is entered into by and between International Marina Group I, LP a Texas limited partnership (the "Employment Entity"), and Baxter R. Underwood, a resident of the State of Texas (the "Executive").

WHEREAS, this Agreement is being entered into in connection with that certain Agreement and Plan of Merger among Safe Harbor Marinas LLC ("Safe Harbor," together with its affiliates, including the Employment Entity, the "Company"), Sun Communities, Inc. ("Parent"), Sun Communities Operating Limited Partnership ("SCOLP"), and certain other parties, dated as of September 29, 2020 (the "Merger Agreement"). The effectiveness of this Agreement is conditioned upon the closing of the transactions (the "Closing") contemplated by the Merger Agreement within the allotted time provided therein;

WHEREAS, upon the Closing, the Company will be a wholly-owned subsidiary of SCOLP but in any event will at all times during the term of this Agreement operate in accordance with the organizational structure attached as Exhibit A (the "Operating Structure");

WHEREAS, despite being a wholly-owned subsidiary of SCOLP, the Company will operate completely separately and independently from SCOLP;

WHEREAS, in order to induce the Executive to enter into this Agreement, Gary A. Shiffman ("GS") and Arthur A. Weiss ("AW"), on behalf of Parent and SCOLP, represented to the Executive that the Company will operate completely separately and independently from SCOLP and that the Executive will have complete discretion and authority to operate the Company, subject to the DOA (defined below) (collectively, the "Representations");

WHEREAS, the parties desire to document that the Company will operate completely separately and independently from SCOLP and that the Executive will have complete discretion and authority to operate the Company, subject to the DOA; and

WHEREAS, the Employment Entity desires to retain the Executive and Executive desires, based on the material Representations and reliance on the Representations, to be retained by the Employment Entity, in each case upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and the mutual agreements contained herein, the Employment Entity and the Executive hereby agree as follows:

1. Employment. The Employment Entity hereby agrees to employ the Executive and the Executive hereby agrees to be employed by the Employment Entity upon the terms and subject to the conditions contained in this Agreement for the period beginning on the Closing Date (as defined in the Merger Agreement) (the "Effective Date") and ending on March 31, 2026 (the "Initial Term"); provided, however, that commencing on March 31, 2026 and on each anniversary of such date thereafter (each, an "Extension Date"), the term of Executive's employment under this Agreement shall be automatically extended for an additional one (1) year period (each, a "Renewal Term"), unless the Employment Entity or the Executive provides the other at least ninety (90) days prior written notice before the next Extension Date that the Initial Term or Renewal Term, as applicable, shall not be so extended (a "Non-Renewal Notice"). The period of time between the Effective Date and the effective date of termination of this Agreement (the "Termination Date") shall be referred to herein as the "Employment Period." For the avoidance of doubt, this Agreement and Executive's employment shall be effective upon, and not be effective until, the Closing Date, and in the event that the Closing (as defined in the Merger Agreement) has not occurred and the Merger Agreement is terminated for any reason, this Agreement shall automatically, and with no further action, become null and void ab initio.

2. Position and Duties. The Employment Entity shall employ the Executive during the Employment Period as its Chief Executive Officer ("Title"). At all times during the Employment Period, the Executive shall have such responsibility and authority as is customarily given to executives with titles similar to the Title, including the complete discretion and authority to operate the Company, subject to the DOA. The Executive shall report only to the SH Executive Committee (as hereinafter defined)) and all employees (through the Employment Entity) of the Company shall report to the Executive. During the Employment Period, the Executive shall perform to the best of the Executive's abilities the duties associated with the Executive's position and shall devote the Executive's full business time, attention and effort to the affairs of the Company and shall use the Executive's best efforts to promote the interests of the Company; provided, however, the Executive's expenditure of a reasonable amount of time to the Executive's family, charitable and other community activities, or to the Executive's own personal investments and projects, shall not be deemed a breach of this Agreement so long as the amount of time so devoted does not materially impair, detract or adversely affect the performance of Executive's duties to the Company under this Agreement. The SH Executive Committee has specifically delegated certain powers and authorities to the Executive in accordance with the terms of that certain Delegation of Authority attached as Exhibit B (the "DOA") and the SH Executive Committee will cooperate with the Executive to ensure that he is able to exercise such powers and authorities.

For purposes of this Agreement, the term "SH Executive Committee" shall mean the committee formed by the Board of the Parent to oversee the operation of the Company, subject to the DOA. Pursuant to the Charter of the SH Executive Committee attached as Exhibit C, the SH Executive Committee shall consist of three members (the "Members"), and each Member shall have one vote. The Members of the SH Executive Committee shall initially be GS, AW and the Executive. The Executive shall have the right to appoint his successor, if any, on the SH Executive Committee.

3. Compensation.

(a) Base Salary. During the Employment Period, the Employment Entity shall pay to the Executive a base salary of $325,000.00 per annum ("Base Salary"), payable in accordance with the Employment Entity's standard payroll policy, but in no event less frequently than monthly.

(b) Annual Bonus. The Employment Entity shall pay to the Executive an annual bonus ("Annual Bonus") in an amount up to 100% of the Base Salary for each calendar year that the Executive is employed under this Agreement ("Bonus Year"), based on the attainment of certain goals and objectives determined by the SH Executive Committee at the beginning of such Bonus Year. The payment of the Annual Bonus shall be made on or before March 15th of the calendar year following the Bonus Year.

(c) Equity Compensation Program. Parent adopts the equity compensation program attached as Exhibit D (the "Equity Compensation Program") to incentivize the Company's employees. The Executive shall allocate Annual Stock Award, as defined therein, issued under the Equity Compensation Program among the Company's employees, including to the Executive, subject only to the terms and limitations set forth in the Equity Compensation Program.

(d) Restricted Stock. Promptly after the Effective Date, Parent shall grant and issue to Executive 69,368 shares of the Parent's common stock (the "Shares") pursuant to a restricted stock award agreement in substantially the form attached as Exhibit E (the "Restricted Stock Award Agreement"). The grant of the Shares is conditioned upon the Executive's execution of the standard Restricted Stock Award Agreement.

(e) Insurance. The Company shall provide to the Executive medical and hospitalization insurance for himself, his spouse and eligible family members consistent with the Company's standard policies.

(f) Benefit Plans. The Executive, at his election, may participate, during his employment hereunder, in all retirement plans, 401(K) plans and other benefit plans of the Company generally available for which the Executive qualifies under the terms of such plans (and nothing in this Agreement shall or shall be deemed to in any way affect the Executive's right and benefits under any such plan except as expressly provided herein). Nothing contained in this Agreement shall be construed to create any obligation on the part of the Company to establish any such plan or to maintain the existence of any such plan which may be in effect from time to time.

(g) Annual Vacation. The Executive shall be entitled to vacation time consistent with the policies of the Company.

(h) Expenses. The Company shall reimburse the Executive during the term of this Agreement for travel, entertainment and other expenses as described in the policies of the Company.

4. Termination of Employment. The Employment Entity or the Executive may terminate the Executive's employment only pursuant to this Section 4. The Executive's employment will terminate automatically upon the expiration of the Initial Term or Renewal Term, as applicable, if either party has elected not to extend the Initial Term or Renewal Term in accordance with Section 1. Upon any termination of the Executive's employment, the Company shall have no further obligations to the Executive under this Agreement, other than for payment of any accrued but unpaid Base Salary, Annual Bonus, properly incurred but unreimbursed business expenses, and severance payments required under Section 4(f). Rights and benefits of the Executive under the benefit plans and programs of the Company shall be determined in accordance with the provisions of such plans and programs.

(a) Death. The Executive's employment will terminate upon the Executive's death.

(b) Disability. The Employment Entity may terminate the Executive's employment by reason of the Executive's becoming subject to a Disability upon the Employment Entity providing thirty (30) days' prior notice to Executive of its intention to terminate Executive's employment due to his Disability. For purposes of this Agreement, "Disability" means the Executive is unable to perform the essential functions of his position, with or without a reasonable accommodation, for a period of ninety (90) consecutive calendar days or one hundred eighty (180) non-consecutive calendar days within any rolling twelve (12) month period.

(c) Cause. The Employment Entity may terminate the Executive's employment under this Agreement immediately for "Cause." For purposes hereof, for "Cause" shall mean: (i) a willful and intentional breach of any material provision of this Agreement (including, without limitation, the Executive's performance of his express duties pursuant to Section 2 above) by the Executive; *provided*, *however*, that the administrative processes, procedures and methods described in the DOA and the other exhibits hereto shall not be deemed to be material provisions (and such breach will only constitute Cause if it continues uncured for a period of twenty (20) days after the Executive's receipt of written notice of such breach from the SH Executive Committee); (ii) the Executive's conviction of intentional fraud, embezzlement or theft, whether or not involving Company; (iii) the Executive's intentional misappropriation of any material Company assets or property; or (iv) the Executive's conviction or the entry of a plea of guilty or no contest by the Executive with respect to any felony.

(d) Without Cause. The Employment Entity may terminate the Executive's employment without Cause on written notice to the Executive.

(e) Resignation by Executive with or without Good Reason. Executive may terminate his employment with or without Good Reason (hereinafter defined) by giving the Employment Entity thirty (30) days advance notice in writing (inclusive of the twenty (20) day notice period provided below, in the case of a termination for Good Reason). "Good Reason" means, without prior written consent from the Executive, which consent shall be in the Executive's sole and absolute discretion, any of the following: (i) any reduction in the Executive's Base Salary or Annual Bonus; (ii) a change in Executive's Title or a diminution in Executive's duties, authorities, or responsibilities; (iii) any Material Change (as defined below); (iv) the Employment Entity's (or any affiliate's, including but not limited to the Company's) willful and intentional breach of any material provision of this Agreement; or (v) the requirement that the Executive either relocate his principal place of employment to a location more than ten (10) miles from the Company's headquarters' location as of the date hereof or travel out-of-town more than an average of six (6) nights per month during a three month period; *provided*, *however*, that such condition remains uncured for a period of twenty (20) days after the Employment Entity receives from Executive a reasonably detailed notice setting forth the condition constituting Good Reason.

(f) Severance Benefits. In the event the Employment Entity terminates the employment of Executive without Cause, the Executive resigns his employment for Good Reason or the Company sends a Non-Renewal Notice, then the Employment Entity shall pay to the Executive, in addition to any amounts payable under this Section 4, severance payments in the form of continued Base Salary, at Executive's Base Salary as then in effect, for an eighteen (18) month period following the Termination Date (the "Severance Payments"). The Severance Payments will be made pursuant to the Employment Entity's payroll payment schedule then in effect commencing on the Termination Date. Notwithstanding anything to the contrary in this Section 4, the Employment Entity's obligation to pay, and the Executive's right to receive, the Severance Payments shall terminate upon the Executive's breach of any provision of Section 8 hereof and the Executive's failure to cure such breach within the cure period provided in Section 8 hereof. In addition, the Executive shall promptly forfeit and immediately return to the Company any Severance Payments received from the Company upon the Executive's breach of any provision of Section 8 hereof and the Executive's failure to cure such breach within the cure period provided in Section 8 hereof.

(g) Requirement of Release. As a condition precedent to receiving any Severance Payments, Executive must execute (without revocation) a commercially reasonable separation agreement in a form to be provided by the Company (the "Release"), such Release to include a general release of claims in favor of both the Company and the Executive. The Release must be effective and irrevocable prior to the sixtieth (60th) day following the Executive's last day of employment.

(h) Stock Awards; Lockup. All vested restricted shares awarded to the Executive, including, without limitation, the vested Shares under the Restricted Stock Award Agreement and any vested Annual Stock Award allocated to the Executive, shall not be affected by the Executive's termination for Cause. In the event the Company terminates the employment of the Executive without Cause or the Company sends a Non-Renewal Notice, or if the Executive resigns his employment for Good Reason and the Executive does not elect a Good Reason Opt Out (as defined below): (i) all unvested stock options and other unvested stock based compensation awarded to the Executive, including, without limitation, the unvested Shares under the Restricted Stock Award Agreement and any unvested Annual Stock Award allocated to the Executive, shall become fully vested and immediately exercisable, and (ii) the Executive shall be relieved of all transfer restrictions imposed by that certain lockup agreement executed by the Executive in connection with the Closing, including but not limited to any Shares granted under the Restricted Stock Award Agreement (the "Lockup Restrictions"). Notwithstanding anything to the contrary herein, if the Executive breaches any provision of Section 8 hereof and fails to cure such breach within the

cure period provided in Section 8 hereof, (x) all unvested shares of Parent common stock that vested as a result of Section 4(h)(i) (the "Accelerated Shares") shall not vest or if vested shall be automatically forfeited to Parent, (y) the Lockup Restrictions shall be automatically reinstated, and (z) the Executive shall promptly return to Parent any after-tax gains resulting from the Executive's sale of any Accelerated Shares or the Executive's sale of any shares of Parent common stock awarded under the Restricted Stock Award Agreement during the interim period during which the Lockup Restrictions were otherwise lifted. For the avoidance of doubt, the partnership units in SCOLP acquired by the Executive at the Closing in consideration for the rollover of his equity in the Company shall not be subject to or bound by this Agreement.

(i) Right to Decline Severance Payments. In the event that the Company terminates the Executive's employment without Cause, or the Executive resigns his employment for Good Reason or the Company sends a Non-Renewal Notice, the Executive, in his sole and absolute discretion, may decline the Severance Payments by written notice to the Employment Entity on or before the thirtieth (30th) day after the Termination Date (a "Good Reason Opt Out"), in which event the Employment Entity shall have no obligation to make the Severance Payments and Executive shall be relieved of the restrictions imposed by Section 8 of this Agreement and such Section 8 shall automatically and with no further action become null and void and of no further force and effect. In addition, upon a Good Reason Opt Out: (i) no unvested stock options or other unvested stock based compensation awarded to Executive shall accelerate under Section 4(h), and (ii) Executive shall not be relieved of any Lockup Restrictions that may otherwise be in place at the time.

(j) Definitions. For purposes hereof, "Material Change" means: (i) any change, in form or practice (other than a Permissible Change (hereinafter defined)), to the Operating Structure; (ii) any change (other than a Permissible Change) to the function, purpose, or Charter of the SH Executive Committee; (iii) Parent's replacement of either GS or AW on the SH Executive Committee without the prior written consent of the Executive, provided that, if such replacement results from either GS or AW no longer serving on the Board of Directors of Parent, such replacement shall not constitute a Material Change; (iv) a change to the DOA, in form or practice (other than a Permissible Change); (v) a change to the Equity Compensation Program (other than a Permissible Change); (vi) in form or practice, any change to any of the Company's name, brand, auditors or lawyers, without the prior written consent of the Executive; (vii) any change to the current management, operations or policies of the Company without the Executive's prior written consent; or (viii) without the prior written consent of the Executive, any attempt, in form or in practice, to subject the Executive, or the Employment Entity's employees or positions listed below the Company in the Operating Structure, to have reporting responsibility, responsibility or authority outside of those directly implied by the Operating Structure.

For purposes hereof, "Permissible Change" means any change to the Operating Structure, the Charter of the SH Executive Committee, the DOA or the Equity Compensation Program, as applicable, that is either (i) approved by the Executive, or (ii) required as a result of changes in applicable law; provided that, with respect to a change to the Equity Compensation Program, the Executive shall approve such change unless he anticipates, in his sole and absolute discretion, a material negative impact to the Company's future performance as a result of such proposed change.

5. Compensation Upon Death or Disability.

(a) In the event of termination of the Executive's employment under this Agreement due to the Executive's Disability or death, (i) the Executive (or his successors and assigns in the event of his death) shall be entitled to any accrued and unpaid Base Salary, Annual Bonus and benefits through the Termination Date, prorated for the number of days actually employed in the then current calendar year, which shall be paid by the Employment Entity to the Executive or his successors and assigns, as appropriate,

within thirty (30) days of the Termination Date (or such later date as may be required in order to determine the amount of any Annual Bonus due to the Executive but in no event later than March 15th of the calendar year following the calendar year that Executive's employment is terminated), and (ii) the Employment Entity shall pay the Executive monthly an amount equal to one-twelfth (1/12) of the Base Salary (at the rate that would otherwise have been payable under this Agreement) for a period of up to twenty four (24) months (the "Disability Payment"); provided, however, that payments so made to the Executive shall be reduced by the sum of the amounts, if any, which: (i) were paid to the Executive at or prior to the time of any such payment under disability benefit plans of the Company and (ii) did not previously reduce the Base Salary, Annual Bonus and other benefits due the Executive under Section 3 of this Agreement. Notwithstanding the foregoing, the Company or Employment Entity, as applicable, in its sole discretion, may elect to make the Disability Payment to the Executive in one lump sum due within thirty (30) days of the Executive's termination of employment.

(b) In the event of termination of the Executive's employment under this Agreement due to the Executive's Disability, the Executive, in his sole and absolute discretion, may decline the Disability Payment by written notice to the Company prior to the payment of any portion of the Disability Payment, in which event the Employment Entity shall have no obligation to make the Disability Payment and Executive shall be relieved of the restrictions imposed by Section 8 of this Agreement. Notwithstanding anything in this Agreement to the contrary, in the event that the Executive declines the Disability Payment in accordance with this Section 5(b), Section 8 this Agreement shall become null and void and of no further force and effect.

(c) Notwithstanding anything to the contrary in this Section 5, the Employment Entity's obligation to pay, and the Executive's right to receive, any compensation under this Section 5 shall terminate upon the Executive's breach of any provision of Section 8 hereof and such breach is not cured prior to the expiration of the cure period provided in Section 8 hereof. In addition, the Executive shall promptly forfeit and immediately return to the Company any compensation received from the Company or Employment Entity under this Section 5 upon the Executive's breach of any provision of Section 8 hereof and such breach is not cured prior to the expiration of the cure period provided in Section 8 hereof.

6. Effect of Change in Control.

(a) The Company or Employment Entity, as applicable, or its successor shall pay the Executive the Change in Control Benefits (as defined below) if there has been a Change in Control (as defined below) and any of the following events has occurred: (i) the Executive's employment under this Agreement is terminated without Cause or the Executive terminates his employment with Good Reason at any time within twenty-four (24) months after the Change in Control, (ii) upon a Change in Control under Section 6(g)(ii), the Company or Employment Entity, as applicable, or its successor does not expressly assume all of the terms and conditions of this Agreement, (iii) there are less than twenty-four (24) months remaining under the term of this Agreement, or (iv) the successor fails to expressly assume this Agreement.

(b) For purposes of this Agreement, the "Change in Control Benefits" shall mean the following benefits:

(i) A cash payment equal to two and 99/100 (2.99) times the Base Salary in effect on the date of such Change in Control, payable within sixty (60) days of the Change in Control or, in the event that the cessation of Executive's employment hereunder triggers the Change in Control Benefits, payable within thirty (30) days after such cessation of employment; and

(ii) Continued participation in all employee welfare plan benefits in which Executive is participating on the date of Executive's termination of employment, until the earlier of (i) one

year following the Termination Date, or (ii) the date on which Executive becomes covered under any other group health plan. The continuation of group health plan coverage during this extended period will run concurrently with COBRA coverage. Executive will promptly notify the Company upon commencement of participation in another employer's group health plan.

(c) Notwithstanding anything to the contrary herein, (i) in the event that the Executive's employment under this Agreement is terminated without Cause or the Executive terminates his employment with Good Reason within sixty (60) days prior to a Change in Control, such termination shall be deemed to have been made in connection with the Change in Control and the Executive shall be entitled to the Change in Control Benefits; and (ii) in the event that the Executive's employment under this Agreement is terminated by the Employment Entity or its successor without Cause after a Change in Control and the Executive was not already entitled to the Change in Control Benefits under Section 6(a)(iii), the Employment Entity or its successor shall pay the Executive an amount equal to the difference between the Change in Control Benefits and the amounts actually paid to the Executive under this Agreement after the Change in Control but prior to his termination.

(d) The Change in Control Benefits are in addition to the acceleration of the vesting of, and the extension of the time for exercise of, stock options as a result of the Change in Control.

(e) Notwithstanding anything to the contrary contained herein, in the event it shall be determined that any compensation payment or distribution by the Company or Employment Entity, as applicable, to or for the benefit of the Executive would be subject to the excise tax imposed by Section 4999 of the Internal Revenue Code of 1986, as amended (the "Code"), the Change in Control Benefits will be reduced to the extent necessary so that no excise tax will be imposed, but only if to do so would result in the Executive retaining a larger amount, on an after-tax basis, taking into account the excise and income taxes imposed on all payments made to the Executive hereunder.

(f) The Company or Employment Entity, as applicable, shall pay to the Executive all reasonable legal fees and expenses incurred by the Executive in obtaining or enforcing any right or benefit provided by this Section 6, but only to the extent that the Company or Employment Entity, as applicable, is determined to be liable to the Executive for breach of this Section 6 as a part of a final judgment on the merits pursuant to binding arbitration.

(g) For purposes of this Agreement, a "Change in Control" shall be deemed to have occurred:

(i) if any person or group of persons acting together (other than (a) the Company, SCOLP or any person (I) who as of the date hereof was a director or officer of Parent, or (II) whose shares of Common Stock of the Parent are treated as "beneficially owned" by any such director or officer, or (b) any institutional investor (filing reports under Section 13(g) rather than 13(d) of the Securities Exchange Act of 1934, as amended, including any employee benefit plan or employee benefit trust sponsored by the Parent)), becomes a beneficial owner, directly or indirectly, of securities of the Parent or the Company representing fifty percent (50%) or more of either the then-outstanding Common Stock of the Parent or the Company or the combined voting power of the Parent's or the Company's then-outstanding voting securities (other than as a result of an acquisition of securities directly from the Parent or the Company);

(ii) if the Company or SCOLP sells all or substantially all of its assets to any person (other than a wholly-owned subsidiary formed for the purpose of changing the corporate domicile);

(iii) if the Company or SCOLP merges or consolidates with another person as a result of which the shareholders of the Parent or the Company immediately prior to such merger or consolidation would beneficially own (directly or indirectly), immediately after such merger or consolidation, securities of the surviving entity representing less than fifty percent (50%) of the then outstanding voting securities of the surviving entity; or

(iv) if the new directors appointed to the Board of Parent during any twelve-month period constitute a majority of the members of the Board of Parent, unless (I) the directors who were in office for at least twelve (12) months prior to such twelve-month period (the "Incumbent Directors") plus (II) the new directors who were recommended or appointed by a majority of the Incumbent Directors constitutes a majority of the members of the Board of Parent.

For purposes of this Section 6(g), a "person" includes an individual, a partnership, a corporation, an association, an unincorporated organization, a trust or any other entity. Notwithstanding anything to the contrary herein, the conversion of the Company from a limited liability company to a corporation to effectuate an initial public offering of shares of capital stock of the Company (or its successor) shall not constitute a Change in Control.

7. Federal and State Withholding; Section 409A.

(a) The Employment Entity shall deduct from the amounts payable to the Executive pursuant to this Agreement the amount of all required federal, state and local withholding taxes in accordance with the Executive's Form W-4 on file with the Employment Entity, and all applicable federal employment taxes.

(b) Each payment of the severance shall be deemed a "separate payment" for purposes of Section 409A of the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder ("Section 409A"). Notwithstanding anything contained herein to the contrary, to the extent required to avoid accelerated taxation or tax penalties under Section 409A, Executive shall not be considered to have terminated employment for purposes of this Agreement and no payments shall be due to Executive under this Agreement that are payable upon Executive's termination of employment until Executive would be considered to have incurred a "separation from service" from the Company or Employment Entity, as applicable, within the meaning of Section 409A. If the Executive is deemed on the date of termination to be a "specified employee" within the meaning of that term under Section 409A(a)(2)(B), then with regard to any payment or the provision of any benefit that is considered deferred compensation under Section 409A payable on account of a "separation from service," such payment or benefit shall not be made or provided until the date which is the earlier of (i) the expiration of the six (6)-month period measured from the date of such "separation from service" of the Executive, and (ii) the date of the Executive's death, to the extent required under Section 409A. Upon the expiration of the foregoing delay period, all payments and benefits delayed pursuant to this Section 7 (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to the Executive in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein.

(c) The parties intend that all payments and benefits under this Agreement comply with or be exempt from Section 409A and this Agreement shall be interpreted in a manner consistent with such intent. If either party determines, upon the reasonable opinion of its tax counsel, that Section 409A will result in adverse tax consequences to the Executive as a result of this Agreement, then the Executive and Employment Entity shall renegotiate this Agreement in good faith in order to minimize or eliminate such tax consequences and retain, to the maximum extent possible, the basic after-tax economics of this Agreement for the Executive.

8. Restrictive Covenants.

(a) Noncompetition; Non-Interference. During the Employment Period and, subject to Section 4(i) and Section 5(b), for the eighteen (18) month period following the Termination Date (the "Restricted Period"), the Executive shall not, directly or indirectly through any other Person, engage in, enter the employ of, render any services to, have any ownership interest in, nor participate in the financing, operation, management or control of, all or any portion of the marina business (collectively, the "Business"), anywhere in the Restricted Territory. Nothing herein shall prohibit Executive from passively owning two percent (2%) of the outstanding stock of any publicly traded company engaged in the Business. During the Restricted Period, Executive shall not take any action that is designed or intended to have the effect of causing any lessor, licensor, customer, supplier or other business associate of the Company to negatively alter its business relationship to the detriment of the Company after the date hereof as such Person maintained with the Company prior to the date hereof. "Person" means an individual, partnership, corporation, limited liability company, association, joint stock company, trust, joint venture, unincorporated organization, other business entity or any governmental, regulatory or administrative body, agency, commission or authority, any court or judicial authority, tribunal, any arbitrator or any other public authority, body or organization, whether foreign, federal, state or local. As used in this Agreement, "Restricted Territory" means the continental United States of America and Canada.

(b) Non-Solicitation of Employees. During the Restricted Period, Executive shall not, without the Company's consent, directly or indirectly, through any person, call upon or solicit for employment any person employed by the Company on the Termination Date or within six (6) months prior to the Termination Date.

(c) Confidentiality. The Executive hereby acknowledges, confirms and agrees to comply with the confidentiality obligations under the Safe Harbor Employee Handbook (Rev. 07/2020) and the Safe Harbor Code of Ethics & Business Conduct. Any material changes to the confidentiality obligations under the Safe Harbor Employee Handbook (Rev. 07/2020) and the Safe Harbor Code of Ethics & Business Conduct shall require the prior written approval of the SH Executive Committee.

(d) Injunctive Relief with Respect to Covenants. Executive acknowledges and agrees that the covenants and obligations of Executive with respect to noncompetition, nonsolicitation and confidentiality, as the case may be, set forth herein relate to special, unique and extraordinary matters and that a violation or threatened violation of any of the terms of such covenants or obligations will cause the Company irreparable injury for which adequate remedies are not available at law. Therefore, Executive agrees, to the fullest extent permitted by applicable law, that the Company shall be entitled to seek an injunction, restraining order or such other equitable relief (without the requirement to post bond) restraining such Executive from committing any violation of the covenants or obligations contained in this Section 8. These injunctive remedies are cumulative and are in addition to any other rights and remedies the Company may have at law or in equity.

(e) Unenforceable Restriction. It is expressly understood and agreed that although Executive and the Company consider the restrictions contained in this Section 8 to be reasonable and necessary to protect the legitimate business interests of the Company, if a final determination is made by an arbitrator to whom the parties have assigned the matter or a court of competent jurisdiction that any restriction contained in this Agreement is an unenforceable restriction against Executive, the provisions of this Agreement shall not be rendered void but shall be reformed to apply as to such maximum time and to such maximum extent as such arbitrator or court may determine or indicate to be enforceable. Alternatively, if such arbitrator or court finds that any restriction contained in this Agreement is unenforceable, and such restriction cannot be reformed so as to make it enforceable, such finding shall not affect the enforceability of any of the other restrictions contained herein.

(f) Defend Trade Secrets Act. Under the Defend Trade Secrets Act of 2016, the Company hereby provides notice and Executive hereby acknowledges that Executive may not be held criminally or civilly liable under any federal or state trade secret law for the disclosure of a trade secret that (i) is made (A) in confidence to a federal, state, or local government official, either directly or indirectly, or to an attorney; and (B) is solely for the purpose of reporting or investigating a suspected violation of law; or (ii) is made in a complaint or other document filed in a lawsuit or other proceeding, if such filing is made under seal.

(g) Replacement of Prior Restrictive Covenants. The Parent and the Company agree and acknowledges that the restrictive covenants contained in this Section 8 are intended to amend and replace all previous restrictive covenants that are binding on the Executive and may have been assignable to the Company, including but not limited to those restrictive covenants set forth in the Non-Competition, Non-Solicitation and Non-Disclosure Agreement, dated as of January 14, 2016, by and between the Executive and Safe Harbor (the "Previous Restrictive Covenant Agreement"). The Company or Employment Entity, as applicable, agrees and acknowledges that the Previous Restrictive Covenant Agreement is null and void and of no further force and effect.

(h) Notice and Cure. In the event that the Company believes that the Executive has violated this Section 8, the Company shall provide the Executive with written notice of such alleged breach and the Executive shall not be deemed to have breached this Section 8 if actions or conduct giving rise to the alleged breach (if capable of being cured) are fully remedied within three (3) days of the Executive's receipt of such notice.

9. Disputes. The parties agree that any and all disputes, controversies or claims of any nature whatsoever relating to, or arising out of, this Agreement or Executive's employment, whether in contract, tort, or otherwise (including, without limitation, claims of wrongful termination of employment, claims under Title VII of the Civil Rights Act, the Fair Labor Standards Act, the Americans with Disabilities Act, the Age Discrimination in Employment Act, or comparable state or federal laws, and any other laws dealing with employees' rights and remedies), shall be settled by mandatory arbitration administered by the Judicial Arbitration & Mediation Services, Inc. pursuant to its Employment Arbitration Rules & Procedures (the "Rules") and the following provisions: (A) a single arbitrator (the "Arbitrator"), mutually agreeable to the Company and Executive, shall preside over the arbitration and shall make all decisions with respect to the resolution of the dispute, controversy or claim between the parties; (B) in the event that the Company and Executive are unable to agree on an Arbitrator within fifteen (15) days after either party has filed for arbitration in accordance with the Rules, they shall select a truly neutral arbitrator in accordance with the rules for the selection of neutral arbitrators, who shall be the "Arbitrator" for the purposes of this Section 9; (C) the place of arbitration shall be Dallas, Texas unless mutually agreed otherwise; (D) judgment may be entered on any award rendered by the Arbitrator in any federal or state court having jurisdiction over the parties; (E) all fees and expenses of the Arbitrator shall be subject to JAMS Employment Arbitration Rules & Procedures; (F) the decision of the Arbitrator shall govern and shall be conclusive and binding upon the parties; (G) the parties shall be entitled to reasonable levels of discovery in accordance with the Federal Rules of Civil Procedure or as permitted by the Arbitrator; and (H) this provision shall be enforceable by specific performance and/or injunctive relief, and shall constitute a basis for dismissal of any legal action brought in violation of the duty to arbitrate. The parties hereby acknowledge that it is their intent to expedite the resolution of any dispute, controversy or claim hereunder if the circumstances, dispute, controversy, claim and schedules of the parties lend themselves to an expedited resolution and that the Arbitrator shall schedule the timing of discovery and of the hearing consistent with that intent. Notwithstanding anything to the contrary herein, nothing contained in this Section shall be construed to preclude Company from obtaining injunctive or other equitable relief to secure specific performance or to otherwise prevent Executive's breach of Section 8 of this Agreement.

10. Enforcement. The parties hereto agree that the Company and the Executive would be damaged irreparably in the event that any provision of this Agreement were not performed in accordance with its terms or were otherwise breached and that money damages would be an inadequate remedy for any such nonperformance or breach. Accordingly, the Company and its successors and permitted assigns shall be entitled, in addition to other rights and remedies existing in their favor, to an injunction or injunctions or other equitable relief from any court of competent jurisdiction to prevent any breach or threatened breach of any of such provisions and to enforce such provisions specifically (without posting a bond or other security).

11. Cooperation in Future Matters. Unless the Executive exercises a Good Reason Opt Out, the Executive hereby agrees that, for a period of eighteen (18) months following his termination of employment for any reason whatsoever, he shall cooperate with the Company's reasonable requests relating to matters that pertain to the Executive's employment by the Company, including, without limitation, providing information or limited consultation as to such matters, participating in legal proceedings, investigations or audits on behalf of the Company, or otherwise making himself reasonably available to the Company for other related purposes. Any such cooperation shall be performed at scheduled times taking into consideration the Executive's other commitments, and the Executive shall be compensated at a reasonable hourly or per diem rate to be agreed upon by the parties to the extent such cooperation is required on more than an occasional and limited basis. The Executive shall not be required to perform such cooperation to the extent it conflicts with any requirements of exclusivity of services for another employer or otherwise, nor in any manner that in the good faith belief of the Executive would conflict with his rights under or ability to enforce this Agreement.

12. Representations and Covenants of Employing Entity and Parent. The Employing Entity and Parent each represents to the Executive that it has the requisite corporate power and authority to enter into this Agreement and will be bound by the provisions hereof. The Employing Entity and Parent further agree to cause all of their respective Affiliates (other than the Executive) to comply with and not directly or indirectly cause such parties to breach this Agreement.

13. Survival. Sections 4 through 21 of this Agreement shall survive and continue in full force and effect in accordance with their respective terms, notwithstanding any termination of the Employment Period.

14. Notices. All notices, requests, demands, waivers and other communications required or permitted to be given under this Agreement to any party hereunder shall be in writing and deemed given if addressed as provided below (or at such other address as the addressee shall have specified by notice actually received by the addressor) and if either (a) actually delivered in fully legible form, to such address, (b) in the case of any nationally recognized overnight express mail service, one day shall have elapsed after the same shall have been deposited with such service, or (c) if by email, on the day on which such email was sent.

If to the Employment Entity:

Safe Harbor Marinas LLC
14785 Preston Road, 9th Floor
Dallas, Texas 75254
Attn: Legal
Email: notices@shmarinas.com

And to

c/o Sun Communities, Inc.
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attn: Gary A. Shiffman
Email: gshiffman@suncommunities.com

With a copy (which shall not constitute notice) to:

Jaffe, Raitt, Heuer & Weiss, P.C.
27777 Franklin Road, Suite 2500
Southfield, Michigan 48034
Attn: Jeffrey M. Weiss, Esq.
Email: jweiss@jaffelaw.com

If to the Executive:

Baxter R. Underwood at the address and email on file with the Employment Entity

With a copy (which shall not constitute notice) to:

Bell Nunnally & Martin LLP
2323 Ross Avenue, Suite 1900
Dallas, Texas 75201
Attn: Kristopher D. Hill, Esq.
Email: khill@bellnunnally.com

15. Severability. Whenever possible, each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement is held to be invalid, illegal or unenforceable in any respect under applicable law or rule in any jurisdiction, such invalidity, illegality or unenforceability shall not affect the validity, legality or enforceability of any other provision of this Agreement or the validity, legality or enforceability of such provision in any other jurisdiction, but this Agreement shall be reformed, construed and enforced in such jurisdiction as if such invalid, illegal or unenforceable provision had never been contained herein.

16. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties with respect to the subject matter hereof and supersedes and preempts any prior understandings, agreements or representations by or between the parties, written or oral, which may have related in any manner to the subject matter hereof including, but not limited to any other understandings, agreements or representations between Executive and the Company or any subsidiary or affiliate of the Company.

17. Successors and Assigns. This Agreement shall be enforceable by the Executive and the Executive's heirs, executors, administrators and legal representatives, and by the Company and its successors and assigns.

18. Governing Law; Forum. This Agreement shall be governed by and construed and enforced in accordance with the internal laws of the State of Texas without regard to principles of conflict of laws.

19. Amendment and Waiver. The provisions of this Agreement may be amended or waived only by the written agreement of the Employment Entity, the Executive and Parent as an intended third-party beneficiary of this Agreement, and no course of conduct or failure or delay in enforcing the provisions of this Agreement shall affect the validity, binding effect or enforceability of this Agreement.

20. Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed to be an original and all of which together shall constitute one and the same instrument.

21. Attorneys' Fees. In the event that either party hereto brings an action, arbitration or other proceeding to enforce or interpret the terms and provisions of this Agreement, the prevailing party in that action, arbitration or proceeding shall be entitled to have and recover from the non-prevailing party all such fees, costs and expenses (including, without limitation, all court costs and reasonable attorneys' fees) as the prevailing party may suffer or incur in the pursuit or defense of such action, arbitration or proceeding.

[Signature Page Follows]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first written above.

EMPLOYMENT ENTITY:

INTERNATIONAL MARINA GROUP I, LP,
a Texas limited partnership

By: /s/ John Ray
Name: John Ray
Title: General Counsel

EXECUTIVE:

/s/ Baxter R. Underwood
BAXTER R. UNDERWOOD

For purposes of Sections 3(c), 3(d), 4(h), 6, 12 and 19 only:

SUN COMMUNITIES, INC.

By: /s/ Gary Shiffman
Name: Gary Shiffman
Title: Chief Executive Officer

SAFE HARBOR MARINAS LLC

By: /s/ John Ray
Name: John Ray
Title: General Counsel

EXHIBIT D

Equity Compensation Program

In March of each calendar year during the term of the Employment Agreements, the SH Executive Committee will measure management's equity incentive (the "Annual Stock Award") by the product of:

a) 50,000 shares of SUI common stock ("Threshold Stock Award"); and,

b) A percentage ("Stock Award Multiplier"), calculated as the sum of the:

i. Same Store Growth Multiplier Incentive Percentage

ii. Acquisitions Performance Multiplier Incentive Percentage

iii. Acquisitions Volume Multiplier Incentive Percentage

Based on the following grid:

Contributing Category	Level	Performance Level	Incentive Percentage
Same Store Growth Multiplier	Threshold	³ 4.0% to < 5.0%	33 .3%
	Target	³ 5.0% to < 6.0%	50 .0%
	Max	³ 6.0%	66 .7%
Acquisitions Performance Multiplier	Threshold	³ 97% to < 99%	33 .3%
	Target	³ 99% to < 102%	50 .0%
	Max	³ 102%	66 .7%
Acquisitions Volume Multiplier			
	Proportionate	³ $150mm to < $500mm	(Acquisitions $s / $500mm)*(2/3)
	Max	³ $500mm	66 .7%

The Threshold Stock Award shall be adjusted each calendar year for stock splits, reverse stock splits and common stock distributions occurring during the previous calendar year.

Shares of common stock distributed as part of the Annual Stock Award shall:

- vest ratably over a vesting period of three (3) years, and
- be distributed by the SH Executive Committee to management of Safe Harbor through Baxter R. Underwood and Gavin T. McClintock in the same timely manner as for SUI management.

The Annual Stock Award will be distributed by BRU and GTM to management of SHM broadly, with no more than 20% of such shares being distributed annually to BRU and GTM (together).

All shares issued under the Annual Stock Award that have vested cannot be clawed back except in the event of "bad boy" acts regardless of whether or not the recipient remains continuously employed by SUI or its affiliates through Safe Harbor and its affiliates. For the avoidance of doubt, except as otherwise provided in SUI's 2015 Equity Incentive Plan, all unvested shares will be forfeited upon the termination of a recipient's employment.

For the purposes of calculating the above described Annual Stock Award, please note the following operative definitions:

- "NOI" means, for any period, for any marina or other business entity, the sum of the following (without duplication and determined on a consistent basis with prior periods, including on a consistent basis with the financial statements of Safe Harbor and its subsidiaries prior to the closing of the merger between SCOLP and Safe Harbor):

i. rents and other revenues received or earned in the ordinary course of business (including, without limitation, revenue received or earned in respect of service and repair of marine vessels, cabin and boat rentals, brokerage and referral fees, commercial lease income, retail sales, fuel sales, restaurant sales, and other property related use fees or income) from or in connection with such marina or other business entity (including proceeds of rent loss (but not in excess of the rent otherwise payable) or business interruption insurance but excluding pre-paid rents and revenues and security deposits except to the extent applied in satisfaction of tenants' obligations for rent), and below market leases, minus

ii. all costs of goods sold and other expenses paid (excluding interest expense, income taxes, depreciation and amortization (for the avoidance of doubt including any capital expenditures, determined in accordance with GAAP (consistent with historical audited financials of Safe Harbor)), audit costs, software and technology costs, non-cash expenses and other corporate-level marketing, legal and professional fees, but including an appropriate accrual for expenses related to the ownership, operation or maintenance of such marina or other business or entity during the relevant period (including but not limited to ground lease rent, property taxes, assessments and the like, insurance, utilities, payroll costs, maintenance, repair and landscaping expenses, local marketing expenses, and general and other property-level administrative expenses (including property-level legal, accounting, advertising, marketing and other expenses incurred in connection with such marina or other business or entity, but specifically excluding general corporate-level overhead expenses of Safe Harbor or any subsidiary and any property management fees))). Notwithstanding anything herein to the contrary, and for the avoidance of doubt, the NOI of any marina or other business or entity owned or controlled (directly or indirectly) by Safe Harbor or any subsidiary shall be applied in all Equity Compensation Plan calculations solely as described in this Exhibit B including but not limited to the NOI of all taxable REIT subsidiaries formed for Safe Harbor operations. ("TRS").

Equity compensation under the Equity Compensation Plan and other cash bonuses associated with SH Executive Committee approved corporate incentive programs will be excluded from expenses for purposes of determining NOI. All intracompany revenues and expenses among any Safe Harbor entities that are eliminated in consolidation shall be disregarded for purposes of determining NOI.

- "Same Store Growth" means, for any calendar year, for any marina or other business or entity that is owned by Safe Harbor for all of the preceding calendar year, the NOI growth rate between such calendar year and the preceding calendar year on a comparable reporting basis (applying GAAP as applicable and adopting new FASB pronouncements from time to time, such as ASC 842). For the avoidance of doubt, in determining Same Store NOI Growth, only properties included in the portfolio for the entire preceding calendar year will be included in the pool criteria. For example, a property purchased in June 2020, would be included in the same store pool when measuring 2022 growth, given that it will be owned for full 2021 calendar year to calculate growth in 2022, but would not be included in the same store pool when measuring 2021 growth. For the avoidance of doubt, for the purpose of calculating Same Store Growth, there will not be a charge for budgeted capital expenditures intended to drive NOI growth ("Growth Capex"), but such Growth Capex will be approved by the SH Executive Committee in its sole discretion.

- "Acquisitions Performance" means, for any marina or other business or entity that is acquired by Safe Harbor, the actual NOI for the period between the closing of such acquisition and the conclusion of the first full calendar year, divided by the SH Executive Committee approved underwritten NOI for the period between the closing of such acquisition and the conclusion of the first full calendar year. For the avoidance of doubt, after any marina or other business or entity has been owned by Safe Harbor for at least one full calendar year, it will no longer be included in the Acquisitions Performance category and will instead be included in the Same Store Growth category. Further, for bolt-on acquisitions where the financials are combined with an existing marina or other business or entity, it will be assumed that the Acquisitions Performance is equal to 100%, and the bolt-on's underwritten NOI will be deducted from the most recently completed calendar year's NOI for purposes of calculating Same Store Growth (to avoid duplication).
- "Acquisitions Volume" means, for any period, the average annualized aggregate gross purchase price for the acquisition of any marina or other business or entity that is closed by Safe Harbor after the closing (without regard to the closings to occur for the delayed consent properties) of the merger between SCOLP and Safe Harbor, between the closing of the merger between SCOLP and Safe Harbor and the end of the applicable period. For the avoidance of doubt, Acquisitions will include closing costs and budgeted capital expenditures for acquisitions ("Acquisition Capex").

Example Calculation

	Date of Acquisition	Acquisition Value	Year 0 Measurement Period Start	Year 0 Measurement Period End	Underwritten Year 0 NOI	Year 0 Actual NOI	Actual to U/W Year 0 NOI Comparison	Year 1 Measurement Period Start	Year 1 Measurement Period End	Underwritten Year 1 NOI	Year 1 Actual NOI	Actual to U/W Year 1 NOI Comparison
Acquisition #1	Feb-21	50.0	Feb-21	Dec-21	3.5	3.4	98.0%	Jan-22	Dec-22	3.5	3.6	101.0%
Acquisition #2	Mar-21	40.0	Mar-20	Dec-21	2.6	2.7	104.0%	Jan-22	Dec-22	2.8	2.8	102.0%
Acquisition #3	Aug-21	27.5	Aug-20	Dec-21	2.2	2.2	99.0%	Jan-22	Dec-22	2.2	2.2	100.0%
Acquisition #4	Oct-21	75.0	Oct-20	Dec-21	5.6	5.7	101.0%	Jan-22	Dec-22	5.8	6.0	104.0%
Acquisition #5	Nov-21	150.0	Nov-20	Dec-21	10.9	11.3	104.0%	Jan-22	Dec-22	11.6	12.0	103.0%
		$ 342.5			**$ 24.8**	**$ 25.3**	**102.0%**			**$ 25.9**	**$ 26.6**	**102.6%**

	2021 Calculation							2022 Calculation						2023 Calculation					
	Date of Acquisition	Acquisition Value	Measurement Period Start	Measurement Period End	Underwritten Period NOI	Period Actual NOI	Actual to U/W Period NOI Comparison	Acquisition Value	Measurement Period Start	Measurement Period End	Underwritten Period NOI	Period Actual NOI	Actual to U/W Period NOI Comparison	Acquisition Value	Measurement Period Start	Measurement Period End	Underwritten Period NOI	Period Actual NOI	Actual to U/W Period NOI Comparison
Acquisition #1	Feb-21	$ 75.0	Feb-21	Dec-21	$ 4.5	$ 4.4	99.0%	$ 0.0	Jan-22	Dec-22	$ 4.8	$ 5.0	103.0%	$ 0.0	N/A	N/A	$ 0.0	$ 0.0	0.0
Acquisition #2	Mar-21	75.0	Mar-21	Dec-21	4.7	4.8	102.5%	0.0	Jan-22	Dec-22	5.8	5.8	101.0%	0.0	N/A	N/A	0.0	0.0	0.0
Acquisition #3	Aug-21	150.0	Aug-21	Dec-21	4.4	4.6	104.5%	0.0	Jan-22	Dec-22	11.0	11.4	104.0%	0.0	N/A	N/A	0.0	0.0	0.0
Acquisition #4	Oct-21	50.0	Oct-21	Dec-21	1.1	1.1	98.0%	0.0	Jan-22	Dec-22	4.4	4.4	100.0%	0.0	N/A	N/A	0.0	0.0	0.0
Acquisition #5	Feb-22	0.0	N/A	N/A	0.0	0.0	0.0%	80.0	Feb-22	Dec-22	6.2	6.2	101.0%	0.0	Jan-23	Dec-23	6.8	7.0	102.0
Acquisition #6	Feb-22	0.0	N/A	N/A	0.0	0.0	0.0%	20.0	Feb-22	Dec-22	1.7	1.6	98.0%	0.0	Jan-23	Dec-23	1.8	1.8	100.0
Acquisition #7	Apr-22	0.0	N/A	N/A	0.0	0.0	0.0%	125.0	Apr-22	Dec-22	7.9	7.9	100.5%	0.0	Jan-23	Dec-23	8.6	8.5	99.0
		$ 350.0			**$ 14.7**	**$ 14.9**	**101.7%**	**$ 225.0**			**$ 41.7**	**$ 42.4**	**101.7%**	**$ 0.0**			**$ 17.2**	**$ 17.3**	**100.3**

Exhibit 10.2

SEVENTH AMENDMENT
TO THE
FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP
OF
SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP

THIS SEVENTH AMENDMENT TO THE FOURTH AMENDED AND RESTATED AGREEMENT OF LIMITED PARTNERSHIP OF SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP (this "**Amendment**") is made and entered into on , 2020 ("**Effective Date**"), by SUN COMMUNITIES, INC., a Maryland corporation (the "**General Partner**"), as the general partner and owner of more than 50% of the Common OP Units of SUN COMMUNITIES OPERATING LIMITED PARTNERSHIP, a Michigan limited partnership (the "**Partnership**").

RECITALS

A. The Partnership entered into an Agreement and Plan of Merger, dated September 29, 2020 (the "**Merger Agreement**") with the General Partner, Sun SH LLC, a Delaware limited liability company and wholly-owned subsidiary of the Partnership ("**Merger Sub**"), Safe Harbor Marinas, LLC, a Delaware limited liability company ("**Safe Harbor**"), the Seller Representative identified therein, in its capacity as the representative of the Security Holders (as defined in the Merger Agreement), and Safe Harbor Marinas II, LLC, a Delaware limited liability company.

B. Pursuant to the Merger Agreement, effective as of the Effective Time (as defined in the Merger Agreement), Merger Sub has merged with and into Safe Harbor (the "**Merger**") with Safe Harbor continuing as the surviving limited liability company of the Merger and as a wholly-owned subsidiary of the Partnership. Certain holders of Safe Harbor's securities have elected (the "**Electing Security Holders**") to receive a portion of the consideration owed to them under the Merger Agreement in the form of the Partnership's issuance of Common OP Units and Series H Preferred Units (defined below).

C. The General Partner desires to amend that certain Fourth Amended and Restated Agreement of Limited Partnership of Sun Communities Operating Limited Partnership, dated as of January 31, 2019, as amended (the "**Partnership Agreement**"), as set forth herein. Any capitalized term used but not otherwise defined herein shall have the meaning ascribed to it in the Partnership Agreement.

D. Article 13 of the Partnership Agreement authorizes the General Partner, as the holder of more than 50% of the Common OP Units, to amend the Partnership Agreement.

NOW, THEREFORE, in consideration of the foregoing, of the mutual promises set forth herein, and of other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree to continue the Partnership and amend the Partnership Agreement as follows:

1. Admission of New Partners. As of the Effective Date, the Merger has been consummated and Safe Harbor has become a wholly owned subsidiary of the Partnership in exchange for, in addition to other consideration contemplated under the Merger Agreement, the issuance by the Partnership to the Electing Security Holders of Common OP Units and Series H Preferred Units. All Common OP Units and Series H Preferred Units issued to the Electing Security Holders have been duly issued and fully paid. The Electing Security Holders, by execution of a separate joinder to the Partnership Agreement, have each agreed to be bound by all of the terms and conditions of the Partnership Agreement, as amended by this Amendment. Each of the Electing Security Holders is hereby admitted to the Partnership as a new Limited Partner. **Exhibit A** of the Partnership Agreement is hereby deleted in its entirety and is replaced with **Exhibit A** to this Amendment.

2. Section 6.1(a)(iii) of the Partnership Agreement is hereby deleted in its entirety and replaced with the following:

"(iii) Third, to the Partners, pro rata in proportion to the number of OP Units held by each such Partner as of the last day of the period for which such allocation is being made; provided, however, that the Profits allocated to any Preferred OP Units, Series A-1 Preferred Units, Series A-3 Preferred Units, Series A-4 Preferred Units, Series C Preferred Units, Series D Preferred Units, Series E Preferred Units, Series F Preferred Units, Series G Preferred Units, and Series H Preferred Units pursuant to this Section 6.1(a)(iii) for any calendar year shall not exceed the amount of Preferred Dividends, Series A-1 Priority Return, Series A-3 Priority Return, Series A-4 Priority Return, Series C Priority Return, Series D Priority Return, Series E Priority Return, Series F Priority Return, Series G Priority Return, and Series H Priority Return, respectively, thereon for that calendar year, and any such excess Profits remaining after the application of such limitation shall be allocated to the holders of the Common OP Units, pro rata."

3. Section 7.1(a) of the Partnership Agreement is hereby deleted in its entirety and replaced with the following:

"(a) Distributions in respect of OP Units (other than Common OP Units) shall be made at the times, in the amounts and in the priority provided in this Agreement, including, without limitation, Sections 16.1, 18.3, 20.3, 21.3, 22.3, 23.3, 24.3, 25.3, 26.3, and 27.3 of this Agreement."

4. Section 12.2(a) of the Partnership Agreement is hereby deleted in its entirety and replaced with the following:

"(a) The Capital Accounts of the holders of the OP Units shall be adjusted to reflect the manner in which any unrealized income, gain, loss and deduction inherent in the Partnership's property, which has not previously been reflected in the Partners' Capital Accounts, would be allocated among the Partners if there were a taxable disposition of such property at fair market value on the date of distribution. Any resulting increase in the Partners' Capital Accounts shall be allocated, subject to Section 6.2: (i) first, to the holders of the Preferred OP Units, Series A-1 Preferred Units and Series A-4 Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Issue Prices of their respective OP Units plus accrued and unpaid Preferred Dividends, Series A-1 Priority Return and Series A-4 Priority Return, as the case may be, thereon; (ii) second, to the holders of the Series C Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Series C Issue Price plus accrued and unpaid Series C Priority Return thereon; (iii) third, to the holders of the Series D Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Series D Issue Price plus accrued and unpaid Series D Priority Return thereon; (iv) fourth, to the holders of the Series E Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Series E Issue Price plus accrued and unpaid Series E Priority Return thereon; (v) fifth, to the holders of the Series F Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Series F Issue Price plus accrued and unpaid Series F Priority Return thereon; (vi) sixth, to the holders of the Series G Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Series G Issue Price plus accrued and unpaid Series G Priority Return thereon; (vii) seventh, to the holders of the Series H Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Series H Issue Price plus accrued and unpaid Series H Priority Return thereon; (viii) eighth, to the holders of the Series A-3 Preferred Units in proportions and amounts sufficient to bring their respective Capital Account balances up to the amount of the Series A-3 Issue Price plus accrued and unpaid Series A-3 Priority Return thereon;; and (ix) ninth (if any), to the Common OP Units. Any resulting decrease in the Partners' Capital Accounts shall be allocated, subject to Section 6.2: (i) first to the holders of Common OP Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero; (ii) second, to the holders of Series A-3 Preferred Units, in proportions and amounts sufficient to reduce their

respective capital account balances to zero; (iii) third, to the holders of Series H Preferred Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero; (iv) fourth, to the holders of Series G Preferred Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero, (v) fifth, to the holders of Series F Preferred Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero; (vi) sixth, to the holders of Series E Preferred Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero; (vii) seventh, to the holders of Series D Preferred Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero; (viii) eighth, to the holders of Series C Preferred Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero; (ix) ninth, to the holders of Preferred OP Units, Series A-1 Preferred Units and Series A-4 Preferred Units, in proportions and amounts sufficient to reduce their respective capital account balances to zero; and (x) tenth, to the General Partner."

5. The definition of "Common Stock Fair Market Value" set forth in Article 1 (Defined Terms) of the Partnership Agreement is hereby deleted in its entirety and replaced with the following:

"'Common Stock Fair Market Value" shall mean, with respect to any Series A-1 Exchange Date, Series A-3 Exchange Date, Series A-4 Exchange Date, Series C Exchange Date, Series D Exchange Date, Series E Exchange Date, Series F Exchange Date, Series G Exchange Date, or Series H Exchange Date the average closing price of a REIT Share for the 10 consecutive trading days preceding such Series A-1 Exchange Date, Series A-3 Exchange Date, Series A-4 Exchange Date, Series C Exchange Date, Series D Exchange Date, Series E Exchange Date, Series F Exchange Date, Series G Exchange Date, or Series H Exchange Date on the principal national securities exchange on which the REIT Shares are listed or admitted to trading or, if not listed or admitted to trading on any national securities exchange, the average of the reported bid and asked prices during such 10 trading day period in the over the counter market as furnished by the National Quotation Bureau, Inc., or, if such firm is not then engaged in the business of reporting such prices, as furnished by any member of the National Association of Securities Dealers, Inc. selected by the General Partner or, if the REIT Shares or securities are not publicly traded, the Common Stock Fair Market Value for such day shall be the fair market value thereof determined jointly by the General Partner and the holder(s) of Series A-1 Preferred Units, Series A-3 Preferred Units, Series A-4 Preferred Units, Series C Preferred Units, Series D Preferred Units, Series E Preferred Units, Series F Preferred Units, Series G Preferred Units, or Series H Preferred Units that are exchanging such Series A-1 Preferred Units, Series A-3 Preferred Units, Series A-4 Preferred Units, Series C Preferred Units, Series D Preferred Units, Series E Preferred Units, Series F Preferred Units, Series G Preferred Units, or Series H Preferred Units for REIT Shares or Common OP Units; provided, however, that if such parties are unable to reach agreement within a reasonable period of time, the Common Stock Fair Market Value shall be determined in good faith by an independent investment banking firm selected jointly by the General Partner and such holder(s) of Series A-1 Preferred Units, Series A-3 Preferred Units, Series A-4 Preferred Units, Series C Preferred Units, Series D Preferred Units, Series E Preferred Units, Series F Preferred Units, Series G Preferred Units, or Series H Preferred Units or, if that selection cannot be made within five days, by an independent investment banking firm selected by the American Arbitration Association in accordance with its rules."

6. The following new definitions are inserted in Article 1 (Defined Terms) of the Partnership Agreement so as to preserve alphabetical order:

"Series H Exchange Date" shall mean the date specified in a Series H Exchange Notice on which the holder of Series H Preferred Units proposes to exchange Series H Preferred Units for shares of the General Partner's common stock; provided, however, that the proposed Series H Exchange Date (i) must be a Business Day, and (ii) may not be less than three Business Days, nor more than more than 15 Business Days, after the date such Series H Exchange Notice is delivered.

"Series H Exchange Notice" shall mean a written notice delivered by a holder of Series H Preferred Units to the General Partner of such holder's election to exchange Series H Preferred Units for shares of the General Partner's common stock. Each Series H Exchange Notice must specify the number of Series H Preferred Units to be exchanged and the proposed Series H Exchange Date.

"Series H Issuance Date" shall mean October , 2020.

"**Series H Preferred Partners"** shall mean the holders of Series H Preferred Units set forth on Exhibit A hereto, as it may be amended from time to time, and their respective successors and permitted assigns.

"**Series H Preferred Unit Distribution Period**" shall mean the period from and including the Series H Issuance Date to, but excluding, the first Series H Preferred Unit Distribution Payment Date, and each subsequent period from and including a Series H Preferred Unit Distribution Payment Date to, but excluding, the next succeeding Series H Preferred Unit Distribution Payment Date.

"**Series H Preferred Units"** shall have the meaning set forth therefor in Section 27.2 hereof.

"**Series H Priority Return"** shall have the meaning set forth therefor in Section 27.1 hereof.

7. The following new Article 27 of the Partnership Agreement is inserted in the Partnership Agreement after Article 26 thereof:

ARTICLE 27.
SERIES H PREFERRED UNITS

Section 27.1 Definitions. The term **"Series H Parity Preferred Units"** shall mean any class or series of OP Units of the Partnership now or hereafter authorized, issued or outstanding and expressly designated by the Partnership to rank on parity with the Series H Preferred Units with respect to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Partnership. The term "**Series H Priority Return**" shall mean an amount equal to the Series H Applicable Rate multiplied by the stated issue price of $100.00 (the "**Series H Issue Price**") per Series H Preferred Unit per annum. The term "**Series H Applicable Rate**" shall mean: 3.00% per annum (determined on the basis of a 365 day year).

Section 27.2 Designation and Number. A series of OP Units in the Partnership designated as the Series H Preferred Units (the "**Series H Preferred Units**") is hereby established. The number of Series H Preferred Units shall be .

Section 27.3 Distributions.

(a) Payment of Distributions.

(i) Subject to the preferential rights of holders of any class or series of OP Units of the Partnership ranking senior to the Series H Preferred Units, the holders of Series H Preferred Units

will be entitled to receive, when, as and if declared by the Partnership acting through the General Partner, out of the Partnership's available cash, cumulative preferential cash distributions in an amount equal to the Series H Priority Return.

(ii) All distributions shall be cumulative, shall accrue from the date of issuance, and will be payable quarterly (such quarterly periods for purposes of payment and accrual will be the quarterly periods ending on the dates specified in this sentence) in arrears on March 31, June 30, September 30 and December 31 of each year (each a "**Series H Preferred Unit Distribution Payment Date**"), and will be computed on the basis of a 365-day year. If any Series H Preferred Unit Distribution Payment Date is not a Business Day, then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay). The distributions payable on any Series H Preferred Unit Distribution Payment Date shall include distributions accrued to but not including such Series H Preferred Unit Distribution Payment Date. Distributions payable on any Series H Preferred Units shall be pro-rated for the quarter in which the Series H Preferred Units are first issued.

(b) Distributions Cumulative. Notwithstanding the foregoing, distributions on the Series H Preferred Units will accrue and be cumulative from the Series H Issuance Date, whether or not the terms and provisions set forth in the last sentence of this Section 27.3(b) at any time prohibit the declaration, setting aside for payment or current payment of distributions, whether or not the Partnership has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized. No interest, or sum in lieu of interest, will be payable in respect of any distribution payment or payments on Series H Preferred Units which may be in arrears, and the holders of the Series H Preferred Units will not be entitled to any distributions, whether payable in cash, securities or other property, in excess of full cumulative distributions described above. Any distribution payment made on the Series H Preferred Units will first be credited against the earliest accrued but unpaid distribution due with respect to the Series H Preferred Units. No distributions on the Series H Preferred Units shall be authorized, declared, paid or set apart for payment by the Partnership at such time as the terms and provisions of any agreement of the Partnership, including any agreement relating to its indebtedness, directly or indirectly prohibit authorization, declaration, payment or setting apart for payment or provide that such authorization, declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration, payment or setting apart for payment shall be restricted or prohibited by law.

(c) Priority as to Distributions.

(i) Except as provided in Section 27.3(c)(ii) below, unless full cumulative distributions for all past Series H Preferred Unit Distribution Periods on the Series H Preferred Units have been or contemporaneously are authorized and paid or authorized and a sum sufficient for the payment thereof is set apart for such payment, no distributions (other than in Common OP Units or any other class or series of OP Units ranking junior to the Series H Preferred Units as to distributions and as to the distribution of assets upon liquidation, dissolution and winding up of the Partnership) shall be authorized or paid or set aside for payment nor shall any other distribution be authorized or made on Common OP Units or any other classes or series of OP Units ranking junior to or on parity with the Series H Preferred Units as to distributions or as to the distribution of assets upon liquidation, dissolution or winding up of the Partnership nor shall any Common OP Units or any other classes or series of OP Units ranking junior to or on parity with the Series H Preferred Units as to distributions or as to the distribution of assets upon liquidation, dissolution or winding up of the Partnership be redeemed, purchased or otherwise acquired for any consideration (or any amounts be paid to or made available for a sinking fund for the redemption of any such units) by

the Partnership except: (1) by conversion into or exchange for Common OP Units or any other classes or series of OP Units ranking junior to the Series H Preferred Units as to distributions and as to the distribution of assets upon liquidation, dissolution and winding up of the Partnership, (2) by redemption, purchase or other acquisition of Common OP Units made for purposes of an incentive, benefit or share purchase plan for the General Partner, the Partnership or any of their respective subsidiaries, (3) for redemptions, purchases or other acquisitions of OP Units by the Partnership in connection with the General Partner's purchase of its securities for the purpose of preserving the General Partner's qualification as a REIT for federal income tax purposes, or (4) for any distributions by the Partnership corresponding to distributions by the General Partner required for it to maintain its status as a REIT for federal income tax purposes. With respect to the Series H Preferred Units, all references in this Article 27 to "past Series H Preferred Unit Distribution Periods" shall mean, as of any date, Series H Preferred Unit Distribution Periods ending on or prior to such date, and with respect to any other class or series of OP Units ranking on a parity as to distributions with the Series H Preferred Units, all references in this Article 27 to "past distribution periods" (and all similar references) shall mean, as of any date, distribution periods with respect to such other class or series of OP Units ending on or prior to such date.

(ii) When full cumulative distributions for all past Series H Preferred Unit Distribution Periods are not paid in full (or a sum sufficient for such full payment is not set apart) upon the Series H Preferred Units and when full cumulative distributions for all past distribution periods are not paid in full (or a sum sufficient for such full payment is not set apart) upon the units of any other Series H Parity Preferred Units ranking on a parity as to distributions with the Series H Preferred Units, then all distributions authorized on the Series H Preferred Units and any other outstanding classes or series of Series H Parity Preferred Units ranking on a parity as to distributions with the Series H Preferred Units shall be declared pro rata so that the amount of distributions authorized per unit on the Series H Preferred Units and such other classes or series of Series H Parity Preferred Units ranking on a parity as to distributions with the Series H Preferred Units shall in all cases bear to each other the same ratio that accumulated and unpaid distributions per unit on the Series H Preferred Units and such other classes or series of Series H Parity Preferred Units ranking on a parity as to distributions with the Series H Preferred Units (which, in the case of any such other classes or series of Series H Parity Preferred Units ranking on a parity as to distributions with the Series H Preferred Units, shall not include any accumulation in respect of unpaid distributions for past distribution periods if such other Series H Parity Preferred Units ranking on a parity as to distributions with the Series H Preferred Units does not have a cumulative distribution) bear to each other.

Section 27.4 Liquidation Proceeds.

(a) Distributions. Upon any voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, before any payment or distribution of the assets of the Partnership (whether capital or surplus) shall be made to or set apart for the holders of Common OP Units or any other classes or series of OP Units ranking junior to the Series H Preferred Units as to distributions or as to the distribution of assets upon liquidation, dissolution or winding up of the Partnership, the holders of Series H Preferred Units shall be entitled to receive an amount per Series H Preferred Unit equal to the Series H Issue Price plus any accrued but unpaid Series H Priority Return thereon (whether or not authorized or declared) to the date of payment in accordance with Article 12. If, upon any liquidation, dissolution or winding up of the Partnership, the assets of the Partnership, or proceeds thereof, distributable among the holders of Series H Preferred Units shall be insufficient to pay the full preferential amount set forth in Article 12 and liquidating payments on any Series H Parity Preferred Units, as to the distribution of assets on any liquidation, dissolution or winding up of the Partnership, then such assets, or the proceeds thereof, shall be distributed among the holders of Series H Preferred Units and any such other Series H Parity Preferred Units ratably in accordance with the respective amounts that would be payable on such Series H Preferred Units and any such Series H Parity Preferred Units if all amounts payable thereon were paid in full.

(b) Notice. Written notice of any voluntary or involuntary liquidation, dissolution or winding-up of the Partnership, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by (i) fax or email and (ii) by first class mail, postage pre-paid, not less than thirty (30) and not more than sixty (60) days prior to the payment date stated therein, to each record holder of the Series H Preferred Units at the respective addresses of such holders as the same shall appear on the transfer records of the Partnership.

(c) No Further Rights. After payment of the full amount of the liquidating distributions to which it is entitled, the holders of Series H Preferred Units will have no right or claim to any of the remaining assets of the Partnership.

(d) Consolidation, Merger or Certain Other Transactions. The voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Partnership to, or the consolidation or merger or other business combination of the Partnership with or into, any corporation, trust or other entity (or of any corporation, trust or other entity with or into the Partnership) shall not be deemed to constitute a liquidation, dissolution or winding-up of the Partnership.

Section 27.5 Ranking

The Series H Preferred Units rank, with respect to rights to the payment of distributions and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Partnership, (i) senior to all Common OP Units, Series A-3 Preferred Units and all other OP Units other than OP Units referred to in clauses (ii) and (iii) of this sentence; (ii) on a parity with all Series H Parity Preferred Units and (iii) junior to all Preferred OP Units, Series A-1 Preferred Units, Series A-4 Preferred Units, Series C Preferred Units, Series D Preferred Units, Series E Preferred Units, Series F Preferred Units, Series G Preferred Units, and all other OP Units (now existing or hereafter arising) the terms of which specifically provide that such OP Units rank senior to the Series H Preferred Units with respect to rights to the payment of distributions and the distribution of assets in the event of any liquidation, dissolution and winding up of the Partnership.

Section 27.6 Voting Rights.

Holders of the Series H Preferred Units will not have any voting rights or right to consent to any matter requiring the consent or approval of the Limited Partners.

Section 27.7 Transfer Restrictions.

The Series H Preferred Units shall be subject to the provisions of Article 11 of the Agreement; provided that the General Partner hereby consents to the Transfer of Series H Preferred Units to any partner, member or other beneficial owner of any holder of Series H Preferred Units, subject to compliance with Section 11.3 of the Agreement.

Section 27.8 Exchange Rights.

(a) Series H Preferred Units. Each holder of Series H Preferred Units shall be entitled to exchange Series H Preferred Units for REIT Shares, at such holder's option, on the following terms and subject to the following conditions:

(i) At any time after the Series H Issuance Date, subject to the terms of any lock-up agreement to which a holder is a party, each holder of Series H Preferred Units at its option may exchange each of its Series H Preferred Units for that number of REIT Shares equal to the quotient obtained by dividing the Series H Issue Price by $164.00; provided, however, that no Series H Preferred Units may be exchanged on any proposed Series H Exchange Date pursuant to this Section 27.8 unless at least 1,000 Series H Preferred Units, in the aggregate, are exchanged by one or more holders thereof on such Series H Exchange Date pursuant to Series H Exchange Notices. Each holder of Series H Preferred Units that has delivered a Series H Exchange Notice to the General Partner may rescind such Series H Exchange Notice by delivering written notice of such rescission to the General Partner prior to the Series H Exchange Date specified in the applicable Series H Exchange Notice.

(ii) The exchange rate is subject to adjustment upon subdivisions, stock splits, stock dividends, combinations and reclassification of REIT Shares. The adjustment to the exchange rate will be determined by the General Partner such that each Series H Preferred Unit will thereafter be exchangeable into the kind and amount of shares of common or other capital stock which would have been received if the exchange had occurred immediately prior to the record date for such subdivision, stock split, stock dividend, combination or reclassification of the REIT Shares.

(iii) In case the General Partner shall be a party to any transaction (including, without limitation, a merger, consolidation, statutory share exchange, tender offer for all or substantially all of the General Partner's capital stock or sale of all or substantially all of the General Partner's assets), in each case as a result of which the REIT Shares will be converted into the right to receive shares of capital stock, other securities or other property (including cash or any combination thereof), each Series H Preferred Unit will thereafter be convertible or exchangeable into the kind and amount of shares of capital stock and other securities and property receivable (including cash or any combination thereof) upon the consummation of such transaction by a holder of that number of REIT Shares or fraction thereof into which one Series H Preferred Unit was convertible or exchangeable immediately prior to such transaction.

(iv) Limitations on Exchange. Notwithstanding anything to the contrary in this Section 27.8(a):

(A) Upon tender of any Series H Preferred Units to the General Partner for REIT Shares pursuant to this Section, instead of issuing the requisite number of REIT Shares to the exchanging holder of Series H Preferred Units, the Partnership may elect to make a cash payment to the exchanging holder of Series H Preferred Units in an amount equal to the product of (i) the Common Stock Fair Market Value determined as of the Series H Exchange Date and (ii) the number of REIT Shares that would have been otherwise issued to the exchanging holder of Series H Preferred Units, for any reason or no reason, including to the extent necessary to prevent the recipient from violating the Ownership Limitations of Section 2 of Article VII of the Charter, or corresponding provisions of any amendment or restatement thereof;

(B) A holder of Series H Preferred Units will not have the right to exchange Series H Preferred Units for REIT Shares if (1) in the opinion of counsel for the General Partner, the General Partner would no longer qualify or its status would be seriously compromised as a REIT under the Code as a result of such exchange; or (2) such exchange would, in the opinion of counsel for the General Partner, constitute or be likely to constitute a violation of applicable securities laws; and

(C) The General Partner shall not be required to issue fractions of REIT Shares upon exchange of Series H Preferred Units. If any fraction of a REIT Share would be issuable upon exchange of Series H Preferred Units, the General Partner shall, in lieu of delivering such fraction of a REIT Share, make a cash payment to the exchanging holder of Series H Preferred Units in an amount equal to the same fraction of the Common Stock Fair Market Value determined as of the Series H Exchange Date.

(v) Reservation of REIT Shares. The General Partner shall at all times reserve and keep available a sufficient number of authorized but unissued REIT Shares to permit the exchange of all of the outstanding Series H Preferred Units pursuant to this Section 27.8.

(b) Procedure for Exchange.

(i) Any exchange described in Section 27.8(a) above shall be exercised pursuant to a delivery of a Series H Exchange Notice to the General Partner by the holder who is exercising such exchange right, by (A) fax or email and (B) by certified mail postage prepaid. The Series H Exchange Notice and certificates, if any, representing such Series H Preferred Units to be exchanged shall be delivered to the office of the General Partner maintained for such purpose. Currently, such office is:

Sun Communities, Inc.
27777 Franklin Road, Suite 200
Southfield, Michigan 48034
Attn: Chief Executive Officer
Fax: (248) 208-2645
Email: gshiffman@suncommunities.com

(ii) Any exchange hereunder shall be effective as of the close of business on the Series H Exchange Date. The holders of the exchanged Series H Preferred Units shall be deemed to have surrendered the same to the General Partner, and the General Partner shall be deemed to have issued the corresponding number of REIT Shares at the close of business on the Series H Exchange Date.

(c) Payment of Series H Priority Return. On the Series H Preferred Unit Distribution Payment Date next following the Series H Exchange Date, the holders of Series H Preferred Units, which exchanged on such date shall be entitled to Series H Priority Return in an amount equal to a prorated portion of the Series H Priority Return based on the number of days elapsed from the prior Series H Preferred Unit Distribution Payment Date through, but not including, the Series H Exchange Date, less (ii) the amount of the distribution or dividend, if any, paid on the securities into which the Series H Preferred Units were exchanged for the quarterly period in which the Series H Exchange Date occurred.

Section 27.9 Redemption Rights.

(a) Mandatory Redemption. Subject to the limitations in this Section 27.9, upon or at any time after the earlier of:

(i) The fifth anniversary of the Series H Issuance Date; or

(ii) If the holder of such Series H Preferred Units is a natural person, the Partnership's receipt of the notice of the death of such holder of Series H Preferred Units,

such holder of Series H Preferred Units may require redeem of, and the Partnership shall redeem, for cash, at a redemption price per unit equal to the Series H Issue Price plus any accrued but unpaid Series H Priority Return (the "**Series H Redemption Price**"), all, or a portion, but not less than 1,000 Series H Preferred Units at any one time, of the Series H Preferred Units held by such holder upon not less than sixty (60) days' prior written notice to the Partnership.

(b) Procedures for Redemption.

(i) Notice of redemption must be: (A) faxed; and (B) mailed by such holder of Series H Preferred Units, by certified mail, postage prepaid, to the Partnership so that notice is received by the Partnership within the periods set forth herein and in accordance with the provisions hereof. Any such notice shall be irrevocable.

(ii) The Partnership will pay such Series H Redemption Price to such holder of Series H Preferred Units upon surrender of the Series H Preferred Units by such holder of Series H Preferred Units at the place designated by the Partnership. Unless the Partnership and such holder of Series H Preferred Units agree otherwise, the Partnership will pay the Redemption Price in the same manner that the most recent distribution of Series H Priority Return was delivered to such holder of Series H Preferred Units. On and after the date of redemption, distributions will cease to accumulate on such holder's Series H Preferred Units, unless the Partnership defaults in the payment of the Series H Redemption Price. If any date fixed for redemption of such holder's Series H Preferred Units is not a Business Day, then payment of the Series H Redemption Price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the Series H Redemption Price is improperly withheld or refused and not paid by the Partnership, distributions on such holder's Series H Preferred Units will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the Series H Redemption Price.

Section 27.10 No Sinking Fund.

No sinking fund shall be established for the retirement or redemption of Series H Preferred Units.

Section 27.11 Status of Reacquired Units.

All Series H Preferred Units which shall have been issued and reacquired in any manner by the Partnership shall be deemed cancelled and no longer outstanding.

8. Governing Law. This Amendment shall be interpreted and enforced according to the laws of the State of Michigan.

9. Full Force and Effect. Except as amended by the provisions hereof, the Partnership Agreement shall remain in full force and effect in accordance with its terms and is hereby ratified, confirmed and reaffirmed by the undersigned for all purposes and in all respects.

10. Successors/Assigns. This Amendment shall be binding upon and shall inure to the benefit of the Partnership, the Partners and their respective legal representatives, successors and assigns.

11. Copies. Reproductions (photographic, facsimile or otherwise) of this Amendment may be made and relied upon to the same extent as though such reproduction was an original.

12. Number and Gender. Where necessary or appropriate to the construction of this Agreement, the singular and plural number, and the masculine, feminine and neuter gender shall be interchangeable.

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IN WITNESS WHEREOF, the undersigned has executed this Amendment as of the Effective Date.

GENERAL PARTNER:

Sun Communities, Inc., a Maryland corporation

By: _____
Name: _____
Title: _____

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statements of Sun Communities, Inc. on Form S-3 (File No. 333-224179) and on Forms S-8 (File No. 333-225105 and File No. 333-205857) of our report dated April 8, 2020, relating to the consolidated financial statements of Safe Harbor Marinas, LLC as of and for the years ended December 31, 2019 and 2018 appearing in this Current Report on Form 8-K of Sun Communities, Inc.

/s/ Ernst & Young LLP

Dallas, Texas
September 25, 2020

SUN COMMUNITIES, INC.

SUN COMMUNITIES, INC. TO ACQUIRE SAFE HARBOR MARINAS, LLC FOR $2.1 BILLION
Complementary High Barrier to Entry Platform Enhances Internal and External Growth Opportunities
Conference Call Today at 10:00 AM ET

Southfield, MI, September 29, 2020 - Sun Communities, Inc. (NYSE: SUI) (the "Company" or "Sun"), a real estate investment trust ("REIT") that owns and operates or has an interest in manufactured housing and recreational vehicle communities, today announced that it has entered into a definitive merger agreement to acquire Safe Harbor Marinas, LLC ("Safe Harbor"). Safe Harbor's full operating team, led by Baxter Underwood, will run Safe Harbor as a subsidiary of the Company independently from Sun's manufactured home and recreational vehicle community business.

Safe Harbor is the largest and most diversified marina owner and operator in the United States. It owns and operates 101 marinas, manages five marinas on behalf of third parties and has an approximate 40,000-member network of boat owners across 22 states. Safe Harbor's portfolio of high quality, prime coastal market marinas generates recurring rental income from annual and seasonal leases and further diversifies Sun's geographic and demographic footprint. Safe Harbor has a proven ability to generate organic and external growth. The acquisition, which is expected to be accretive to 2021 Core FFO per share, will comprise approximately 15% of the Company's pro forma total annual rental revenue.

Subject to closing adjustments, the aggregate purchase price for Safe Harbor is approximately $2.11 billion. At the closing, the Company will (i) assume debt in the estimated amount of approximately $808 million, (ii) issue the sellers REIT operating partnership common and preferred OP units in the estimated amount of approximately $130 million, and (iii) pay the balance of the purchase price in cash. The mix of consideration will depend on the amount of common and preferred OP units the sellers elect to receive and other factors. The actual amounts of each component of the merger consideration may be materially higher or lower than the foregoing estimates. The transaction is subject to customary closing conditions and is expected to close in the fourth quarter 2020.

"Safe Harbor's scale and unique positioning, coupled with the fragmented marina industry, should provide us with incremental channels to drive shareholder value in the coming years," said Gary A. Shiffman, Sun's Chairman and CEO. "This transaction increases our geographic and customer diversity and introduces a new platform that can enhance our ability to generate industry leading returns."

Mr. Shiffman continued, "We have studied the marina business for several years and fostered a collegial relationship with the Safe Harbor team. Safe Harbor is a leading owner-operator in the space and we are excited to join forces in order to grow this portfolio of irreplaceable premier assets. We believe the Safe Harbor team will capitalize on growth opportunities using Sun's advantageous cost of capital and our ability to facilitate transactions using our common stock and OP units as currency."

Baxter Underwood said, "The opportunity to join the Sun platform is an exciting development for Safe Harbor. We are proud of our work in making Safe Harbor the industry leader and were extremely careful in selecting the right partner to facilitate Safe Harbor's continued growth. We are looking forward to partnering with Sun and are eager to contribute to the continued success of the combined enterprise."

Citigroup acted as financial advisor to the Company and Jaffe, Raitt, Heuer & Weiss, Professional Corporation acted as legal advisor. Moelis & Company LLC acted as lead financial advisor and Citizens Capital Markets also acted as financial advisor to Safe Harbor and Sidley Austin LLP and Duane Morris LLP acted as legal advisors.

Safe Harbor Marinas was built in partnership with American Infrastructure Funds, Koch Real Estate Investments, Weatherford Capital, and Guggenheim Partners.

A conference call to discuss the acquisition will be held today, Tuesday, September 29, 2020 at 10:00 A.M. (ET). To participate, call toll-free 877-407-9039. Callers outside the U.S. or Canada can access the call at 201-689-8470. A replay will be available following the call through October 13, 2020, and can be accessed toll-free by calling 844-512-2921 or by calling 412-317-6671. The Conference ID number for the call and the replay is 13711123.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This press release contains various "forward-looking statements" within the meaning of the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended, and the Company intends that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this press release 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 the Company's current views with respect to future events and financial performance, but involve known and unknown risks, uncertainties and other factors, both general and specific to the matters discussed in or incorporated herein, some of which are beyond the Company's control. These risks, uncertainties and other factors may cause the Company's 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" contained in the Company's Annual Report on Form 10-K for the year ended December 31, 2019, the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and the Company's other filings with the Securities and Exchange Commission from time to time, such risks, uncertainties and other factors 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 the Company operates;
- difficulties in the Company's ability to evaluate, finance, complete and integrate acquisitions (including the acquisition of Safe Harbor), developments and expansions successfully;
- the Company's liquidity and refinancing demands;
- the Company's ability to obtain or refinance maturing debt;
- the Company's ability to maintain compliance with covenants contained in its debt facilities;
- availability of capital;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian and Australian dollars;
- the Company's ability to maintain rental rates and occupancy levels;
- the Company's failure 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, and wildfires;
- general volatility of the capital markets and the market price of shares of the Company's capital stock;
- the Company's failure to maintain its 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 home buyers and boats to obtain financing; and
- the level of repossessions by manufactured home 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. The Company undertakes no obligation to publicly update or revise any forward-looking statements included in this press release, whether as a result of new information, future events, changes in its expectations or otherwise, except as required by law.

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

Exhibit 99.2

Acquisition of Safe Harbor Marinas, LLC

September 2020

FORWARD-LOOKING STATEMENTS

This presentation has been prepared for informational purposes only from information supplied by Sun Communities, Inc. (the "Company" or "Sun") and from third-party sources indicated herein. Such third-party information has not been independently verified. The Company makes no representation or warranty, expressed or implied, as to the accuracy or completeness of such information.

This presentation contains various "forward-looking statements" within the meaning of the United States Securities Act of 1933, as amended, and the United States Securities Exchange Act of 1934, as amended, 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 presentation 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 presentation. 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" contained in our Annual Report on Form 10-K for the year ended December 31, 2019, our Quarterly Report on Form 10-Q for the quarter ended March 31, 2020, and our other filings with the Securities and Exchange Commission from time to time, 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 win which we operate;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions (including the acquisition of Safe Harbor Marinas, LLC), 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;
- availability of capital;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian dollar and the Australian dollar;
- our ability to maintain rental rates and occupancy levels;
- our failure 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 and wildfires;
- general volatility of the capital markets and the market price of shares of our capital stock;
- our failure 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 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 in this presentation, 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.

ACQUISITION OF SAFE HARBOR MARINAS

Transaction	▪ **Acquisition of Safe Harbor Marinas, LLC ("Safe Harbor"), the largest and most diversified marina owner and operator in the United States** ▪ Safe Harbor's platform is unmatched in scale, portfolio quality and depth of network offering – Owns and operates 101 marinas and manages five marinas on behalf of third parties, across 22 states[1] – Approximately 40,000 members in network
Consideration	▪ **$2.110 billion purchase price[2]** – Includes assumption of ~$808 million of bank debt – Selling shareholders can elect to receive securities of Sun's operating partnership prior to closing, not to exceed 15% of the closing merger consideration (≤ ~$195 million) – The remainder of the consideration will be in cash ▪ To be funded, pending completion of our long-term financing plan, by cash on hand and availability on our senior credit facility[3] ▪ Backstopped by a new $750 million 364-day senior unsecured bridge loan commitment
Pro Forma Impact	▪ Approximately 15% of pro forma Sun annual rental revenue derived from acquired marinas[4] ▪ Expected to be accretive to 2021 Core FFO per share
Closing	▪ Expected in 4Q 2020, subject to customary closing conditions ▪ Third-party consents are required to acquire certain properties through the merger[5]

SAFE HARBOR MARINAS

Safe Harbor Charleston City, Charleston, SC

Safe Harbor Bohemia Vista, Chesapeake City, MD

1. *As of September 29, 2020.*
2. *Includes approximately $104.5 million of value ascribed to land and development opportunities.*
3. *At June 30, 2020, we had $373.5 million of unrestricted cash on hand and $683.0 million available under our senior credit facility.*
4. *Sun annual rental revenue for manufactured housing and annual and transient RV is included in 'Income from real property' on its Consolidated Statements of Operations for the twelve months ended December 31, 2019. Safe Harbor annual rental revenue reported as 'Storage', 'Lease' and 'Rentals' revenue on its Consolidated Statements of Operations for the twelve months ended December 31, 2019.*
5. *If any of these consents are not received by closing, the affected properties will be temporarily retained by an affiliate of Safe Harbor. The cash consideration paid by Sun at closing will be reduced by the value of the affected properties. If required consent is obtained in the two-year period following closing for four properties, with an aggregate value of $112.6 million, (the "Delayed Consent Properties"), Sun will acquire the applicable properties for cash consideration equal to its agreed value. Regardless of whether required third-party consents are obtained prior to November 30, 2020 for 11 properties, with an aggregate value of $260.2 million, (the "Delayed Closing Properties"), Sun will acquire the applicable properties for cash consideration equal to its agreed value not later than November 30, 2020.*

SUN COMMUNITIES, INC.

NEW PLATFORM ENHANCES GROWTH POTENTIAL

Attractive Positioning	✓ Fragmented, high barrier to entry industry with favorable operating fundamentals ✓ Irreplaceable high-quality portfolio of scale in prime coastal markets
Earnings Accretion	✓ Expected to be accretive to 2021 Core FFO per Share ✓ Ability to be flexible in financing strategy
Organic Growth	✓ Significant proportion of recurring rental income from annual and seasonal leases ✓ Favorable and resilient operating fundamentals ✓ Adjacent land with potential expansion and development opportunities
External Growth	✓ New platform to consolidate highly fragmented industry with Safe Harbor's ability to identify and integrate new marina investments and Sun's advantageous cost of capital and structuring expertise

Safe Harbor Marina Bay, Quincy, MA

Safe Harbor Jefferson Beach, St. Clair Shores, MI

Safe Harbor Essex Island, Essex, CT

TRANSACTION RATIONALE

Attractive Industry Dynamics

- Marinas produce a predictable, recurring rental revenue stream
  - 74% of Safe Harbor's gross profit is derived from storage and commercial lease income[1]
- The industry, totaling ~4,000 marinas[2] and over $5 billion in annual revenue[3], is primed for consolidation
  - The top five operators collectively represent approximately 4% of the market by marina count
- Numerous barriers to entry include strict regulatory environment, scarcity of available land and capital intensity
- The demographic outlook is positive as the number of boat owners are increasing with an aging population
- Shift towards larger vessels increases "stickiness" of members
- Recession resistant and resilient performance through the COVID-19 pandemic

Best-in-Class Marina Platform

- Safe Harbor is the largest and most diversified marina owner and operator in the United States
- Irreplaceable high-quality portfolio focused in prime coastal markets
  - 70% of Safe Harbor's marinas are located in coastal markets[4]
- One-of-a-kind boating network provides members access to an unparalleled boating lifestyle
- Managed by an experienced team of industry executives with a demonstrated track record and supported by a deep bench that will continue to run day-to-day operations

Consistent with Existing Growth Strategy

- Sun has a long and successful track record of identifying and investing in industries with strong growth profiles and "roll-up" potential
  - Acquired, transitioned and repositioned approximately $5.8 billion of properties since 2010[5]
  - Reshaped portfolio by focusing on strategic expansions, acquiring high quality assets in key markets
- Sun's best-in-class portfolio and operating platform is evidenced by consistent same community rental rate and net operating income growth, resulting in strong earnings growth over the years

1. *Results for the twelve months ended December 31, 2019. Gross profit represents the difference of total revenues and cost of revenues and excludes selling, general and administrative expenses.*
2. *Source: U.S. Census Bureau.*
3. *Source: IBISWorld Marinas in the US June 2020.*
4. *Based on number of marinas owned at September 29, 2020. Calculation of marinas located in coastal markets includes those along the Great Lakes.*
5. *Represents transaction value of acquisitions from January 1, 2011 to June 30, 2020.*

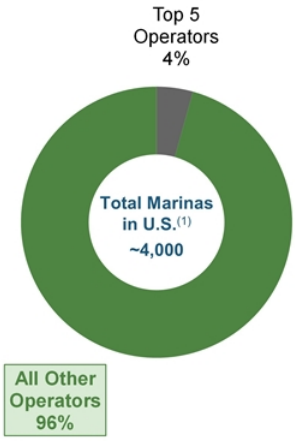
MARINAS ARE A COMPLEMENTARY FIT TO SUN

Key Attributes	Manufactured Homes	RV	Marinas
Highly Fragmented Industry Primed for Consolidation	✓	✓	✓
No / Very Limited New Supply with High Barriers to Entry	✓	✓	✓
Supportive Demographic Trends	✓	✓	✓
Resilient Operating Fundamentals	✓	✓	✓
Geographic Diversity	✓	✓	✓
Predictable, Recurring Rental Revenue Stream	✓	✓	✓
"Sticky" Tenant / Guest / Member Base	✓	✓	✓
Ability to Leverage Platform for Cash Flow Growth	✓	✓	✓

INDUSTRY FUNDAMENTALS SUPPORT CONSOLIDATION

Fragmented Industry

- The top five operators collectively represent approximately 4% of the market by marina count



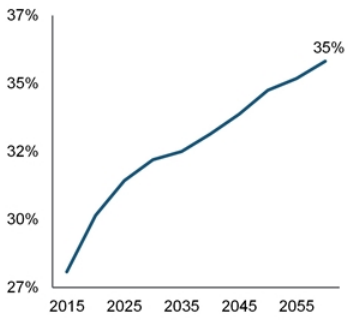
High Barriers to Entry

1. **Strict Regulatory Environment**
   - Regulatory hurdles continue to limit new marina construction
   - Increased scrutiny, approval times and risk of denial
2. **Scarcity of Available Land**
   - Highly limited stock of desirable protected waterways
   - Marina capacity growth is primarily driven by expansions / reconfigurations(2)
3. **Capital Intensity**
   - High initial capital investment
   - Scale is necessary to spread fixed operating costs over a larger base

Supportive Demographic Trends

- The aging U.S. population is a positive trend because boat buyers are concentrated in older, wealthier demographic groups

U.S. Population Above Age 55(1)
(% of total U.S. population)

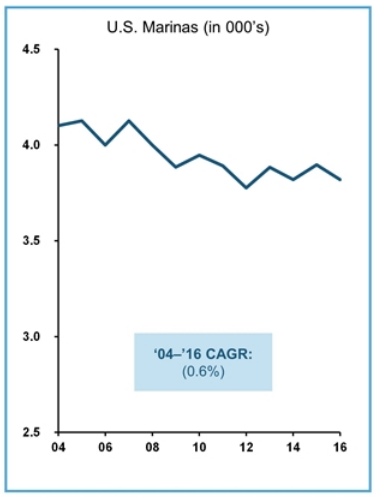


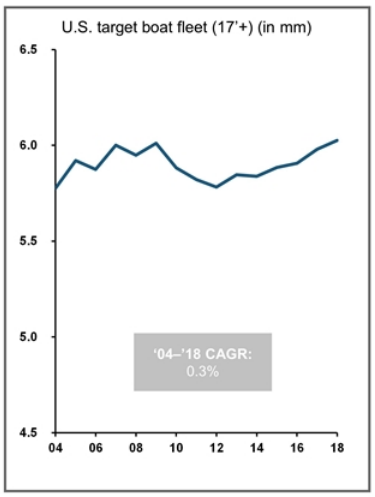
1. Source: U.S. Census Bureau.
2. Transaction consideration includes approximately $104.5 million of value ascribed to land and development opportunities.

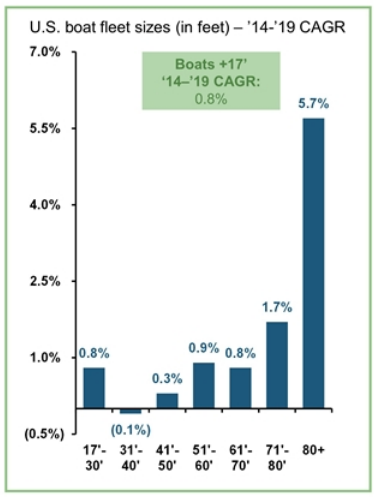
ATTRACTIVE INDUSTRY DYNAMICS

- **Fundamentals are strong as a result of the limited supply of new marinas, stable stock of boats and increasing vessel size that may require a marina for storage**

Marina Supply	Slip Demand	Boat Size
Slow & steady decrease	Slow & steady increase	Trending longer & wider







Sources: Info-Link, U.S. Coast Guard Recreational Vessel Registration, U.S. Census Bureau and Yachtworld.
Note: U.S. Coast Guard boat fleet data available since 2004; U.S. marinas data available through 2016 U.S. Census.

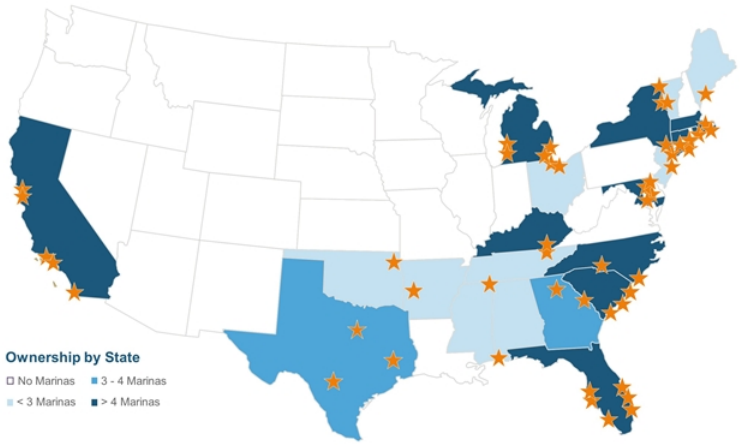
BEST-IN-CLASS MARINA PLATFORM

- **Safe Harbor is the largest and most diversified marina owner and operator in the United States**

101	30,000	8,300	9,500	22	70%	73%	40,000	8.3
Owned Marinas[1]	Approximate Wet Slips	Approximate Dry Racks	Approximate Spaces for Outside Land Storage	States	of Marinas Located in Coastal Markets[2]	of Marinas Owned Fee Simple	Approximate Members	Years Average Member Tenure

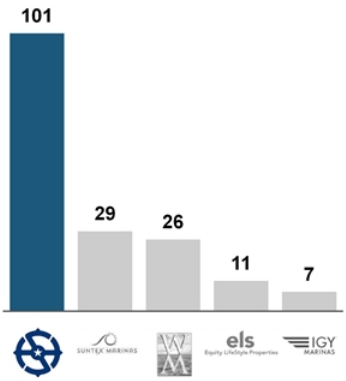
Diversified National Geographic Footprint

- No single state accounts for more than 11% of owned marinas[1]
- No single marina accounts for more than 6% of total wet slips



Unrivaled Among Competitors

Unmatched in scale, portfolio quality and depth of network offering



Note: stars on map may indicate locations of more than one marina.

1. *As of September 29, 2020, Safe Harbor directly or indirectly owns 101 marinas and manages five marinas on behalf of third parties.*
2. *Calculation of marinas located in coastal markets includes those along the Great Lakes.*

EXPERIENCED TEAM WITH PROVEN TRACK RECORD

- **The Safe Harbor team will join Sun Communities and continue to drive day-to-day operations and identify future marina investment opportunities**

Experienced Team of Industry Executives Supported by a Deep Bench

☆ Operationally-focused executives with significant marina industry experience	☆ Built regional management and business development infrastructure with consistent operational strategy and approach	☆ Successfully completed and integrated 101 acquisitions	☆ Dedicated M&A team maintains deep pipeline of acquisition targets	☆ Management equity stakes and incentives align management with Sun shareholders

Baxter Underwood
Chief Executive Officer

Prior experience acquiring and managing lifestyle assets, including over 20 marinas

Former CIO of CNL Lifestyle Properties

Former Partner at Clapham Capital

Executive Leadership with Safe Harbor Platform from the Beginning

Growth

- Acquisitions
- Systems, data management, integrations and training
- Hospitality, marketing and partnerships

Execution

Chief Operating Officer

14 Regional Vice Presidents

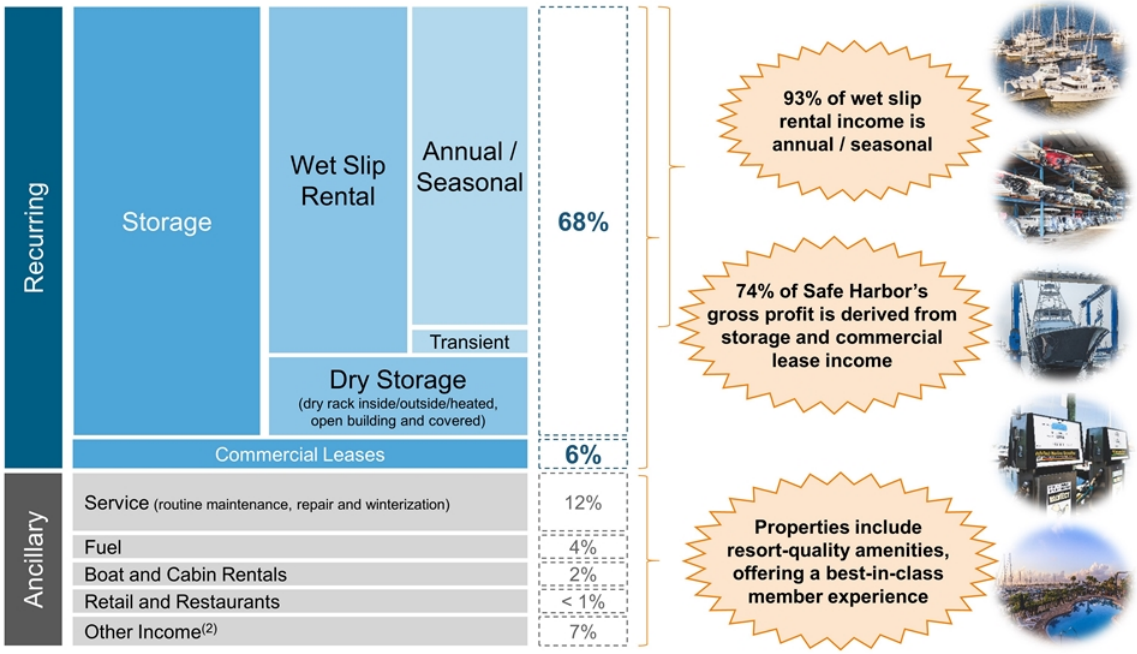
~1,600 Property-level Team Members

Control

- Operational improvement
- Internal legal and audit
- Treasury, accounting, FP&A and capital management
- Risk and compliance
- Human resources

PREDICTABLE, RECURRING RENTAL INCOME STREAM

Breakdown of Gross Profit[1]



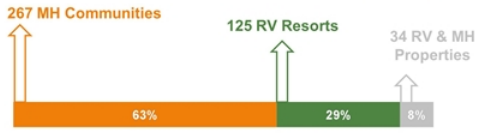
1. *Results for the twelve months ended December 31, 2019. Gross profit represents the difference of total revenues and cost of revenues. Excludes management fees, cost of management fee and selling, general and administrative expenses.*
2. *Other income includes electric income, environmental impact fee income, parking income, brokerage commissions, hauling income and other fee income.*

SUN TO BECOME LEADER ACROSS THREE INDUSTRIES

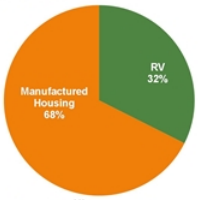
Sun Communities Today

Number of Properties[1]

426 Total Properties

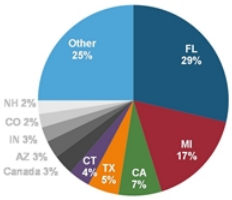


Annual Rental Revenue[2]



Geographic Footprint[1]

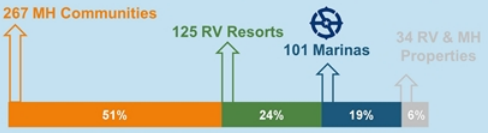
(by Number of Properties)



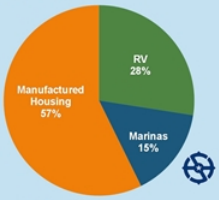
Pro Forma Sun Communities

Number of Properties[1]

527 Total Properties

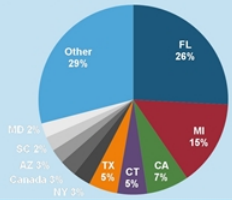


Annual Rental Revenue[2]



Geographic Footprint[1]

(by Number of Properties)



1. Number of properties owned by Sun as of June 30, 2020 and number of properties owned by Safe Harbor as of September 29, 2020.
2. Sun annual rental revenue for manufactured housing and annual and transient RV is included in 'Income from real property' on its Consolidated Statements of Operations for the twelve months ended December 31, 2019. Safe Harbor annual rental revenue reported as 'Storage', 'Lease' and 'Rentals' revenue on its Consolidated Statements of Operations for the twelve months ended December 31, 2019.

A New Platform To Drive Growth

Strategic Value	▪ Platform for acquisitions within a highly fragmented industry ▪ Positions Safe Harbor as acquiror of choice for marina owners given ability to issue Sun shares, OP units and other forms of currency in a public company
High Quality Management Team	▪ Managed by an experienced team of industry executives ▪ Proven track record to control, execute and grow the business
Differentiated Product Offering	▪ Premier member experience and scale of platform drives strong brand recognition ▪ Access to nationwide network
Attractive Capital Improvement Opportunities	▪ Rate increases enabled by high-impact, visible capital improvements ▪ Double-digit ROIC on growth capex investments

TRANSACTION SOURCES AND USES

- **Pending completion of our long-term financing plan, cash consideration will be funded by cash on hand and availability on our senior credit facility[1]**
- **The acquisition is not subject to financing conditions and is backstopped by a new $750 million 364-day senior unsecured bridge loan commitment**

Preliminary Sources	($ in millions)
Assumption of existing debt	$808
Expected rollover of seller equity[2]	130
Cash on hand	200
New senior unsecured bridge loan	750
Lines of credit	222
Total Sources[3]	**2,110**

Preliminary Uses	($ in millions)
Marina acquisition price	$2,006
Value of land and development properties	104
Total Uses[4]	**$2,110**

Pro Forma Capitalization Prior to Completion of Long-Term Financing Plan

($ in millions, except per share data)	As of 06/30/2020	Acquisition Adjustments	Preliminary Pro Forma
SUI Share Price (as of Market Close on 09/28/2020)	$147.55		$147.55
Total Diluted Shares Outstanding	102.4	0.9[2]	103.3
Equity Market Capitalization	**$15,110**		**$15,240**
(+) Net Debt + Preferred[1]	3,002	1,980	4,982
(+) Non-Controlling Interest	10		10
Enterprise Value	**$18,122**		**$20,232**
Net Debt + Pref. / Enterprise Value	**16.6%**		**24.6%**

1. *At June 30, 2020, we had $373.5 million of unrestricted cash on hand and $683.0 million available under our senior credit facility.*
2. *The members of Safe Harbor may elect before closing of the merger to receive their merger consideration in cash, securities of Sun, or a combination thereof. The merger consideration is currently expected to consist of a new series of preferred OP units, with an aggregate value not to exceed $75.0 million, and common OP units (collectively, the "Merger Securities"). The aggregate amount of Merger Securities will not exceed 15% of the closing merger consideration or an estimated amount of $195 million (the "Merger Securities Cap"). The common OP units will be valued based on the VWAP of Sun common stock for the 20 trading days preceding execution of the merger agreement (the "Agreed Value"); provided that if the VWAP of Sun common stock for the three trading days before closing is greater than 110%, or less than 90%, of the Agreed Value than the common OP units will be valued at 110% or 90%, respectively, of the Agreed Value. Consequently, we expect total diluted shares outstanding to increase by no more than 1.5 million, which is based on elections sufficient to trigger the Merger Securities Cap and an assumed price of 90% of the Agreed Value of $144.1625 or $129.75 per unit.*
3. *Assumes there will be no Delayed Consent Properties or Delayed Closing Properties.*
4. *Excludes transaction expenses.*

SAFE HARBOR MARINAS, LLC

CONSOLIDATED FINANCIAL STATEMENTS

For the years ended 2019 & 2018

Safe Harbor Marinas, LLC

Index to Consolidated Financial Statements

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Dallas, TX 75219

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Fax: +1 214 969 8587
ey.com

Report of Independent Auditors

To the Board of Managers and Management

We have audited the accompanying consolidated financial statements of Safe Harbor Marinas, LLC (the Company), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the related consolidated statements of operations, changes in members' capital and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with U.S. generally accepted accounting principles; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

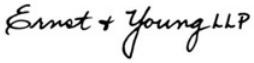
Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Safe Harbor Marinas, LLC at December 31, 2019 and 2018, and the consolidated results of its operations and its cash flows for the years then ended in conformity with U.S. generally accepted accounting principles.



April 8, 2020

Safe Harbor Marinas, LLC
Consolidated Balance Sheets
As of December 31, 2019 and 2018
(in thousands)

	2019	2018
ASSETS:		
Current assets		
Cash	$ 4,125	$ 2,065
Restricted cash	3,815	500
Accounts receivable, net of allowance of $928 and $728, respectively	16,110	13,431
Insurance proceeds receivable	365	743
Inventories, net of allowance of $257 and $231, respectively	3,968	3,537
Prepaid expenses	7,493	3,566
Held for sale condominium assets	—	310
Condominium assets	460	1,988
Other current assets	84	219
Total current assets	36,420	26,359
Property and equipment, net	951,425	713,613
Goodwill	1,940	1,940
Intangible assets, net	1,477	1,256
Other assets	9,961	8,074
Total assets	$1,001,223	$751,242
LIABILITIES & MEMBERS' CAPITAL:		
Current liabilities		
Accounts payable and accrued expenses	$ 20,492	$ 20,205
Customer deposits	6,241	5,624
Deferred revenue	29,713	23,528
Earn-out	439	2,000
Other current liabilities	—	10
Total current liabilities	56,885	51,367
Long-term debt, net	601,510	371,071
Long-term customer deposits	5,008	4,241
Intangible liabilities, net	3,161	3,208
Other long-term liabilities	694	243
Total liabilities	667,258	430,130
Commitments and contingencies (Note 10)		
Safe Harbor Marinas, LLC capital	329,727	321,112
Non-controlling interest	4,238	—
Total members' capital	333,965	321,112
Total liabilities & members' capital	$1,001,223	$751,242

See Notes to Consolidated Financial Statements

Safe Harbor Marinas, LLC
Consolidated Statements of Operations
For the years ended December 31, 2019 and 2018
(in thousands)

	2019	2018
REVENUES:		
Storage	$132,876	$108,610
Lease	10,969	8,459
Rentals	7,130	6,645
Retail, fuel, restaurants	41,636	29,322
Service	68,776	52,743
Management fee	4,492	4,192
Other	12,890	9,873
Total revenues	278,769	219,844
OPERATING EXPENSES:		
Cost of rentals	2,490	2,444
Cost of retail, fuel, restaurants	32,983	23,993
Cost of service	45,275	35,900
Cost of management fee	3,900	3,475
Cost of other	479	296
Selling, general and administrative	123,846	98,287
Depreciation and amortization	42,713	33,338
Loss on disposal of assets	3,728	405
Acquisition related expenses	1,949	2,886
Loss (gain) on contingent consideration	307	(1,167)
Total expenses	257,670	199,857
Income from operations	21,099	19,987
OTHER EXPENSE (INCOME):		
Interest expense	22,512	16,366
Interest income	(20)	(24)
Unrealized loss on interest rate instruments	1,732	752
Loss on debt extinguishment	4,003	3,826
Other income, net	(659)	(399)
Total other expense (income)	27,568	20,521
Net loss	(6,469)	(534)
Less: Net loss attributable to non-controlling interest	(12)	—
Net loss attributable to Safe Harbor Marinas, LLC	$ (6,457)	$ (534)

See Notes to Consolidated Financial Statement

Safe Harbor Marinas, LLC
Consolidated Statements of Changes in Members' Capital
For the years ended December 31, 2019 and 2018
(in thousands)

	Class B Unitholders	Class A Unitholders	Safe Harbor Marinas, LLC Capital	Non-Controlling Interest	Total Member's Capital
Balance at December 31, 2017	$104,000	$ 153,027	$ 257,027	$ —	$ 257,027
Contributions	25,049	262,421	287,470	—	287,470
Issuance of units in connection with acquisition	—	6,250	6,250	—	6,250
Distributions	(7,083)	(23,891)	(30,974)	—	(30,974)
Redemptions	(57,407)	(142,593)	(200,000)	—	(200,000)
Equity issuance costs	—	(2,262)	(2,262)	—	(2,262)
Related party loan to purchase equity	—	(48)	(48)	—	(48)
Unit-based compensation expense	—	4,271	4,271	—	4,271
Taxes paid on vested LTIPs	—	(88)	(88)	—	(88)
Net income (loss)	7,083	(7,617)	(534)	—	(534)
Balance at December 31, 2018	$ 71,642	$ 249,470	$ 321,112	$ —	$ 321,112
Contributions	—	50,000	50,000	4,250	54,250
Distributions	(6,542)	(32,270)	(38,812)	—	(38,812)
Equity issuance costs	—	(28)	(28)	—	(28)
Related party loan to purchase equity	—	5	5	—	5
Unit-based compensation expense	—	4,469	4,469	—	4,469
Taxes paid on vested LTIPs	—	(562)	(562)	—	(562)
Net income (loss)	6,542	(12,999)	(6,457)	(12)	(6,469)
Balance at December 31, 2019	$ 71,642	$ 258,085	$ 329,727	$ 4,238	$ 333,965

See Notes to Consolidated Financial Statements

Safe Harbor Marinas, LLC
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(in thousands)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (6,469)	$ (534)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depreciation and amortization	42,713	33,338
Loss on disposal of assets	3,728	405
Bad debt expense (recoveries)	879	(193)
Unrealized loss - interest rate instruments	1,732	752
Unit compensation expense	4,469	4,271
Non-cash interest - deferred debt issuance amortization	1,862	1,402
Below market lease amortization	(45)	(45)
Loss (gain) on contingent consideration	307	(1,167)
Loss on extinguishment of debt	4,003	3,826
Inventory obsolence expense (relief)	26	(283)
Changes in assets and liabilities:		
Accounts receivable	(3,519)	(1,054)
Prepaid expenses	(3,432)	(879)
Inventories	838	385
Other assets	(644)	(1,148)
Accounts payable and accrued expenses	(2,143)	1,061
Customer deposits	303	822
Deferred rent	105	(131)
Deferred revenue	1,291	645
Other liabilities	(262)	(204)
Net cash provided by operating activities	45,742	41,269
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchases/improvements of property and equipment	(48,024)	(36,135)
Proceeds from sale of property & equipment	611	96
Proceeds from the sale of condominium assets	2,191	3,975
Expenditures related to insured damages	(1,983)	(3,405)
Proceeds from insurance reimbursements	1,234	2,821
Acquisition of marina properties, net of cash acquired	(229,067)	(148,288)
Repayments of notes receivable	46	130
Proceeds from the sale of investments	—	100
Net cash used in investing activities	(274,992)	(180,706)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from revolving lines of credits	107,500	128,950
Repayments of revolving lines of credits	(27,000)	(108,519)
Proceeds from credit facility	150,000	350,000
Repayments of credit facility	—	(258,073)
Repayments of mortgage loans	—	(24,214)
Payment of debt issuance costs	(8,855)	(8,285)
Contributions from members	50,000	262,421
Preferred contributions from members	—	25,049
Distributions to members	(38,812)	(31,160)
Taxes paid on vested LTIPs	(562)	—
Member redemptions	—	(200,000)
Contributions from non-controlling interest	4,250	—
Equity issuance costs	(28)	(2,262)
Purchase of interest rate instruments	—	(3,494)
Termination of interest rate instruments	—	(1,738)
Settlement of earn-out	(1,868)	(3,485)
Net cash provided by financing activities	234,625	125,190
Increase (decrease) in cash and restricted cash	5,375	(14,247)
CASH AND RESTRICTED CASH, beginning of year	2,565	16,812
CASH AND RESTRICTED CASH, end of year	$ 7,940	$ 2,565

See Notes to Consolidated Financial Statements

1. Organization and Description of Business

Safe Harbor Marinas, LLC ("Safe Harbor") is an owner and operator of marinas throughout the United States. Safe Harbor was formed in June 2015 for the purpose of acquiring direct interests in marina properties. Safe Harbor began operations on September 29, 2015 ("Inception") when it acquired its first group of marinas and International Marina Group I, LP ("IMG"), which became a wholly owned subsidiary responsible for all of Safe Harbor's management and personnel matters. Since Inception, Safe Harbor has acquired additional marina properties and as of December 31, 2019, Safe Harbor owned 88 marinas, two condominium developments, corporate entities and provided third party management services to another six marinas. All references to "we", "us", "our" and the "Company" and similar expressions are references to Safe Harbor and our consolidated subsidiaries, unless otherwise expressly stated or the context otherwise requires.
As of December 31, 2019, Safe Harbor owned the following marinas:

Marina Property	Location	Acquisition Date
Anacapa Isle Marina	Oxnard, CA	April 21, 2016
Aqua Yacht Harbor	Iuka, MS	September 29, 2015
Aqualand Marina	Flowery Branch, GA	September 29, 2015
Ashley Fuels	Charleston, SC	October 15, 2018
Ballena Isle Marina	Alameda, CA	April 21, 2016
Beaufort Downtown Marina	Beaufort, SC	August 01, 2019
Beaver Creek Marina	Monticello, KY	November 20, 2015
Belle Maer Harbor	Harrison Township, MI	October 09, 2018
Bohemia Vista Marina	Chesapeake Bay, MD	November 06, 2015
Brady Mountain Resort & Marina	Royal, AR	May 06, 2016
Bristol Marina	Charleston, SC	October 15, 2018
Bruce & Johnson's Marina	Branford, CT	January 20, 2017
Burnside Marina	Somerset, KY	November 20, 2015
Burnt Store Marina	Punta Gorda, FL	January 06, 2017
Cabrillo Isle Marina	San Diego, CA	April 21, 2016
Calusa Island Marina	Goodland, FL	March 15, 2017
Cape Harbour Marina	Cape Coral, FL	January 6, 2017
Capri Marina	Port Washington, NY	January 20, 2017
Carroll Island Marina	Baltimore, MD	July 08, 2019
Charleston City Boatyard	Charleston, SC	October 15, 2018
Charleston City Marina	Charleston, SC	October 15, 2018
Cove Haven Marina	Barrington, RI	January 20, 2017
Cowesett Marina	Warwick, RI	January 20, 2017
Crystal Point Marina	Point Pleasant, NJ	November 06, 2015
Dauntless Marina	Essex, CT	January 20, 2017
Dauntless Shipyard	Essex, CT	January 20, 2017
Deep River Marina	Deep River, CT	January 20, 2017
Eagle Cove Marina	Byrdstown, TN	November 20, 2015
Emerald Point Marina	Austin, TX	September 29, 2015
Emeryville Marina	Emeryville, CA	October 08, 2015
Essex Island Marina	Essex, CT	January 20, 2017
Ferry Point Marina	Old Saybrook, CT	January 20, 2017
Fiddler's Cove Marina	Falmouth, MA	January 20, 2017
Gaines Marina	Rouses Point, NY	October 15, 2019

Marina Property	Location	Acquisition Date
Glen Cove Yacht Yard	Glen Cove, NY	January 20, 2017
Grand Isle Marina	Grand Haven, MI	June 16, 2016
Great Lakes Marina	Muskegon, MI	November 06, 2015
Green Harbor Marina	Green Harbor, MA	January 20, 2017
Greenport Yacht Yard	Greenport, NY	January 20, 2017
Greenwich Bay Marina	Warwick, RI	January 20, 2017
Hacks Point Marina	Chesapeake Bay, MD	November 06, 2015
Harbor House Marina	Stamford, CT	July 11, 2017
Harbors View Marina	Afton, OK	October 08, 2015
Harbortown Marina	Fort Pierce, FL	September 29, 2015
Haverstraw Marina	West Haverstraw, NY	November 19, 2019
Hawthorne Cove	Salem, MA	January 20, 2017
Hideaway Bay Marina	Flowery Branch, GA	November 05, 2019
Holly Creek Marina	Celina, TN	November 20, 2015
Island Park Marina	Portsmouth, RI	December 06, 2019
Jamestown Marina	Jamestown, KY	September 29, 2015
Jefferson Beach Marina	St. Clair Shores, MI	June 13, 2018
Lakefront Marina	Port Clinton, OH	November 06, 2015
Manasquan River Club	Brick Township, NJ	November 06, 2015
Marina Bay on Boston Harbor	Quincy, MA	September 29, 2015
Mystic Yacht Yard	Mystic, CT	January 20, 2017
New England Boatworks	Portsmouth, RI	May 07, 2019
New Port Cove Marine Center	Riviera Beach, FL	February 28, 2018
Newport Shipyard	Newport, RI	October 01, 2019
North Palm Beach Marina	North Palm Beach, FL	February 28, 2018
Old Port Cove Marina	North Palm Beach, FL	February 28, 2018
Onset Bay Marina	Buzzards Bay, MA	January 20, 2017
Oxford Boatyard & Marina	Oxford, MD	January 20, 2017
Pier 121 Marina	Lewisville, TX	November 20, 2015
Pier 77 Marina	Bradenton, FL	March 25, 2019
Pilots Point Marina	Westbrook,CT	January 20, 2017
Plymouth Marine	Plymouth, MA	January 20, 2017
Port Royal Landing	Port Royal, SC	August 19, 2019
Post Road Boatyard	Mamaroneck, NY	January 20, 2017
Regatta Pointe Marina	Palmetto, FL	February 28, 2019
Sakonnet Marina	Portsmouth, RI	January 20, 2017
Sandusky Harbor Marina	Sandusky, OH	November 06, 2015
Shelburne Shipyard	Shelburne, VT	October 28, 2019
Siesta Key Marina	Sarasota, FL	December 09, 2019
Skull Creek Marina	Hilton Head, SC	July 29, 2019
South Harbour Village	Southport, NC	September 30, 2019
Stirling Harbor Marina	Greenport, NY	January 20, 2017
Stratford Marina	Stratford, CT	January 20, 2017
Sunset Bay Marina	Hull, MA	December 10, 2019
Toledo Beach Marina	La Salle, MI	June 13, 2018
Trade Winds Marina	Appling, GA	September 29, 2015
Ventura Isle Marina	Ventura, CA	April 21, 2016

Marina Property	Location	Acquisition Date
Walden Marina	Montgomery, TX	September 29, 2015
Westport Marina	Denver, NC	February 19, 2019
Wickford Cove	North Kingstown, RI	January 20, 2017
Willsboro Bay Marina	Willsboro, NY	October 15, 2019
Yacht Haven Marina	Stamford, CT	January 20, 2017
Zahniser's Yachting Center	Solomons, MD	March 07, 2018

On October 8, 2019, the Company entered into a joint venture with HSC South Fork, LLC, an affiliate of the Hix Snedeker Companies LLC. SHM South Fork JV, LLC ("SFJV") was created for the sole purpose of acquiring land and constructing a marina in Fort Lauderdale, Florida. In accordance with the Amended and Restated Limited Liability Company Agreement ("JV Agreement"), the Company, via its wholly owned subsidiary, is the controlling member of SFJV and the joint venture owns 100% of the following marina as of December 31, 2019.

Marina Property	Location	Acquisition Date
South Fork Marina	Fort Lauderdale, Florida	October 08, 2019

Additionally, IMG managed six marinas on behalf of various owners as of December 31, 2019.

Marina Property	Location
Harborage Marina	St Petersburg, FL
Highport Marina	Pottsboro, TX
Pineland Marina	Bokeelia, FL
Scott's Landing	Grapevine, TX
Silver Lake Marina	Grapevine, TX
Twin Coves Marina	Flower Mound, TX

2. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying consolidated financial statements are prepared in conformity with generally accepted accounting principles in the United States ("GAAP") and include the consolidated accounts of Safe Harbor and its controlled subsidiaries. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, "*Consolidation*" ("ASC 810"), as the controlling member of SFJV, the balance sheets and statements of operations have been consolidated in the Company's financial results with disclosure of the non-controlling interest as appropriate. All significant intercompany balances and transactions have been eliminated in consolidation.

The Company does not have any components of other comprehensive income (loss) recorded within its consolidated financial statements; and therefore, does not separately present a statement of comprehensive income (loss) in its consolidated financial statements.

Certain amounts previously presented as other income, net for the year ended December 31, 2018 have been reclassified to other revenues and as a reduction to cost of service in order to conform with to the presentation for the year ended December 31, 2019. As the Company has continued to grow, these line items have increased in materiality and have been determined to be a part of the Company's normal operations.

(in thousands)

	As Reported	Adjustment	As Revised
Other	9,228	645	9,873
Cost of service	36,172	(272)	35,900
Other income, net	(1,316)	917	(399)

Subsequent events for the reporting period ended December 31, 2019 were evaluated through April 8, 2020, the date the Company issued its financial statements.

Use of Estimates

Preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. Management bases our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Because of the use of estimates inherent in the financial reporting process, actual results may differ from these estimates.

Segment Information

ASC Topic 280, "*Segment Reporting*" ("ASC 280"), establishes standards for the way the business enterprises report information about operating segments in its financial statements. In accordance with ASC 280, management has determined that we have one operating segment and one reportable segment. Our chief operating decision maker ("CODM") is our Chief Executive Officer ("CEO"); our CODM reviews financial performance and allocates resources at a consolidated level on a recurring basis. All of our assets are located in the United States. All of our revenue is derived in the United States.

Cash

Cash consists of cash on hand and cash in bank accounts.

Restricted Cash

Restricted cash primarily consists of cash deposited in escrow accounts to be used for future acquisitions. As of December 31, 2018, the Company had $0.5 million in escrow on deposit with the title company related to the acquisition of Regatta Pointe Marina that was applied at closing in February 2019. During the year ended December 31, 2019, the Company deposited an additional approximately $45.8 million in escrow on deposit with the title company that were applied to the 2019 acquisitions that closed throughout the year. As of December 31, 2019, the Company had approximately $1.2 million in escrow on deposit with the title company related to the acquisitions of Great Oak Landing, Grider Hill Marina, Narrows Point Marina and Wisdom Dock Marina that closed in the first quarter of 2020, $2.5 million in escrow on deposit with the title company related to the acquisition of certain properties under Purchase and Sale Agreement ("PSA") in the state of California and approximately $0.1 million escrow on deposit with the title company related to a cancelled acquisition that was refunded in February 2020 (See Note 16 – Subsequent Events for additional details).

Accounts Receivable

Accounts receivable consists primarily of storage rent due from boat owners who store their boats at our marinas. The Company maintains an allowance for doubtful accounts for estimated losses resulting from the inability of boat owners to make required payments for services. The allowance is maintained at a level believed adequate to absorb estimated receivable losses. The estimate is based on known and inherent credit risks, current economic conditions and other relevant factors including specific reserves for certain accounts. The Company charges off uncollectible accounts receivable once management has exhausted all reasonable efforts to collect the outstanding amounts and determines that it is probable that the amounts owed, net of expected recovery and legal expenses, will remain uncollectible. As of December 31, 2019 and 2018, the Company had an allowance for doubtful accounts of approximately $0.9 million and $0.7 million, respectively.

Insurance Proceeds Receivable

Insurance proceeds receivable consists primarily of property casualty insurance reimbursements expected to be received from the Company's insurance carriers related to damage that occurred at the Company's marina properties. As of December 31, 2019, the Company had an insurance proceeds receivable of approximately $0.4 million related to various property damages incurred. The Company expects to receive all reimbursements related to these claims during the first half of 2020. As of December 31, 2018, the Company had an insurance proceeds receivable of $0.7 million related to covered damages. In March 2019, the Company received the reimbursement and settled the claim.

Inventories

Inventories consist primarily of boat parts used in the Company's service centers and retail related items such as merchandise used in the Company's ship stores, gasoline and diesel fuel, and food and beverage products. Inventories at our marinas are stated at the lower of cost or fair value with cost determined using the weighted-average method. The Company owned and operated a hardware store during the years ended December 31, 2019 and 2018. However, the Company ceased operations of the hardware store during the year ended December 31, 2019. When the hardware store was operating, the associated inventory consisted primarily of point of sale home improvement and construction goods. The cost of the home improvement and construction goods were determined using the specific identification method. Management believes there is no material difference between these two cost determination methods. Inventory balances are reduced and expense is recognized through the appropriate cost of sales account when the inventory is sold.

Physical inventory counts are performed at marinas where inventory exists. Inventory records are adjusted accordingly to reflect actual inventory counts and any resulting shortage is recognized.

The Company establishes a reserve for excess, slow-moving, and obsolete inventory. The reserve is based on a review of stale inventory and historical inventory turns. The reserve for obsolete and excess inventory was approximately $0.3 million and $0.2 million as of December 31, 2019 and 2018, respectively.

Prepaid Expenses

Prepaid expenses consist of amounts paid in advance for goods and services to be received or performed in the future. These prepayments are an asset on the consolidated balance sheet until such time as the appropriate expense is recognized. The Company typically incurs prepayments associated with prepaid taxes, prepaid insurance, prepaid lease expense and prepaid vendor payments.

Interest Rate Instruments

On May 18, 2016, the Company entered into an interest rate cap with a notional amount of $60.0 million expiring on September 30, 2019, which limited the one-month LIBOR to 1.774% on its variable interest loans. On October 22, 2018, the Company amended the terms of its interest rate cap. The notional amount was reduced to $46.0 million, the expiration date was extended to September 14, 2023 and the one-month LIBOR limit was raised to 3.500% on its variable interest loans.

On January 20, 2017, in connection with the acquisition of the Brewer Yacht Yard Group ("BYYG") portfolio of properties, the Company assumed an interest rate swap with a notional amount of approximately $44.1 million, a start date of December 31, 2018 and a maturity date of December 31, 2021. On October 22, 2018, the Company paid approximately $1.9 million to terminate its interest rate swap as presented in net cash provided by financing activities on the accompanying consolidated statements of cash flows.

On February 23, 2017, the Company entered into an interest rate cap with a notional amount of $21.0 million expiring on February 28, 2020, which limited the one-month LIBOR to 2.320% on its variable interest loans. On October 22, 2018, the Company terminated its interest rate cap and received a credit of $0.1 million as presented in net cash provided by financing activities on the accompanying consolidated statements of cash flows. The credit was applied to the purchase of a new interest rate cap which the Company entered into with a notional amount of $30.0 million effective on October 31, 2018 and expiring on September 14, 2023, which limits the one-month LIBOR to 3.500% on its variable interest loans.

On October 22, 2018, the Company entered into an interest rate cap with a notional amount of $154.0 million effective on October 31, 2018 and expiring on September 14, 2023, which limits the one-month LIBOR to 3.500% on its variable interest loans.

On October 22, 2018, the Company entered into an interest rate cap with a notional amount of $90.0 million effective on October 31, 2018 and expiring on September 14, 2023, which limits the one-month LIBOR to 3.500% on its variable interest loans.

On October 22, 2018, the Company entered into an interest rate cap with a notional amount of $30.0 million effective on October 31, 2018 and expiring on September 14, 2023, which limits the one-month LIBOR to 3.500% on its variable interest loans.

Upon review of ASC Topic 815 *"Derivatives and Hedging,"* the Company has determined that its interest rate caps and interest rate swap are free standing derivatives and all changes in fair value are reported in unrealized loss on interest rate instruments on the accompanying consolidated statements of operations. The interest rate caps are reported at fair value in other assets on the accompanying consolidated balance sheets. The interest rate swap is reported at fair value in other long-term liabilities on the accompanying consolidated balance sheets.

Property and Equipment

We capitalize purchases of furniture, fixtures and equipment ("FF&E"), major replacements and improvements and subsequently depreciate them over the related assets' estimated useful lives. We expense routine maintenance and repairs as incurred.

Property and equipment is recorded at cost less accumulated depreciation and amortization. Depreciation of property and equipment is recorded on a straight-line basis over the estimated useful lives of the assets ranging from three to sixty-five years depending upon the asset classification.

Asset Class	Estimated Useful Life (in Years)
Buildings	15 - 65
Dock Improvements	15 - 40
Site Improvements	10 - 25
Furniture, Fixtures and Equipment	5 - 7
Software	3
Leasehold Improvements	Lesser of Lease Term or Useful Life of Asset

The Company engaged a valuation firm to evaluate and determine the fair value of acquired assets at the acquisition date. Property and equipment purchased as part of the initial asset acquisitions are recorded based on the valuation and allocated to land, building, site improvements, dock improvements and FF&E accordingly.

We remove the cost of assets sold, retired or impaired and the related accumulated depreciation or amortization from the consolidated balance sheets and include any resulting gain or loss on the disposal of those assets in the accompanying consolidated statements of operations. In instances where the disposed assets are associated with a property and casualty insurance claim, the associated loss is offset by the expected and probable insurance proceeds reimbursement.

During the year ended December 31, 2019, the Company recognized an approximately $5.0 million loss on the disposal of assets primarily related to disposals associated with ongoing marina improvement projects and damages incurred to dock improvements and buildings sustained due to extensive flooding from historic rains at many of our marina properties located in the Great Lakes and South Carolina. This is partially offset by $0.5 million insurance proceeds received for 2019 damages and $0.6 million received from the sale or disposal of certain assets.

During the year ended December 31, 2018, the Company recognized a $ 1.2 million loss on the disposal of assets primarily related to damages incurred to dock improvements and buildings sustained during Nor'easters at several of our marina properties located in the Northeast as well as floods from excessive rains at one of our marina properties in Kentucky. This is partially offset by approximately $0.5 million insurance proceeds received for 2017 damages and approximately $0.1 million received from the sale or disposal of certain assets.

Condominium Assets and Held for Sale Condominium Assets

The Company's condominium assets consist of units located in the Duck Island Landing and Marina Way Landing condominium developments in Westbrook, CT that the Company acquired in January 20, 2017 as part of the acquisition of the Brewer Yacht Yard Group ("BYYG") portfolio of properties.

During the year ended December 31, 2019, the Company sold six of the remaining eight units. As of December 31, 2019, Marina Way Landing is completely sold and two units remain listed and actively on the market at Duck Island Landing, for which approximately $0.5 million is classified as condominium assets within current assets on the accompanying consolidated balance sheets. In March 2020, one unit sold and the last remaining unit is under contract with an expected May 2020 closing date. Upon the completion of the sale of this unit, all condominium units will be sold.

During the year ended December 31, 2018, the Company sold 13 of the remaining 21 units. As of December 31, 2018, the Company had executed contracts with buyers for the sale of one additional unit, for which $0.3 million is classified as held for sale condominium assets on the accompanying consolidated balance sheets and is reported at the lower of carrying value or fair value less cost to sell. As of December 31, 2018, eight units remained listed and were actively on the market, for which approximately $2.0 million is classified as condominium assets within current assets on the accompanying consolidated balance sheets.

During each of the years ended December 31, 2019 and 2018, the Company recognized approximately $0.2 million in gains on the sale of condominium assets that are included in loss on the disposal of assets on the accompanying consolidated statements of operations.

Fair Value Measurements

We follow the provisions of ASC Topic 820, "*Fair Value Measurements and Disclosures*." ASC 820 establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. See Note 9 – Fair Value Measurements for additional details.

Debt Issuance Costs

Debt issuance costs are incurred in connection with obtaining or modifying financing arrangements. These costs are capitalized at cost and are generally reported as a direct reduction from the carrying value of the debt on the accompanying consolidated balance sheets. Debt issuance costs are amortized over the term of the related indebtedness, using the effective interest method. Issuance costs related to the Company's revolver are capitalized at cost and are reflected in other assets on the accompanying consolidated balance sheets.

Total amortization expense related to debt issuance costs was approximately $1.9 million and $1.4 million for the years ended December 31, 2019 and 2018, respectively, and is included in interest expense on the accompanying consolidated statements of operations.

Intangible Assets, net

Intangible assets include $8.9 million and approximately $7.1 million for in-place leases and slip in-place leases as of December 31, 2019 and 2018, respectively, net of $7.4 million and $5.8 million of accumulated amortization as of December 31, 2019 and 2018, respectively. The value of in-place leases includes lost revenue, inclusive of market rents and expense reimbursements, which would be realized if the leases were to be replaced. The in-place leases are amortized using the straight-line method over the terms of the related leases ranging from seven to one hundred and twelve months.

Total amortization expense related to in-place leases and slip in-place leases was approximately $1.6 million and approximately $1.7 million for the years ended December 31, 2019 and 2018, respectively, and is included in depreciation and amortization expense on the accompanying consolidated statements of operations.

Goodwill

Goodwill represents the excess of costs of an acquired business over the fair value of the identifiable assets acquired less identifiable liabilities assumed. Goodwill is not amortized and is tested for impairment at least annually or more frequently if events or changes in circumstances arise. Upon formation in 2015, the Company recognized $1.9 million of goodwill related to the acquisition of IMG, which is the repository of employees for all of the marina properties. The goodwill is attributable to the intellectual capital of the IMG employees obtained.

As discussed above in Segment Information, we have one operating segment and do not have a reporting unit that exists below our operating segment. Goodwill is tested for impairment at the operating segment level. If the fair value of goodwill is lower than its carrying amount, goodwill impairment is indicated and goodwill is written down to its implied fair value. The Company performs its goodwill impairment assessment on an annual basis as of October 1st or earlier as necessary if impairment indicators are identified.

Accounting Standards Update ("ASU") 2011-08, *"Testing of Goodwill for Impairment"* allows entities testing goodwill for impairment the option of performing a qualitative assessment before calculating the fair value of a reporting unit (i.e. the first step of the goodwill impairment test). If entities determine, on the basis of qualitative factors, that the fair value of the reporting unit is more-likely-than-not greater than the carrying amount, a quantitative calculation would not be needed. Upon review of qualitative factors, the Company determined that no impairment indicators existed as of December 31, 2019 and 2018. As a result, no impairment of goodwill was recognized during the years ended December 31, 2019 or 2018.

Impairment of Long-Lived Assets

The Company reviews its investments in marina properties for impairment whenever events or changes in circumstances indicate that the carrying value of the marina properties may not be recoverable. Events or circumstances that may cause a review include, but are not limited to, adverse changes in the demand for rentals at the marinas due to declining national or local economic conditions and/or it becomes more-likely-than-not that a marina property will be sold before its previously estimated useful life expires.

When such conditions exist, the Company performs an analysis to determine if the estimated undiscounted future cash flows from operations and the proceeds from the ultimate disposition of a marina property exceed its carrying value. In estimating the undiscounted cash flows, the Company makes many assumptions and estimates, including projected cash flows, holding period, expected useful life, future capital expenditures, and fair values, which considers capitalization rates, discount rates, and comparable selling prices. If the estimated undiscounted future cash flows are less than the carrying amount of the asset, an adjustment to reduce the carrying amount to the related marina property's estimated fair value is recorded and an impairment loss would be recognized. For the years ended December 31, 2019 and 2018, no such impairment charges have been recorded.

Earn-out Liability

In connection with the acquisition of Emeryville Marina, the Company recorded an earn-out liability to Emeryville Marina, LLC, the former owner of Emeryville Marina, if certain net operating income thresholds, as defined in the related contribution agreement, through December 31, 2018 were achieved. As the Company concluded it was probable at the time of acquisition in 2015 such thresholds would be met, the liability was recorded as additional consideration upon closing the acquisition. The earn-out was presented at fair value as of the end of each reporting period and measured on a recurring basis. As of December 31,

2018, the earn-out expired after it was determined that the thresholds were not met. As a result, the earn-out liability was relieved and the Company recognized a $1.2 million gain during the year ended December 31, 2018 that is included in gain on contingent consideration on the accompanying consolidated statements of operations.

In connection with the January 2017 acquisition of the 27 condominium units located in the Duck Island Landing and Marina Way Landing condominium developments in Westbrook, CT, the Company recognized an earn-out liability. In accordance with the combination agreement, as each unit is sold, the Company is obligated to remit 92% of the net proceeds from the sale to BYYG Condos, LLC as consideration for the unit. The earn-out liability captures this obligation and is presented at fair value as of the end of each reporting period and measured on a recurring basis.

As of December 31, 2019 and 2018, the Company had an earn-out liability of $0.4 million and $2.0 million, respectively, classified as earn-out on the accompanying consolidated balance sheets related to the liability associated with the unsold (and therefore unsettled) condominium units.

During the years ended December 31, 2019 and 2018, the Company paid approximately $1.9 million and approximately $3.5 million, respectively to settle the earn-out liability associated with sold condominium units. In addition, during the years ended December 31, 2019 and 2018, the Company recognized a $0.3 million and an insignificant amount, respectively, of loss on contingent consideration on the accompanying consolidated statements of operations.

Customer Deposits

Customer deposits consist of refundable deposits related to boat rentals, cabin rentals and boat storage and slip rentals.

Revenue Recognition

Storage revenues consist of slip and storage leases. Storage revenues are typically earned on a monthly basis over the course of the terms of the lease. The majority of storage leases have annual terms and are generally billed seasonally. Storage leases are paid annually, quarterly or seasonally. Similar to storage revenues, slip rentals are generally billed seasonally and revenues are recognized as earned on a monthly basis during the slip rental season. When payment is received in advance of being earned, those amounts are classified as deferred revenue. Deferred revenues are recognized at the time the earnings process is complete. Lease revenues are typically earned on a monthly basis. The Company recognizes lease revenues on a straight-line basis when rental agreements contain material escalation clauses. Rental income, which includes boat and lodging rentals, is earned when services have been rendered. Similarly, retail, fuel, restaurant, and service revenues are earned when items are purchased or services are rendered. Revenues are recognized net of taxes collected from customers and submitted to taxing authorities.

Management fee revenue consists of approximately $3.8 million of payroll reimbursement to IMG and $0.7 million in management fees paid from third party managed marinas for the year ended December 31, 2019 and approximately $3.5 million of payroll reimbursement to IMG and $0.7 million in management fees paid from third party managed marinas for the year ended December 31, 2018. The expense related to payroll reimbursements of the same amount is included in cost of management fee on the accompanying consolidated statements of operations. Management fee revenue is earned when payroll expenses are incurred and management services are rendered.

Other revenue includes expense reimbursements received from marina tenants, environmental impact fees, boat brokerage commissions, parking income and income earned from providing ancillary services and/or fees related to marina activities, such as pumpouts, hurricane haul out, common area maintenance, deck building, launch permit fees, hoist rentals and installations. In addition, customer late fees, chain fees and forfeited customer deposits are included in other revenue as these are recurring revenues associated with operations. Other revenue is earned when services are rendered or fees are earned. The Company recognized approximately $5.0 million and $4.1 million of utilities and property tax expense reimbursements

during the years ended December 31, 2019 and 2018, respectively. The Company recognized approximately $2.0 million and approximately $1.4 million of environmental impact fee reimbursements during the years ended December 31, 2019 and 2018, respectively. The Company employs yacht brokers at three of its marina properties. The Company recognized approximately $0.4 million and $0.2 million in commissions from boat sales during the years ended December 31, 2019 and 2018, respectively. The Company earns parking income at six of its marina properties by allowing non-marina customers to park on the premises or by charging for preferred assigned parking. The Company recognized approximately $0.7 million and approximately $0.3 million in parking income during the years ended December 31, 2019 and 2018, respectively. The Company recognized $4.4 million and $3.3 million in ancillary revenues during the years ended December 31, 2019 and 2018, respectively. The Company recognized approximately $0.5 million and approximately $0.6 million in late fee and forfeiture revenues during the years ended December 31, 2019 and 2018, respectively. Utilities reimbursements, environmental impact fees, brokerage commissions, parking income, ancillary revenues and late fee and forfeiture revenues are presented gross in other revenue on the accompanying consolidated statements of operations.

Operating Expenses

Operating expenses include expenses primarily related to providing rental services, operating retail, restaurants and fueling stations located on the marina properties and maintenance services.

Cost of rentals

Cost of rentals is expensed as incurred and includes costs such as laundry and linen, maintenance, rental boat fuel, and guest amenities.

Cost of retail, fuel and restaurants

Retail related items such as merchandise used in the Company's ship stores, gasoline and diesel fuel, and food and beverage products are included in merchandise inventories and expensed as the merchandise is sold. Costs associated with operating restaurants are expensed as incurred.

Cost of service

Boat parts used in the Company's service centers are included in merchandise inventories and expensed as the merchandise is sold. Labor is expensed as incurred.

Cost of management fees

The Company incurred approximately $3.9 million and $3.5 million of payroll expense related to 3rd party management for which IMG received reimbursements during the years ended December 31, 2019 and 2018, respectively. The reimbursements are recorded gross and are presented in management fee revenue on the accompanying consolidated statements of operations. The expenses are recorded gross and are included in cost of management fee on the accompanying consolidated statements of operations.

Selling, general and administrative expenses ("SG&A")

The Company's selling expenses include advertising and promotional costs associated with marketing and selling to new customers and efforts to retain customers. General and administrative ("G&A") expenses include payroll for support functions including executive leadership, certain marina operations, mergers and acquisitions, finance, accounting, human resources, information technology, and legal services. In addition to the support functions, G&A also includes lease expense, property tax expense, property insurance expense, utilities expense and repair and maintenance expenses. SG&A expenses are recognized as incurred.

Advertising and promotion costs

Advertising, marketing and promotion costs are expensed as incurred and are included in SG&A expenses on the accompanying consolidated statements of operations. Advertising and marketing costs were approximately $1.6 million and $1.5 million during the years ended December 31, 2019 and 2018, respectively.

Other income, net

Other income, net is recognized when earned. Other income, net primarily consists of income earned from non-marina operations such as rebates earned from utilizing company credit cards and volume purchase discounts.

Income Taxes

The Company is considered a partnership for federal income tax purposes. Under current law, no federal income taxes are payable directly by the Company. The members of the Company are responsible for taxes on their respective shares of the Company's net income or loss. The Company is subject to income tax in certain state and local jurisdictions. The impact of state and local taxes is $ 0.4 million and $0.1 million for the years ended December 31, 2019 and 2018, respectively, and is included in SG&A on the accompanying consolidated statements of operations.

Certain transactions of the Company may be subject to accounting methods for income tax purposes which differ from the accounting methods used in preparing these financial statements. Accordingly, the net income or loss of the Company and the resulting balances in members' capital accounts reported for income tax purposes may differ from the balances reported for those same items on the accompanying consolidated financial statements.

There are certain differences between the tax basis and carrying values of the assets of the Company, predominantly related to real property and personal property located at marinas. The Company has made the election provided by section 754 of the Internal Revenue Code to adjust the tax basis of the Company's assets with respect to purchases of equity interests in the Company to conform to the price paid by the purchaser. This election has the effect of conforming the inside basis of Company assets to the outside basis of the interests in the Company for purchasers of membership interests.

The Company's tax returns are subject to examination by taxing authorities. The tax laws, rules, and regulations governing these returns are subject to varying interpretation. As a result, the amounts reported in tax returns could be changed upon final determination by taxing authorities. The statute of limitations for examination for the Company's major tax jurisdictions remains open for the years ended December 31, 2019 and 2018.

ASC Topic 740-10, "*Income Taxes – Overall*," requires the evaluation of uncertain tax positions to determine whether they meet the minimum recognition threshold based on the technical merits of the position. The Company makes a determination as to whether it is "more likely than not" that a tax position taken, based on its technical merits, will be sustained upon examination, including resolution of any appeals and litigation process. If the "more likely than not" threshold is met, the Company measures the related tax position to determine the amount of provision or benefit, if any, to recognize in the financial statements. If applicable, the Company classifies interest and penalties related to underpayment of income taxes as income tax expense. No income tax examinations are currently in process. There are insignificant amounts related to interest and penalties for the years ended December 31, 2019 and 2018, and management has determined that no material unrecognized tax benefits or liabilities exist as of December 31, 2019 and 2018.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash, accounts receivable and insurance proceeds receivables. Concentration of credit risk with respect to accounts receivable is limited due to the wide variety of customers to which the Company's services are sold, as well as the dispersion of customers across many geographic areas. In addition, our credit risk is minimized with respect to our accounts receivable due to having the boats onsite as collateral. If amounts fall significantly past-due, we have the right to transfer ownership of the boat and sell it to eliminate or reduce outstanding receivables. Cash is placed with reputable institutions, and the balances may at times exceed federally insured deposit levels; however, the Company has not experienced any losses in such accounts. Concentration of credit risk with respect to insurance receivables is limited due to the coverage by an insurance syndicate (i.e. multiple carriers that provide coverage to the Company). Since the syndicate spreads the risks between carriers, the risk that our carriers would fail is de minimus.

Concentration of Market Risk

The Company has revenue concentrations of marinas in Rhode Island (13.77%), Connecticut (13.25%), and Florida (12.83%). While the marinas may have a high concentration of revenues by state, the Company does not have a high concentration of customers. The Company believes that its large number of boaters and diversity in the rest of its portfolio mitigates the concentration of market risk**.**

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred subsequent to year end may have a negative impact on the Company's financial position and results of operations, which could include an increase in the allowance for bad debt and the associated write-offs and a decrease in sales. The extent of the impact to the Company's financial performance will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If these conditions exist for an extended period, the Company's financial position and results of operations may be adversely affected.

Recently Adopted Accounting Pronouncements

Effective January 1, 2018, the Company adopted ASC 606 *"Revenue from Contracts with Customers,"* including the following ASUs using the modified transition method.

In August 2015, the FASB issued ASU 2015-14, *"Revenue from Contracts with Customers – Deferral of the Effective Date"* which deferred the effective date of ASU 2014-09 by one year. ASU 2014-09, *"Revenue from Contracts with Customers,"* outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. ASU 2014-09 outlines a five-step process for revenue recognition that focuses on transfer of control, as opposed to transfer of risk and rewards, and also requires enhanced disclosures regarding the nature, amount, timing and uncertainty of revenues and cash flows from contracts with customers. Major provisions include determining which goods and services are distinct and require separate accounting, how variable consideration is recognized, whether revenue should be recognized at a point in time or over time and ensuring the time value of money is considered in the transaction price. ASU 2014-09 was effective for public entities with fiscal periods beginning after December 15, 2017 and is effective for all other entities with fiscal periods beginning after December 15, 2018 with early adoption permitted. The Company adopted ASU 2014-09 on January 1, 2018 and used the modified transition method. During review of the applicable ASC 606, *"Revenue Recognition,"* revenue streams, the Company did not identify any items necessary to record a transition adjustment to retained earnings as of the adoption date. However, the Company identified additional required disclosures associated with its management fee revenue as disclosed in the table below.

In accordance with ASC 606, the table below details the management fees from contracts with customers (in thousands):

Managed Property	Right to Renew	Term Ends	Related Party Transaction	Management Fees Collected in 2019	Management Fees Collected in 2018
Freeport Marina		Feb 2018		$ —	$ 20
Harborage Marina	X	Dec 2019	X	185	171
Halifax Harbor		Aug 2019		36	75
Highport Marina	X	Nov 2022	X	32	—
Scott's Landing	X	Dec 2019	X	153	143
Silver Lake Marina	X	Dec 2019	X	131	125
Twin Coves Marina	X	Dec 2019	X	66	60
Pineland Marina	X	Apr 2021		110	119

The Company's management contract with Halifax Harbor ended during the year ended December 31, 2019. Subsequent to December 31, 2019, the Company's management contract with Scott's Landing, Silver Lake Marina, Twin Coves Marina and Harborage Marina automatically renewed for one additional year.

The Company's management contract with Freeport Marina ended during the year ended December 31, 2018.

In March 2016, the FASB issued ASU 2016-08, "*Principal versus Agent Considerations (Reporting Revenue Gross versus Net)*" which clarifies the principal versus agent guidance in ASU 2014-09. ASU 2016-08 clarifies how an entity should identify the unit of accounting for the principal versus agent evaluation and how it should apply the control principle to certain types of arrangements, such as service transactions. ASU 2016-08 also reframes the indicators to focus on evidence that an entity is acting as a principal rather than as an agent.

In April 2016, the FASB issued ASU 2016-10, "*Identifying Performance Obligations and Licensing*," which amends certain aspects in ASU 2014-09. ASU 2016-10 amends how an entity should identify performance obligations for immaterial promised goods or service, shipping and handling activities and promises that may represent performance obligations. ASU 2016-10 also provides implementation guidance for determining the nature of licensing and royalties arrangements.

In May 2016, the FASB issued ASU 2016-12, *"Narrow-Scope Improvements and Practical Expedients,"* which clarifies certain aspects of ASU 2014-09 including the assessment of collectability, presentation of sales taxes, treatment of noncash consideration, and accounting for completed contracts and contract modifications at transition.

In December 2016, the FASB issued ASU 2016-20, *"Technical Corrections and Improvements to Topic 606, Revenue from Contracts with Customers,"* which allows an entity to determine the provision for loss contracts at either the contract level or the performance obligation level as an accounting policy election.

Neither the adoption of ASC 606 nor the adoption of the associated ASUs discussed above, impacted the Company's financial position or results of operations. However, the Company identified additional required footnote disclosures.

In August 2016, the FASB issued ASU 2016-15, "*Classification of Certain Cash Receipts and Cash Payments*." ASU 2016- 15 is intended to reduce the diversity in practice around how certain transactions are classified within the consolidated statement of cash flows. ASU 2016-15 is effective for annual reporting periods beginning after December 15, 2018. The Company elected to early adopt ASU 2016-15. The adoption of ASU 2016-15 did not have an impact on the Company's consolidated statements of cash flows.

In November 2016, the FASB issued ASU 2016-18, "*Restricted Cash.*" ASU 2016-18 is intended to reduce the diversity in practice around how restricted cash is classified within the statement of cash flows. ASU 2016-18 is effective for annual reporting periods beginning after December 15, 2018. The Company elected to early adopt ASU 2016-18. The adoption of ASU 2016-18 requires the Company to reconcile its cash flows to cash and restricted cash. Restricted cash is no longer separately disclosed.

In January 2017, the FASB issued ASU 2017-01, "*Clarifying the Definition of a Business*," which narrows the definition of a business. ASU 2017-01 is effective for annual reporting periods beginning after December 15, 2018. Under the new guidance, acquisitions of a property with an in-place lease generally will no longer be accounted for as an acquisition of a business, but instead as an asset acquisition, meaning the transaction costs of these acquisitions will now be capitalized instead of expensed. Further, dispositions of properties generally no longer qualify as a disposition of a business and therefore will not be allocated goodwill. Effective January 1, 2018, the Company adopted ASU 2017-01. The adoption of ASU 2017-01 had a material impact to the Company's financial position or results of operations. The Company concluded that many of its acquisitions during the year did not qualify as business combinations. The future impact of ASU 2017-01 on the Company's consolidated financial statements will depend on the significance and nature of future acquisitions. As a result, approximately $ 2.3 million and $1.2 million of direct transaction costs were capitalized during the years ended December 31, 2019 and 2018, respectively. See Note 3 – Acquisitions for the additional information.

In May 2017, the FASB issued ASU 2017-09, " *Compensation—Stock Compensation: Scope of Modification Accounting*," which aims to (i) provide clarity, (ii) reduce diversity in practice, and (iii) reduce the cost and complexity of applying Topic 718 Compensation-Stock Compensation. ASU 2017-09 is effective for annual periods, and interim periods within those annual periods, beginning after December 15, 2017. Early adoption is permitted, including adoption in any interim period, for nonpublic entities for reporting periods for which financial statements have not yet been made available for issuance. Effective January 1, 2018, the Company adopted ASU 2017-09. The adoption of ASU 2017-09 did not have a material impact to the Company's financial position or results of operations.

In June 2018, the FASB issued ASU 2018-07, "*Compensation – Stock Compensation (Topic 718): Improvements to Nonemployee Share-Based Payment Accounting*," which simplifies accounting for nonemployee share-based payments by expanding the scope of ASC 718 to include share-based payments granted to nonemployees in exchange for goods or services used or consumed in an entity's own operations and supersedes the guidance in ASC 505-50, "*Equity: Equity-Based Payments to Non-Employees."* ASU 2018-07 aligns much of the guidance on measuring and classifying nonemployee awards with that of awards to employees. ASU 2018-07 is effective for fiscal years beginning after December 15, 2018 with early adoption permitted but no earlier than the adoption of ASU 2014-09. Effective January 1, 2019, the Company adopted ASU 2018-07. The adoption of ASU 2018-07 did not have a material impact on the Company's financial position, results of operations or cash flows.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "*Leases: Amendments to the FASB Accounting Standards Codification*," which amends the guidance on accounting for leases under ASC 842, *"Leases."* ASC 842 was further clarified and amended within ASU 2017-13 *"Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842),"* ASU 2018-01, "*Leases: Land Easement Practical Expedient for Transition to Topic 842*," ASU 2018-10, *"Codification Improvements to Topic 842, Leases,"* ASU 2018-11, *"Leases (Topic 842): Targeted Improvements,"* ASU-2018-20, *"Leases (Topic 842): Narrow-Scope Improvements for Lessors,"* and ASU 2019-01, *"Leases (Topic 842): Codification Improvements."* ASC 842 and these ASUs ("ASC 842") require the recognition of right-of-use assets and lease liabilities on the balance sheet for leases with terms greater than twelve months or leases that contain a purchase option that is reasonably certain to be exercised. Lessees will classify leases as either finance or operating leases. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. Lessors' accounting for leases will remain substantially unchanged. Lessors will still classify leases as operating, sales-type or finance type leases. The distinction between sales-type and direct financing leases has changed. Before the adoption of ASC 842, the test was to determine whether the fair value of the leased asset was different from the lessor's cost or carrying amount (if so, the lease is a sales-type lease); in ASC 842, any lessor lease that meets the lessee finance lease tests (based on rents and guaranteed residuals due from the lessee) is a sales-type lease; direct financing treatment applies if the lease is capital only because a third-party residual guarantee causes the present value test to be met. The primary difference in accounting between a sales-type lease and a direct financing lease is that profit for a sales- type lease is recognized at inception, while profit for a direct financing lease is recognized over the life of the lease. Leveraged leasing is discontinued, though leveraged leases entered into before the effective date of ASC 842 can continue to be accounted for under ASC 840 unless they are modified. ASC 842 was originally effective for annual reporting periods beginning after December 15, 2019 but was recently delayed until January 1, 2021. Early adoption is permitted. Management is currently evaluating the impact of adopting ASC 842 on the Company's financial position and results of operations.

In June 2016, the FASB issued ASU 2016-13, *"Measurement of Credit Losses on Financial Instruments."* ASU 2016-13 replaces the incurred loss impairment methodology associated with credit losses on financial instruments with a methodology that reflects expected credit losses and allows for the consideration of a broader range of reasonable and supportable information to determine credit loss estimates thus providing the users of financial statements with more decision-useful information. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted but not earlier than fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of adopting ASU 2016-13 on the Company's financial position and results of operations.

In January 2017, the FASB issued ASU 2017-04, "*Simplifying the Test for Goodwill Impairment*." ASU 2017-04 simplifies the measurement of goodwill impairment by removing the second step of the goodwill impairment test, which requires the determination of the fair value of individual assets and liabilities of a reporting unit. Under ASU 2017-04, goodwill impairment is to be measured as the amount by which a reporting unit's carrying value exceeds its fair value with the loss recognized not to exceed the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted for interim or annual goodwill impairment tests performed after January 1, 2017. The standard is to be applied on a prospective basis. Management is currently evaluating the impact of adopting ASU 2017-04 and does not anticipate a material impact to the consolidated financial statements once implemented.

In August 2018, the FASB issued ASU 2018-13, *"Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,"* which amends ASC 820 to add, remove and modify certain disclosure requirements for fair value measurements and is effective for all entities for fiscal years beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this ASU. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. The Company does not expect the adoption of ASU 2018-13 to have any impact on the Company's financial position and results of operations but may require changes to the Company's financial statement disclosures.

3. Acquisitions

Upon the acquisition of marina properties, the fair value of the marinas purchased is allocated to the acquired tangible assets (consisting of land, buildings, dock improvements, site improvements, and FF&E), and identifiable intangible assets and liabilities (consisting of goodwill, in-place leases, above-market and below-market leases). The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The following methods and assumptions are used to estimate the fair value of each class of asset acquired and liability assumed:

- Land: Market approach based on similar, but not identical, transactions in the market. Adjustments to comparable sales are based on both quantitative and qualitative data.
- Depreciable property: Cost approach based on market comparable data to replace, adjusted for local variations, inflation and other factors.
- In-place leases: Lease in place values are associated with all in-place leases. The value of the in-place leases includes lost revenue, inclusive of market rents and expense reimbursements, which would be realized if the leases were to be replaced.
- Goodwill: Represents the excess of costs of an acquired business over the fair value of the identifiable assets acquired, less identifiable liabilities assumed.
- Above-market and below-market leases: Lease values are recorded based on the present value of the difference between the contractual amounts to be paid pursuant to the leases and the Company's estimate of fair market lease rates for the corresponding leases, measured over a period equal to the remaining non-cancelable term of the lease, including any renewal periods where the Company believes the renewal of the lease is probable.

The Company adopted ASU 2017-01 effective January 1, 2018. The Company applied the guidance while determining the appropriate accounting treatment for following acquisitions consummated during the years ended December 31, 2019 and 2018.

In accordance with ASU 2017-01, the Company must determine whether its marina acquisitions should be accounted for as an asset purchase or a business combination. ASU 2017-01 is a sub-topic of ASC 805. The guidance requires an entity to first evaluate whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets (the "screen test"). The term "substantially all" is intended to be applied consistently with how it is used in other areas of US GAAP (e.g., ASC 606 or ASC 842). Entities will need to apply judgment to determine what is considered "substantially all" because the standard does not provide a bright line for making this assessment. Consistent with ASC 606 and ASC 842 the "substantially all" criteria may be interpreted as at least 90%.

If that threshold is met, the acquisition is not considered a business. If the acquisition is not a business, the transaction is accounted for as an asset purchase instead of a business combination. Acquisitions accounted for as an asset acquisition require the transaction costs of these acquisitions to be capitalized instead of expensed. Transaction costs include closing costs and direct costs of the transaction, such as costs for services of lawyers and other third parties providing services such as surveys, appraisals, quality of earnings reviews, engineering investigations or finder's fees.

The Company performed the required screen test and concluded that all of its 2019 acquisitions and many of its 2018 acquisitions met the screen test, as substantially all of the fair value of the acquired gross assets were concentrated in a group of similar identifiable assets, and did not meet the definition of a business. Therefore, they are accounted for as an asset purchase. The appropriate accounting treatment and conclusion is included in the details of the Company's acquisitions below.

Old Port Cove Portfolio ("OPC")

On February 28, 2018, the Company acquired a portfolio of 3 marinas, one restaurant and bar and one commercial building from Old Port Cove Equities, Inc. and Old Port Cove Holdings, Inc. for total consideration of approximately $64.1 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of OPC was a business and should be accounted for a business combination. In accordance with ASC 805, approximately $1.3 million of direct costs of the transaction associated with this acquisition were expensed. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique. Cash, accounts receivable, prepaid expenses, accounts payable, accrued liabilities, customer deposits and deferred revenue are short-term in nature and approximate fair value.

The following table summarizes the preliminary fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$43,844
Building	5,699
Site Improvements	1,374
Dock Improvements	12,580
Furniture, Fixtures, and Equipment	270
Inventories	151
Intangibles	1,233
Petty Cash/Cash Drawers	12
Accounts Receivable	1,168
Prepaid Expenses	104
Accounts Payable and Accrued Liabilities	(622)
Customer Deposits	(57)
Deferred Revenues	(1,649)
Total	$64,107

The following table summarizes the amounts of revenue and net income of OPC from the acquisition date through December 31, 2018 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$13,252
Net Income	3,130

The initial accounting for assets acquired and liabilities assumed in connection with the OPC acquisition was finalized during the year ended December 31, 2019 and required no changes.

Zahniser's Yachting Center ("Zahniser's")

On March 7, 2018, the Company acquired Zahniser's from the Albert Wright Zahniser III Trust and the Ellen Waugaman Zahniser Trust for total consideration of approximately $4.3 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Zahniser's was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$1,772
Building	1,135
Site Improvements	278
Dock Improvements	825
Furniture, Fixtures, and Equipment	369
Inventories	147
Intangibles	84
Working Capital (Deficit)	(314)
Total	$4,296

The following table summarizes the amounts of revenue and net income for Zahniser's from the acquisition date through December 31, 2018 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$3,372
Net Income	70

Jefferson Beach Marina and Toledo Beach Marina ("Jefferson Beach and Toledo Beach")

On June 13, 2018, the Company acquired Jefferson Beach and Toledo Beach from Littoral Associates LLC and TBM Associates LLC for total consideration of $30.1 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Jefferson Beach and Toledo Beach was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.4 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 9,911
Building	9,421
Site Improvements	1,380
Dock Improvements	9,990
Furniture, Fixtures, and Equipment	655
Inventories	240
Intangibles	355
Working Capital (Deficit)	(1,804)
Total	$30,148

The following table summarizes the amounts of revenue and net income for Jefferson Beach and Toledo Beach from the acquisition date through December 31, 2018 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$5,368
Net Income	44

Belle Maer Harbor ("Belle Maer")

On October 9, 2018, the Company acquired Belle Maer from the Belle Maer Associates Limited Partnership for total consideration of approximately $11.1 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Belle Maer was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.2 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 4,792
Building	1,579
Site Improvements	347
Dock Improvements	3,641
Furniture, Fixtures, and Equipment	99
Intangibles	136
Notes Receivable	717
Working Capital (Deficit)	(212)
Total	$11,099

The following table summarizes the amounts of revenue and net income for Belle Maer from the acquisition date through December 31, 2018 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$866
Net Income	304

Charleston Portfolio ("Charleston")

On October 15, 2018, the Company acquired 3 marinas and a fuel dock with slips from various subsidiaries of The Beach Company for total consideration of $ 44.9 million including the issuance of 166,667 Safe Harbor Class A Units valued at approximately $6.3 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Charleston was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.5 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 4,037
Building	3,004
Site Improvements	1,806
Dock Improvements	29,473
Furniture, Fixtures, and Equipment	6,588
Inventories	280
Intangibles	354
Working Capital (Deficit)	(641)
Total	$44,901

The following table summarizes the amounts of revenue and net income for the Charleston Portfolio since the acquisition date through December 31, 2018 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$4,186
Net Income	196

Westport Marina ("Westport")

On February 19, 2019, the Company acquired Westport from Hobbs Marina Properties, LLC and Hobbs Westport Marina, LLC for total consideration of $8.3 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Westport was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$2,151
Building	3,817
Site Improvements	658
Dock Improvements	857
Furniture, Fixtures, and Equipment	1,013
Inventories	46
Working Capital (Deficit)	(222)
Total	$8,320

The following table summarizes the amounts of revenue and net income for Westport from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$2,893
Net Income	321

Regatta Pointe Marina ("Regatta Pointe")

On February 28, 2019, the Company acquired Regatta Pointe from Regatta Pointe Investments, LLC and Van Der Noord Partners, LLP for total consideration of approximately $13.6 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Regatta Pointe was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.2 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Building	$ 8,900
Site Improvements	382
Dock Improvements	4,171
Furniture, Fixtures, and Equipment	41
Inventories	13
Intangibles	275
Working Capital (Deficit)	(219)
Total	$13,563

The following table summarizes the amounts of revenue and net income for Regatta Pointe from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$2,838
Net Income	508

One Particular Harbor renamed Pier 77 Marina ("Pier 77")

On March 25, 2019, the Company acquired Pier 77 from Minto Marina, LLC for total consideration of $7.1 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Pier 77 was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$2,190
Building	2,164
Site Improvements	158
Dock Improvements	2,442
Furniture, Fixtures, and Equipment	487
Inventories	14
Intangibles	28
Working Capital (Deficit)	(348)
Total	$7,135

The following table summarizes the amounts of revenue and net loss for Pier 77 from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$851
Net Loss	(35)

New England Boatworks ("NEB")

On May 7, 2019, the Company acquired NEB from the TDS Realty, LLC for total consideration of $40.2 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of NEB was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.3 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$22,390
Building	3,935
Site Improvements	2,297
Dock Improvements	8,927
Furniture, Fixtures, and Equipment	2,873
Inventories	700
Intangibles	290
Working Capital (Deficit)	(1,194)
Total	$40,218

The following table summarizes the amounts of revenue and net income for NEB from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$11,272
Net Income	1,219

Chesapeake Yachting Center renamed Carroll Island Marina ("Carroll Island")

On July 8, 2019, the Company acquired Carroll Island from Chesapeake Yachting Center, Inc. for total consideration of approximately $3.8 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Carroll Island was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$1,709
Building	722
Site Improvements	424
Dock Improvements	830
Furniture, Fixtures, and Equipment	381
Inventories	16
Intangibles	37
Working Capital (Deficit)	(327)
Total	$3,792

The following table summarizes the amounts of revenue and net income for Carroll Island from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$739
Net Income	15

Skull Creek Marina ("Skull Creek")

On July 29, 2019, the Company acquired Skull Creek from SCM Partners, LLC for total consideration of $4.2 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of

Skull Creek was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 988
Building	153
Site Improvements	108
Dock Improvements	3,031
Furniture, Fixtures, and Equipment	8
Inventories	6
Intangibles	47
Working Capital (Deficit)	(141)
Total	$4,200

The following table summarizes the amounts of revenue and net income for Skull Creek from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$524
Net Income	76

Beaufort Downtown Marina ("Beaufort")

Effective August 1, 2019, the Company entered into a lease with the City of Beaufort, South Carolina to assume the operations, including entitlement to the revenues, in exchange for variable lease payments and a guaranty to provide leasehold improvements at the city's marina. See Note 10 Commitments and Contingencies for additional information about the terms of the lease. In connection with the lease, the Company acquired certain furniture, fixtures and equipment from the previous operator, Griffin Enterprises for total consideration of $16.8 thousand.

The following table summarizes the amounts of revenue and net income for Skull Creek from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$443
Net Income	37

Port Royal Landing Marina ("Port Royal")

On August 19, 2019, the Company acquired Port Royal from Port Royal Landing Marina, Inc. for total consideration of approximately $2.2 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Port Royal was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$1,033
Building	195
Site Improvements	57
Dock Improvements	932
Furniture, Fixtures, and Equipment	10
Inventories	22
Intangibles	21
Working Capital (Deficit)	(112)
Total	$2,158

The following table summarizes the amounts of revenue and net income for Port Royal from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$343
Net Income	1

South Harbour Village Marina ("South Harbour")

On September 30, 2019, the Company acquired South Harbour from South Harbour Village Associates, LLC, Wilmington Holding Corp, Tanlex Corp, Point Associates, LLC, and Linda L. Cronin, Trustee of several Cronin family trusts for total consideration of approximately $4.1 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of South Harbour was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 667
Building	83
Site Improvements	365
Dock Improvements	2,916
Furniture, Fixtures, and Equipment	15
Inventories	7
Intangibles	60
Working Capital (Deficit)	(15)
Total	$4,098

The following table summarizes the amounts of revenue and net income for South Harbour from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$303
Net Income	1

Newport Shipyard ("Newport Shipyard")

On October 1, 2019, the Company acquired Newport Shipyard from American Shipyard Co., LLC, and ASC Realty Co., LLC for total consideration of approximately $70.6 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Newport Shipyard was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.2 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$17,157
Building	10,903
Site Improvements	10,851
Dock Improvements	18,701
Furniture, Fixtures, and Equipment	12,347
Inventories	231
Intangibles	367
Working Capital	40
Total	$70,597

The following table summarizes the amounts of revenue and net income for Newport Shipyard from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$4,358
Net Income	342

South Fork Marina ("South Fork")

On October 8, 2019, the Company through SFJV acquired land in Fort Lauderdale, FL from Pier 17 Investments 2014, LLC for total consideration of $8.4 million, of which approximately $4.3 million was contributed by the non-controlling member. South Fork is not an operational marina as SFJV will construct the marina assets over the next two years. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of the land was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $10.1 thousand of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land Under Development	$8,404
Working Capital Deficit	(68)
Total	$8,336

The following table summarizes the amount of net loss for South Fork from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Net Loss Attributable to Safe Harbor	$(13)
Net Loss Attributable Non-Controlling Interest	(12)

Gaines Marina ("Gaines")

On October 15, 2019, the Company acquired Gaines from Gaines Marina, Inc., CMS Marine Storage, LLC, and CMS Marina, LLC for total consideration of approximately $5.4 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Gaines was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 667
Building	1,949
Site Improvements	612
Dock Improvements	2,065
Furniture, Fixtures, and Equipment	242
Inventories	14
Intangibles	67
Working Capital Deficit	(244)
Total	$5,372

The following table summarizes the amounts of revenue and net loss for Gaines from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$ 169
Net Loss	(217)

Willsboro Bay Marina ("Willsboro Bay")

On October 15, 2019, the Company acquired Willsboro Bay from Willsboro Bay Marina Inc. for total consideration of approximately $7.0 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Willsboro Bay was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 285
Building	1,017
Site Improvements	2,990
Dock Improvements	2,253
Furniture, Fixtures, and Equipment	495
Inventories	11
Intangibles	56
Working Capital Deficit	(157)
Total	$6,950

The following table summarizes the amounts of revenue and net loss for Willsboro Bay from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$ 67
Net Loss	(426)

Shelburne Shipyard ("Shelburne")

On October 28, 2019, the Company acquired Shelburne from Shelburne Shipyard, Inc. for total consideration of $4.0 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Shelburne was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$2,456
Building	604
Site Improvements	399
Dock Improvements	456
Furniture, Fixtures, and Equipment	99
Inventories	83
Intangibles	30
Working Capital Deficit	(102)
Total	$4,025

The following table summarizes the amounts of revenue and net income for Shelburne from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$419
Net Income	31

Hideaway Bay Marina ("Hideaway Bay")

On November 5, 2019, the Company acquired Hideaway Bay from Hideaway Bay Marina, Inc. for total consideration of approximately $23.1 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Hideaway Bay was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Building	$ 563
Site Improvements	2,594
Dock Improvements	20,643
Furniture, Fixtures, and Equipment	73
Inventories	18
Intangibles	251
Working Capital Deficit	(1,073)
Total	$23,069

The following table summarizes the amounts of revenue and net income for Hideaway Bay from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$486
Net Income	190

Haverstraw Marina ("Haverstraw")

On November 18, 2019, the Company acquired Haverstraw from Haverstraw Marina Corporation, Inc. for total consideration of approximately $5.8 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Haverstraw was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Building	$ 1,058
Site Improvements	1,324
Dock Improvements	3,630
Furniture, Fixtures, and Equipment	568
Inventories	31
Intangibles	201
Working Capital Deficit	(1,014)
Total	$ 5,798

The following table summarizes the amounts of revenue and net loss for Haverstraw from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$ 195
Net Loss	(283)

Pirate Cove Marina renamed Island Park Marina ("Island Park")

On December 6, 2019, the Company acquired Island Park from Pirate Cove Marina, Inc. for total consideration of $4.5 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Island Park was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$1,792
Building	384
Site Improvements	277
Dock Improvements	2,105
Furniture, Fixtures, and Equipment	89
Inventories	9
Intangibles	41
Working Capital Deficit	(186)
Total	$4,511

Island Park is adjacent to Sakonnet Marina ("Sakonnet") and has been integrated with Sakonnet's operations. As a result, the revenues and operating expenses are reported as part of Sakonnet and are not available on a stand alone basis.

Siesta Key Marina ("Siesta Key")

On December 9, 2019, the Company acquired Siesta Key from SK Marina, LLC and MADD Marine Holdings, LLC for total consideration of approximately $7.9 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Siesta Key was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$3,094
Building	937
Site Improvements	263
Dock Improvements	1,679
Furniture, Fixtures, and Equipment	1,963
Inventories	29
Working Capital Deficit	(74)
Total	$7,891

The following table summarizes the amounts of revenue and net income for Siesta Key from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$119
Net Income	38

Sunset Bay Marina ("Sunset Bay")

On December 11, 2019, the Company acquired Sunset Bay from Investment Property Exchange Services, Inc. as Qualified Intermediary for Sunset Bay Marina, LLC and Investment Property Exchange Services, Inc. as Qualified Intermediary for Sunset Bay Marina I, LLC for total consideration of $7.8 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Sunset Bay was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$1,046
Building	1,106
Site Improvements	39
Dock Improvements	5,842
Furniture, Fixtures, and Equipment	230
Inventories	5
Intangibles	66
Working Capital Deficit	(511)
Total	$7,823

The following table summarizes the amounts of revenue and net loss for Sunset Bay from the acquisition date through December 31, 2019 that are included in the accompanying consolidated statements of operations (in thousands):

Revenues	$25
Net Loss	(5)

ASC 805 requires the disclosure of certain supplemental pro forma financial information as if the business combinations that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period if practicable to do so as defined by ASC Topic 250 *"Accounting Changes and Error Corrections."* It is impracticable for the Company to make these disclosures as the pre-acquisition financial information available to us was not prepared in accordance with GAAP and the additional information needed to adjust the financial data accurately is not available.

The Company incurred transaction costs that were not eligible to be capitalized of $1.9 million and approximately $2.9 million during the years ended December 31, 2019 and 2018, respectively.

4. Property and Equipment

Property and equipment acquired and invested in marina properties consisted of the following (in thousands):

	December 31, 2019	December 31, 2018
Construction in Progress	$ 29,620	$ 15,751
Land	243,859	186,234
Land Under Development	8,404	—
Buildings	192,045	148,521
Dock Improvements	344,095	277,130
Site Improvements	172,006	115,026
Furniture, Fixtures and Equipment	71,514	43,286
Software	2,830	692
Digital Assets	401	—
Leasehold Improvements	238	209
	1,065,012	786,849
Less Accumulated Depreciation	(113,587)	(73,236)
Total property and equipment, net	$ 951,425	$ 713,613

Property and equipment acquired and invested in marina properties serves as collateral for the Credit Facility discussed in Note 7.

During the years ended December 31, 2019 and 2018, the Company recognized depreciation expense of approximately $41.1 million and approximately $31.7 million, respectively, which is included in depreciation and amortization expense on the accompanying consolidated statements of operations.

Construction in progress includes purchases of equipment and renovations at the marina properties, which are expected to be completed at various dates throughout 2020.

5. Prepaid Expenses

A summary of prepaid expenses are as follows (in thousands):

	December 31, 2019	December 31, 2018
Prepaid Taxes	$ 2,185	$ 1,038
Prepaid Insurance	1,301	1,234
Prepaid Lease Expense	304	262
Prepaid Utility Deposits	—	82
Prepaid Other	3,703	950
Total prepaid expenses	$ 7,493	$ 3,566

6. Accounts Payable and Accrued Expenses

A summary of accounts payable and accrued expenses is as follows (in thousands):

	December 31, 2019	December 31, 2018
Accrued Payroll and Employee Benefits	$ 7,640	$ 6,028
Accrued Accounts Payable	6,256	5,062
Accounts Payable	1,549	3,772
Accrued Preferred Distributions	1,635	1,635
Accrued Lease Payable	1,300	632
Other Accrued Taxes	710	486
Accrued Property Taxes	471	577
Accrued Interest	4	800
Accrued Insurance	419	674
Accrued Liabilities	508	539
Total accounts payable and accrued expenses	$ 20,492	$ 20,205

7. Debt

As of January 1, 2018, approximately $258.1 million, $4.1 million and $24.2 million was outstanding under the Company's senior credit agreement, as amended ("Original Credit Facility") and its associated revolving line of credit ("Original Revolver") and certain mortgage loans respectively, net of $4.2 million of debt issuance costs. In addition, the Company had $2.0 million of letters of credit pledged against the Original Revolver.

During the year ended December 31, 2018, the Company repaid approximately $0.2 million of the principal balance on its borrowings under the Original Credit Facility.

On August 16, 2018, the Company drew approximately $28.9 million on the Original Revolver. The proceeds were used to repay certain mortgage loans associated with Grand Isle Marina, Burnt Store Marina and Cape Harbour Marina in full on August 27, 2018. $0.2 million of unamortized deferred debt issuance costs on the mortgage loans were extinguished.

On September 14, 2018, the Company entered into a new senior credit agreement ("New Credit Facility") with maximum borrowings available of approximately $700.0 million. Included in the maximum borrowing capacity was a $350.0 term loan and a $350.0 million revolver component ("New Revolver") that can be used for future acquisitions, working capital or letters of credit. The New Credit Facility and New Revolver bore interest at one, two, three, or six month LIBOR (rounded to the nearest 1/32nd percent) plus variable rates between 1.50% and 2.50% and matured on September 14, 2023. The Company incurred $4.0 million of deferred debt issuance costs and $4.0 million of revolver issuance costs upon closing on the New Credit Facility and the New Revolver, respectively, and extinguished approximately $1.6 million of debt issuance costs ineligible for capitalization due to an existing lender relationship.

On September 14, 2018, in conjunction with entering the New Credit Facility, the Company repaid its $257.9 million of outstanding borrowings under the Original Credit Facility and approximately $59.4 million of outstanding borrowings under the Original Revolver. The Company extinguished approximately $1.9 million of unamortized deferred debt issuance costs and approximately $0.1 million of unamortized revolver issuance costs on the Original Credit Facility and the Original Revolver, respectively. In addition, the $1.2 million of letters of credit were transferred to the New Revolver.

Between January 1, 2018 and December 31, 2018, the Company drew $100.1 million on its revolving lines of credits, not including the amounts separately disclosed above. The Company repaid $49.2 million on the revolving lines of credits in addition to the amounts repaid in conjunction with entering the New Credit

Facility and New Revolver noted above. $66.1 million of the proceeds were used in connection with the OPC, Jefferson Beach and Toledo Beach and Charleston acquisitions. These borrowings incurred approximately $0.3 million of revolver issuance costs on the Original Revolver.

On October 11, 2019, the Company entered into the First Amendment to the senior credit agreement ("Amended Credit Facility") with maximum borrowings available of approximately $1.0 billion. Included in the maximum borrowing capacity was a $500.0 term loan and a $500.0 million revolver component ("Amended Revolver") that can be used for future acquisitions, working capital or letters of credit. The Amended Credit Facility and the Amended Revolver bear interest at one, two, three, or six month LIBOR (rounded to the nearest 1/32nd percent) plus variable rate between 1.375% and 2.250% and mature on October 11, 2024. The Company incurred $4.4 million of deferred debt issuance costs and $4.4 million of revolver issuance costs upon closing on the Amended Credit Facility and Amended Revolver and extinguished approximately $1.0 million of debt issuance costs ineligible for capitalization due to an existing lender relationship.

On October 11, 2019 in conjunction with entering the Amended Credit Facility, the Company rolled its $350.0 million of outstanding borrowings under the New Credit Facility and $150.0 million of outstanding borrowings under the New Revolver into the Amended Credit Facility. In addition, the Company rolled the remaining $22.0 million of outstanding borrowings under the New Revolver into the Amended Revolver and drew an additional $18.0 million on the Amended Revolver. The Company extinguished approximately $2.6 million of unamortized deferred debt issuance costs and approximately $0.4 million of unamortized revolver issuance costs on the New Credit Facility and New Revolver.

Between January 1, 2019 and December 31, 2019, the Company drew $239.5 million on its revolving lines of credits and repaid $27.0 million on the revolving lines of credits. $176.0 million of the proceeds were used in connection with the Westport, Regatta Pointe, Pier 77, New England Boatworks, Carroll Island, Skull Creek, Port Royal, South Harbour Village, Newport Shipyard, Hideaway Bay, Haverstraw, Island Park, Siesta Key and Sunset Bay acquisitions.

As of December 31, 2018, $350.0 million was outstanding under the New Credit Facility and is included on the accompanying consolidated balance sheets net of $3.4 million of debt issuance costs. As of December 31, 2018, the Company had a borrowing capacity of approximately $324.3 million under the New Revolver, which is the $350.0 million maximum borrowing capacity reduced by approximately $24.5 million of borrowings and the $1.2 million of letters of credit pledged against the New Revolver. As of December 31, 2018, the Company's borrowing rate on the New Credit Facility was 4.44013% and the borrowing rate on the New Revolver ranged from 4.37888% to 4.44013%. As of December 31, 2018, the Company was in compliance in all respects with its debt covenants.

As of December 31, 2019, $500.0 million was outstanding under the Amended Credit Facility and is included on the accompanying consolidated balance sheets net of approximately $3.5 million of debt issuance costs. As of December 31, 2019, the Company had a borrowing capacity of $394.4 million under the Amended Revolver, which is the $500.00 million maximum borrowing capacity reduced by $105.0 million of borrowings and the approximately $0.6 million of letters of credit pledged against the Amended Revolver. As of December 31, 2019, the Company's borrowing rate on the Amended Credit Facility was 3.45163% and the borrowing rates on the Amended Revolver ranged from 3.4411% to 3.5420%. As of December 31, 2019, the Company was in compliance in all respects with its debt covenants.

Debt consists of the following (in thousands):

	December 31, 2019	December 31, 2018
Credit Facility	$ 500,000	$ 350,000
Revolver	105,000	24,500
Total Debt	605,000	374,500
Less: Current Maturities	—	—
Less: Unamortized Deferred Debt Issuance Costs	3,490	3,429
Long-term Debt	$ 601,510	$ 371,071

The table below presents, as of December 31, 2019, the aggregate scheduled payments of principal for each of the next five years as follows (in thousands):

	Debt
2020	$ —
2021	—
2022	—
2023	—
2024	605,000
Total	$605,000

8. Intangibles, net

A summary of acquisition related intangibles as of December 31, 2019 is as follows (in thousands):

December 31, 2019	Cost	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period
Acquisition Related Intangible Assets:				
In-place Leases	$ 8,902	$ (7,425)	$ 1,477	9 months
Goodwill	1,940	—	1,940	
Acquisition Related Intangible Liabilities:				
Below Market Leases	(3,353)	192	(3,161)	74 years

A summary of acquisition related intangibles as of December 31, 2018 is as follows (in thousands):

December 31, 2018	Cost	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period
Acquisition Related Intangible Assets:				
In-place Leases	$ 7,064	$ (5,808)	$ 1,256	13 months
Goodwill	1,940	—	1,940	
Acquisition Related Intangible Liabilities:				
Below Market Leases	(3,353)	145	(3,208)	74 years

The amortization of in-place leases is approximately $1.1 million for 2020, approximately $0.2 million for 2021, $0.1 million for 2022, approximately $37.8 thousand for 2023, approximately $20.8 thousand for 2024 and approximately $15.5 thousand thereafter.

$3.1 million of the below market lease acquisition related intangible liability relates to 63 long term dock use agreements at Aqua Yacht Harbor. The terms of the agreements include common area maintenance fees paid to the marina but no other rent. Therefore, the difference between the contractual cash flows and the market cash flows for each lease were discounted to determine the below market lease liability. This liability is being amortized over the remaining term of these dock use agreements, which is 70 years. In addition, approximately $36.8 thousand of the below market lease acquisition related intangible liability relates to the below market ground lease at Cowesett Marina entered into with the United States Coast Guard that expires in 2077. This liability is being amortized over the remaining term of the ground lease, which is 57 years. The amortization for each of the next five years is approximately $45.4 thousand per year.

9. Fair Value Measurements

The Company follows the provisions of ASC 820, which establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company’s own assumptions about the assumptions that market participants would use.

ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. The Company’s financial assets and liabilities measured at fair value on a recurring basis include the Company’s interest rate cap, interest rate swap, the earn-out liability related to the Emeryville acquisition and the earn-out liability related to the condominium assets.

The fair values of cash, restricted cash, accounts receivable, insurance proceeds receivable, accounts payable and accrued expenses, customer deposits, other current assets and liabilities and deferred revenue approximate their carrying values because of the short-term nature of these financial instruments. These are classified as Level 1 in the hierarchy.

The fair value of the interest rate caps and interest rate swaps were estimated using a standard option model. These standard option models incorporate inputs such as interest rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the valuation for interest rate caps and swaps are observable in the active markets and are classified as Level 2 in the hierarchy.

During the year ended December 31, 2018, the interest rate swap was terminated. A valuation was not required as of December 31, 2018.

The Emeryville earn-out liability was settled for zero dollars as of December 31, 2018 since the minimum thresholds were not met. A valuation was not required as of December 31, 2018.

The fair value of the condominium assets earn-out liability was estimated using an income approach scenario based method (discounted cash flow method). The valuation method used relied on inputs based upon actual sales to date and observable general market data such as comparable company market data; however, significant inputs utilized in the valuation were unobservable and reflect assumptions made by the Company. As a result, the condominium assets earn-out is classified as Level 3 in the hierarchy.

The following table presents the key assumptions used to determine the fair value of the condominium assets earn-out using the income approach method described above (in thousands):

Valuation date	12/31/2019	12/31/2018
Sales Price to List Price Ratio	90.66%	88.00%
Net Proceeds to Sales Price Ratio	92.38%	92.00%
Expected years to sell off all units	0.69	2.76
Number of units sold per year	8.33	9.77
Relevered Beta	—	0.55
WACC - weighted average cost of capital	0.00%	8.50%
Short-term discount rate	0.00%	7.50%

The key assumptions noted above are re-valued using inception to date information.

We have variable rates on our credit facility and our revolver. In addition, we restructured our debt in October 2019 using the rates in effect at that time. 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 the Company's indebtedness at December 31, 2019 and 2018, approximated its gross carrying value. As of December 31, 2019 and 2018, the carrying value and fair value of the Company's debt was $605.0 million and $374.5 million, respectively.

The following table presents our assets and liabilities measured at fair value on a recurring basis at December 31, 2019, as required by ASC 820 (in thousands):

	Fair Value Measurements			
Assets	Level 1	Level 2	Level 3	Total
Interest rate caps included in other assets	$ —	$ 209	$ —	$ 209
Total assets measured at fair value	$ —	$ 209	$ —	$ 209
Liabilities				
Condominium asset earn-out included in earn-out	$ —	$ —	$ 439	$ 439
Total liabilities measured at fair value	$ —	$ —	$ 439	$ 439

The following table presents our assets and liabilities measured at fair value on a recurring basis at December 31, 2018, as required by ASC 820 (in thousands):

	Fair Value Measurements			
Assets	Level 1	Level 2	Level 3	Total
Interest rate caps included in other assets	$ —	$1,942	$ —	$1,942
Total assets measured at fair value	$ —	$1,942	$ —	$1,942
Liabilities				
Condominium asset earn-out included in earn-out	$ —	$ —	$2,000	$2,000
Total liabilities measured at fair value	$ —	$ —	$2,000	$2,000

The following table summarizes the changes in fair value of the Company's Level 3 liabilities (in thousands):

Fair Value Measurement of Liabilities Using Level 3 Inputs	Emeryville Earnout	
		2018
Beginning balance		$ 1,200
Total gains (realized or unrealized):		
Included in earnings		(1,200)
Transfers in and/or out of Level 3		—
Purchases, sales, issuances and settlements		—
Ending balance		$ —

Fair Value Measurement of Liabilities Using Level 3 Inputs	Condominium Assets Earn-out	
	2019	2018
Beginning balance	$ 2,000	$ 5,600
Total losses (realized or unrealized):		
Included in earnings	46	33
Transfers in and/or out of Level 3	—	—
Purchases, sales, issuances and settlements	(1,607)	(3,633)
Ending balance	$ 439	$ 2,000

Although the Company has determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop fair value estimates. The fair value estimates are based on information available at December 31, 2019 and 2018. As such, the Company's estimates of fair value could differ significantly.

10. Commitments and Contingencies

Restricted Cash

As of December 31, 2019, the Company had $0.2 million escrow on deposit under a PSA with Mears Point Associates and Great Oak Landing Limited Partnership to acquire the Narrows Point Marina and Great Oak Landing Marina that was released upon close of these transactions on January 27, 2020. The Company had $0.5 million escrow on deposit under a PSA with St. Thomas Glen Resorts, LLC to acquire Grider Hill Marina & Resort that was released upon close of the transaction on March 16, 2020. The Company had $0.5 million escrow on deposit under a PSA with Wisdom Fishing Camp Company to acquire Wisdom Resort & Marina that was released upon close of the transaction on March 16, 2020. The Company had $2.5 million in escrow on deposit under multiple PSAs to acquire certain marinas in California. In addition, the Company had approximately $0.1 million of escrow on deposit related to an asset purchase that did not close that was refunded in February 2020 (See Note 16 – Subsequent Events for additional details).

As of December 31, 2018, the Company had $0.5 million escrow on deposit under a PSA with Regatta Pointe Investments, LLC and Van Der Noord Partners, LLP to acquire the Regatta Pointe Marina that was released upon close of the transaction on February 28, 2019.

Insurance Deductible Reserve

As of December 31, 2019 and 2018, the Company reserved $0.3 million and $0.6 million, respectively, for insurance deductibles related to open claims that it is probable the Company will pay during the next 12 months. Included in this reserve are certain amounts related to insurance deductibles for environmental matters that the Company is remediating. The reserve is included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets.

Ground Leases

The Company leases 10 different properties (Beaufort Downtown, Beaver Creek, Brady Mountain, Burnside, Eagle Cove, Hideaway Bay, Holly Creek, Jamestown, Pier 121 and Trade Winds) pursuant to various lease agreements with initial terms ending between December 31, 2021 and July 31, 2041 with certain leases containing renewal provisions for up to 25 years. These leases contain percentage rent payment terms. The annual percentage rent is calculated based upon total gross receipts, as defined in the lease. The percentage rates range from 2.0% to 4.6% based upon gross receipts from business operations conducted at the marinas that range from under $50 thousand to over $5 million.

The Company leases 11 properties (Anacapa Isle, Aqualand, Cabrillo Isle, Charleston City, Emerald Point, Emeryville, Haverstraw, New Port Cove, Old Port Cove, Regatta Pointe and Ventura Isle) with lease terms ending between December 31, 2023 (5 renewal options of 5 years) and August 31, 2054 (renewal option of 6 years) and these leases contain percentage rent and stated minimum lease payments.

The Company leases five properties (Aqua Yacht, Ballena Isle, Lakefront, Sandusky and Walden) with lease terms ending between December 31, 2028 and November 30, 2060. The Company also holds seven additional leases that are adjacent to properties owned by the Company for either parking lot space or submerged land (Charleston Bristol, Essex Island, Greenport, Jefferson Beach, Post Road, South Fork and Willsboro Bay) with lease terms ending between December 31, 2020 and December 3, 2040. Each of these leases contains stated minimum lease payments.

For the years ended December 31, 2019 and 2018, the Company recognized lease expense of $5.7 million and $4.8 million, respectively. In addition to ground leases, three properties (Emerald Point, Harbors View and Hideaway Bay) require annual permit and administrative fees in connection with marina operations. For the years ended December 31, 2019 and 2018, the Company recognized permit fees of approximately $0.1 million per year. Lease expense and permit and administrative fees are included in SG&A on the accompanying consolidated statements of operations.

In April 2016, the Company entered into a lease for office space for the corporate office expiring in October 2020. In October 2017, the Company entered into an additional lease for adjacent office space to expand the corporate office expiring in October 2020. In March 2019, the Company entered into a lease amendment that added adjacent office space and extended the existing leases until February 28, 2026. For the years ended December 31, 2019 and 2018, the Company recognized rent expense of $0.3 million and approximately $0.3 million, respectively, which is included in SG&A on the accompanying consolidated statements of operations.

Future minimum rental payments required under these leases and other operating leases (excluding extension options) for each of the years ending December 31 are as follows (in thousands):

	Operating Leases
2020	$ 810
2021	975
2022	970
2023	968
2024	968
Thereafter	7,304
Total	$ 11,995

Future minimum permit fees required for each of the years ending December 31 are as follows (in thousands):

	Permit Fees
2020	$ 75
2021	75
2022	75
2023	75
2024	75
Thereafter	1,384
Total	$ 1,759

Percentage and incentive rent is accrued when it is probable that the specified thresholds will be achieved. Percentage and incentive rent for the years ended December 31, 2019 and 2018 was approximately $5.2 million and $ 4.2 million, respectively, and is included in SG&A on the accompanying consolidated statements of operations.

Litigation

In 2017, the Company filed a lawsuit against the prior owner and the developer of Cape Harbour Marina due to a dispute over parking and ownership of an underground fuel system. As of December 31, 2019, the lawsuit is ongoing. The Company has incurred and will continue to incur legal and other costs in connection with this litigation. These costs were recognized as incurred in SG&A on the accompanying consolidated statements of operations.

In 2018, the Company learned that an unaffiliated and unauthorized company, with a similar name and business model, was infringing upon the Company's trademarks. The Company filed a lawsuit against the unauthorized company for trademark infringement. The Company has incurred and will continue to incur legal and other costs in connection with this litigation. These costs were recognized as incurred in SG&A on the accompanying consolidated statements of operations.

In June 2018, after the acquisition of Toledo Beach Marina, the Company learned of an alleged improper toxic waste disposal by employees at the marina. The Company reported the pollution to the appropriate authorities and is in the process of remediating the damages. As of December 31, 2019, the Company has

reserved approximately $0.1 million in estimated insurance deductible that is included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets. The Company has filed a claim with its insurer and expects the remaining costs to be covered. The Company may incur additional legal and other related costs but has not accrued these costs as of December 31, 2019 because they are not estimable at this time.

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. The likelihood of loss from these legal proceedings, based on definitions within contingency accounting literature, ranges from remote to reasonably possible to probable. Based on estimates of the range of potential losses associated with these matters, it is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, the final results of legal proceedings cannot be predicted with certainty and if the Company fails to prevail in one or more of these legal matters, and the associated realized losses exceed our current estimates of the range of potential losses, our consolidated financial position or results of operations could be materially adversely affected in future periods.

11. Members' Capital

At December 31, 2019, the members' Class A percentage interests based on their contributions were as follows:

Member	Ownership %
AIM Marina Holdings, LLC	43.70%
Koch Poseidon Investments, LLC	36.85%
Brewer Yacht Yard Group Holdings, Inc.	9.38%
Weatherford Marinas Fund I LLC	2.80%
Company Management and Employees	2.43%
Emeryville LLC	2.26%
City Marina Company	1.15%
4 Queens LLC	0.83%
Grand Lake Marina, Ltd.	0.27%
Underwood Family Enterprises, LP	0.19%
Marinas-Kentucky, LLC	0.14%

At December 31, 2019, the members' Class B percentage interests based on their contributions were as follows:

Member	Ownership %
Guggenheim Private Debt Fund Note Issuer 2.0, LLC	43.97%
Weatherford Marinas Fund I LLC	33.60%
Midland National Life Insurance Company	6.32%
NZC Guggenheim Fund, LLC	4.94%
Guggenheim Private Debt Fund 2.0-I, LLC	3.44%
Guggenheim Private Debt Fund 2.0, LLC	3.25%
Underwood Family Enterprises, LP	3.16%
Maverick Enterprises, Inc.	1.29%
Company Management and Employees	0.03%

Class A Units have voting rights and are eligible to receive up to a $2.28 per unit annual distribution upon declaration by the Board of Managers. Class B Preferred Units are non-voting units that rank senior in right of payment, distribution and liquidation to the Class A Units and are entitled to a 7% annual distribution. In accordance with the Fifth Amended and Restated Limited Liability Company Agreement ("LLC Agreement"), members' capital is allocated to Class A Units and Class B Preferred Units based on the hypothetical liquidation at book value method in accordance with the liquidation provisions of the LLC Agreement based upon the following:

1) the Class B Preferred Units to the extent of their unpaid preferred return,

2) the Class B Preferred Units to the extent of their unreturned contributed capital, and

3) the Class A Units.

During the year ended December 31, 2018, the Company recognized $2.3 million of equity issuance costs associated with the 2018 equity raise which is included in equity on the accompany consolidated balance sheets.

During the year ended December 31, 2018, the Company redeemed approximately $200 million of Class A Units and Class B Preferred Units.

12. Unit-Based Compensation

During the year ended December 31, 2019, the Company granted 187,201 Restricted Class A Units ("Restricted Units") to certain employees. During the year ended December 31, 2018, the Company granted 125,000 Restricted Class A Units to certain employees and 3,500 Phantom Class A Units ("Phantom Units"). The Restricted Units and Phantom Units have an initial vesting criteria based on meeting certain performance conditions with subsequent vesting based on the passage of time. Restricted Units are eligible to receive quarterly distributions on units upon vesting. Phantom Units are not eligible to receive distributions until they are converted into Class A Units. Phantom Units may be settled with cash or Class A Units at the option of the Company upon a triggering event. The Company accounts for its unit-based compensation in accordance with ASC 718 (Topic 718, "*Compensation —Stock Compensation*"), which requires all unit-based payments, including grants of Restricted Units and Phantom Units, to be recognized in the consolidated financial statements over the requisite service period for each separately vesting tranche of the award. Compensation expense based upon the fair value of awards is recognized from the grant date to the vesting date on a tranche by tranche basis.

We estimate fair value of the Restricted Units and Phantom Units on the date of grant based upon the current fair value of the Class A units less the net present value of distributions not available to the holders over the vesting period utilizing a 15% and 20% cost of capital for Restricted Units and Phantom Units granted in 2019 and 2018, respectively. The current fair value was based upon a valuation performed by the Company in collaboration with our private equity sponsor. Forfeitures are recognized in the period that they occur.

A summary of our restricted unit activity is as follows:

	Restricted Units & Phantom Units	Weighted Average Price at Grant
Outstanding at December 31, 2017	507,031	$ 21.01
Restricted and Phantom units granted	128,500	24.47
Restricted and Phantom units vested	(148,833)	20.95
Restricted and Phantom units forfeited	(31,401)	21.85
Outstanding at December 31, 2018	455,297	21.98
Restricted and Phantom units granted	187,201	33.89
Restricted and Phantom units vested	(159,219)	22.03
Restricted and Phantom units forfeited	(21,798)	26.78
Outstanding at December 31, 2019	461,481	26.80

During the years ended December 31, 2019 and 2018, the Company recognized approximately $4.5 million and approximately $4.3 million, respectively, of unit-based compensation expense. Unit-based compensation expense is recorded along with the employee payroll in SG&A expenses in the consolidated statements of operations.

As of December 31, 2019, there is approximately $5.5 million of compensation cost expected to be recognized from 2020 to 2024.

13. Employee Benefit Plans

401(k) Plan – The Company sponsors a 401(k) Savings Plan, which is a qualified defined contribution retirement plan for eligible employees. Participation in the 401(k) Savings Plan is voluntary and available to all employees 21 years of age or older effective on the date of hire. The 401(k) Savings Plan allows eligible employees to contribute, subject to IRS imposed limitations, to various investment funds. The Company has a discretionary matching provision. The Company's matching contribution was $1.0 million and approximately $0.4 million during the years ended December 31, 2019 and 2018, respectively.

BYYG 401(k) Plan – In connection with the BYYG acquisition, the Company agreed to maintain the 401(k) Savings Plan in effect at BYYG through 2017. In December 2018, the BYYG 401(k) Savings Plan, which was a qualified defined contribution retirement plan for eligible legacy BYYG employees was terminated. The participant contributions and match (vested and unvested amounts) were merged into the Company's 401(k) Plan.

14. Related Party Transactions

The Company has management agreements to manage five marinas that are partially owned by the Company's co-founder and Chief Strategy Officer and Stan Johnson, the Company's former Chief Operating Officer. In accordance with these agreements, the Company earned a fee of 4% of gross revenue minus cost of goods sold on a monthly basis or approximately $0.6 million and $0.5 million for the years ended December 31, 2019 and 2018, respectively, which is included in management fee revenues on the accompanying consolidated statements of operations. As of and during the year ended December 31, 2019, the Company paid $2.8 million of payroll and other reimbursable expenses on behalf of this related party, was reimbursed $2.6 million and was owed $0.1 million, net related to these management agreements included in accounts receivable, net on the accompanying consolidated balance sheets. As of and during the year ended December 31, 2018, the Company paid $2.7 million of payroll and other reimbursable expenses on behalf of this related party, was reimbursed $2.0 million and was owed $0.7 million related to these management agreements included in accounts receivable, net on the accompanying consolidated balance sheets.

The Company paid $0.5 million in management fees and approximately $21.1 thousand for expense reimbursements to American Infrastructure Funds ("AIM") during the year ended December 31, 2019. The Company owed no amounts to AIM as of December 31, 2019. The Company paid $0.5 million in management fees and $ 0.2 million for expense reimbursements to AIM during the year ended December 31, 2018. The Company owed no amounts to AIM as of December 31, 2018. AIM is the Company's private equity sponsor and has the controlling voting interest in the Company.

The Company paid approximately $1.9 million to BYYG Condos LLC towards the settlement of condominium earn-out liabilities during the year ended December 31, 2019. In addition, the Company reimbursed BYYG Condos LLC $47.1 thousand for agreed upon expenses. The Company had an earn-out liability of $0.4 million for BYYG Condos LLC for the remaining condominium units on the accompanying consolidated balance sheets as of December 31, 2019. The Company paid approximately $3.5 million to BYYG Condos LLC towards the settlement of condominium earn-out liabilities during the year ended December 31, 2018 and had approximately $0.3 million included in accounts payable and accrued liabilities on the accompanying consolidated balance sheets as of December 31, 2018. The Company had an earn-out liability of $2.0 million for BYYG Condos LLC for the remaining condominium units on the accompanying consolidated balance sheets as of December 31, 2018. The Company's co-founder and Board of Managers member, John "Jack" Brewer, holds a majority ownership in BYYG Condos LLC.

On January 23, 2017, the Company entered into a promissory note receivable with James Phyfe, III, Senior Vice President, for approximately $56.9 thousand with proceeds used to purchase 2,844 Class A Units which collateralize the note receivable. The note matures on February 1, 2027 and includes a 3.75% annual percentage rate. During the year ended December 31, 2019, the Company received approximately $6.8 thousand in note receivable payments. Approximately $4.8 thousand was applied to the principal and $2.0 thousand was applied to interest. During the year ended December 31, 2018, the Company received approximately $7.0 thousand in note receivable payments. Approximately $5.1 thousand was applied to the principal and approximately $1.9 thousand was applied to interest. As of December 31, 2019 and 2018, the note receivable balance of approximately $42.9 thousand and $47.7 thousand, respectively, is included in equity on the accompanying consolidated balance sheets. The interest received is included in interest income on the accompanying consolidated statements of operations. The 2,844 Class A Units that were issued are included in equity on the accompanying consolidated balance sheets.

On April 18, 2018, the Company entered into a promissory note receivable with James Sharkey, General Manager of Zanhiser's, for $5.0 thousand with proceeds used to purchase a 10% non-controlling interest in Beverage Zahniser's LLC. The note receivable is due on demand and includes a 2.11% annual percentage rate. The note receivable of $5.0 thousand is included in equity on the accompanying consolidated balance sheets.

The Company paid $19.1 thousand and $23.6 thousand to Landon Potts for legal services related to filing liens and recovering bad debts during the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, there were no amounts owed to Landon Potts. Landon Potts is the daughter of the Company's President, Rives Potts.

The Company paid approximately $22.7 thousand to Norris McLaughlin and $11.0 thousand to Norris McLaughlin and Zeichner Ellman & Krause for legal services during the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, there were no amounts owed to these firms. William Brewer was a partner at Zeichner Ellman & Krause and is currently a partner at Norris McLaughlin. Mr. Brewer is Jack Brewer's son.

The Company paid $25.0 thousand and $50.0 thousand to Bud and Rives Sutherland for acquisition related finder's fees during the years ended December 31, 2019 and 2018, respectively. As of December 31, 2019 and 2018, there were no amounts owed to the Sutherlands. Bud and Rives Sutherland are the brother in law and nephew, respectively, of the Company's President, Rives Potts. The finder's fee paid in 2019 related to the lease assumption at Beaufort is included in acquisition related expenses on the accompanying consolidated statement of operations. The finder's fee paid in 2018 related to the Charleston acquisition was capitalized and in included in property and equipment, net on the accompanying consolidated balance sheets.

The Company paid $49.1 thousand to Breden Marine Service during the year ended December 31, 2019 for marine air conditioning repair services. As of December 31, 2019, there were no amounts owed to Breden Marine Service. Mark Breden, the owner of Breden Marine Service, is the brother of Todd Breden, General Manager at Yacht Haven Marina in Connecticut.

From time to time, the Company makes true-ups to or receives payments from current employees who are former owners of the Company's acquired properties. These true-up payments primarily represent accounts receivable payments received that the Company receives from customers related to balances that were owed to the seller prior to the acquisition date. The true-up payments may also be due to us for vendor payments made on the seller's behalf.

15. Supplemental Cash Flow Information

A summary of supplemental cash flow is as follows for the years ended December 31, 2019 and 2018 (in thousands):

	2019	2018
Cash paid for interest	$21,446	$13,348
Non-Cash Disclosures		
Purchases/Improvements of property and equipment in accounts payable and accrued expenses	$ 2,610	$ 778
Accrued preferred equity distributions to members in accounts payable and accrued expenses	1,635	1,635
Class A units issued in connection with the Charleston Portfolio acquisition	—	6,250

16. Subsequent Events

On January 21, 2020, the Company acquired Jamestown Boatyard located in Jamestown, RI for $6.5 million in cash.

On January 27, 2020, the Company acquired Great Oak Landing located in Chestertown, MD for approximately $2.7 million in cash and Mears Point Marina renamed Narrows Point Marina located in Grasonville, MD for approximately $13.7 million in cash. In connection with these transaction, $16.0 million of deposits in escrow with the title company were utilized, of which approximately $15.8 million was deposited in January 2020.

On February 5, 2020, the Company received an approximately $0.1 million refund from the title company for fees held in escrow related to a transaction that was cancelled.

On February 14, 2020, the Company distributed approximately $10.7 million to its members.

On March 16, 2020, the Company acquired Grider Hill Marina & Resort located in Albany, KY for approximately $7.9 million in cash and Wisdom Resort & Marina located in Albany, KY for $4.0 million in cash. In connection with these transaction, $ 13.2 million of deposits in escrow with the title company were utilized, of which approximately $12.2 million was deposited in February 2020. Upon closing, the Company was refunded $1.3 million related to over funding the escrow with the title company.

On March 21, 2020, the Company determined that it met the yield requirements to vest the LTIPs issued to certain employees in 2019. In addition, the LTIPs granted in 2018 time vested the second 25%, the LTIPs granted in 2017 time vested the third 25% and the LTIPs granted in 2016 vested the final 22.5%.

Between January 1, 2020 and April 8, 2020, the Company funded an additional approximately $1.9 million of deposits in escrow with the title company related to the certain properties under PSA. As of April 8, 2020, the Company has approximately $4.4 million of refundable deposits in escrow with the title company. The Company is under PSA with seven sellers to acquire certain properties in Alabama, California, Georgia, Maine, Maryland, North Carolina, and South Carolina. Many of these contracts are in the diligence phase with consummation expected in 2020.

Between January 1, 2020 and April 8, 2020, the Company drew $78.0 million on the revolver including the amounts used to fund the Jamestown Boatyard, Great Oak Landing, Narrows Point Marina, Grider Hill Marina & Resort and Wisdom Resort & Marina acquisitions disclosed above, and repaid $15.0 million on the revolver.

In connection with the acquisitions that closed subsequent to December 31, 2019, the Company allocated the identifiable assets acquired and identifiable liabilities assumed using the estimated fair value information based on third party appraisals. The valuation is considered a Level 3 valuation technique.

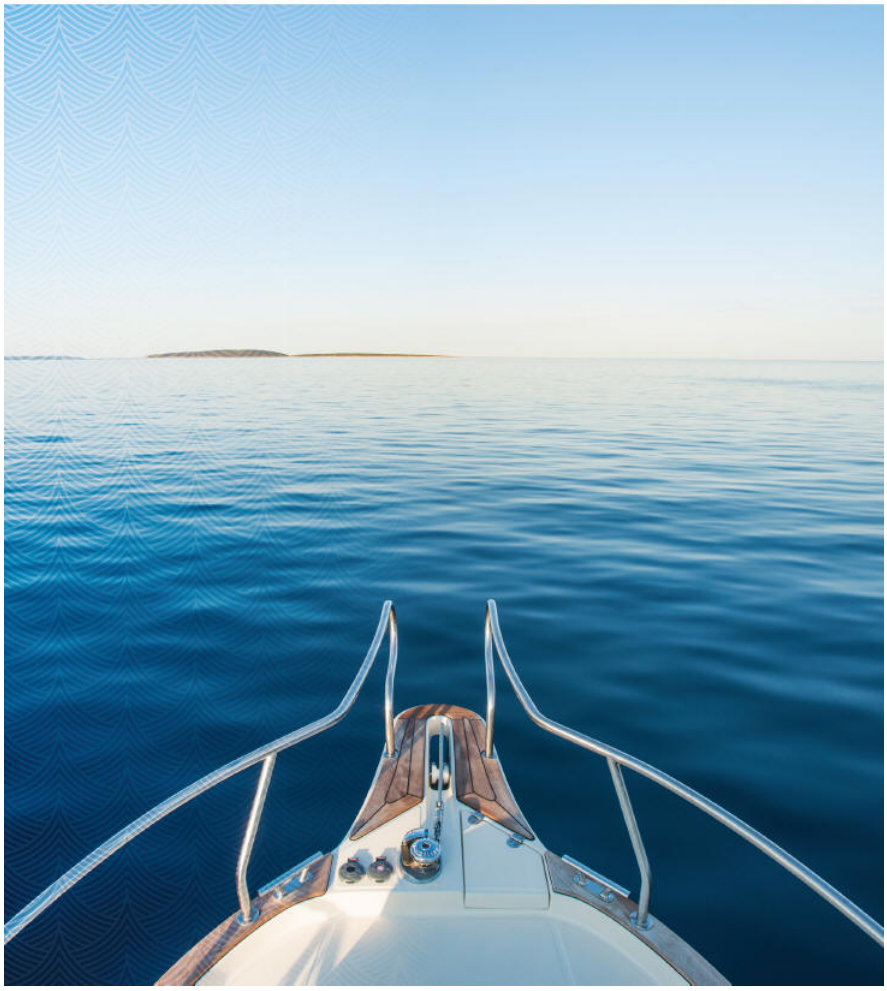
The following table summarizes the preliminary fair value of the assets acquired and the liabilities assumed in the acquisitions that closed subsequent to December 31, 2019 (in thousands):

Land, Intangibles, and Tangible Marina Assets (Real and Personal Property)	$37,485
Working Capital (Deficit)	(2,689)
Total	$34,796

SAFE HARBOR MARINAS, LLC

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

For the three and six months ended June 30, 2020



Safe Harbor Marinas, LLC
Condensed Consolidated Balance Sheet
(Unaudited)
As of June 30, 2020
(in thousands)

	June 30, 2020
ASSETS:	
Current assets	
Cash	$ 13,005
Restricted cash	5,081
Accounts receivable, net of allowance of $928	21,150
Inventories, net of allowance of $223	4,934
Prepaid expenses	2,778
Other current assets	224
Total current assets	47,172
Property and equipment, net	1,056,827
Goodwill	1,940
Intangible assets, net	1,159
Other assets	9,653
Total assets	$ 1,116,751
LIABILITIES & MEMBERS' CAPITAL:	
Current liabilities	
Accounts payable and accrued expenses	$ 26,715
Customer deposits	4,261
Deferred revenue	49,408
Other current liabilities	14
Total current liabilities	80,398
Long-term debt, net	719,902
Long-term customer deposits	5,276
Intangible liabilities, net	3,138
Other long-term liabilities	799
Total liabilities	809,513
Commitments and contingencies (Note 7)	
Safe Harbor Marinas, LLC members' capital	302,991
Non-controlling interest	4,247
Total members' capital	307,238
Total liabilities & members' capital	$ 1,116,751

See Notes to Condensed Consolidated Financial Statements

Safe Harbor Marinas, LLC
Condensed Consolidated Statements of Operations
(Unaudited)
For the three and six months ended June 30, 2020
(in thousands)

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
REVENUES:		
Storage	$ 41,604	$ 72,604
Lease	3,561	7,017
Rentals	2,342	2,592
Retail, fuel, restaurants	11,536	16,165
Service	22,150	40,872
Management fee	1,310	2,612
Other	3,746	6,602
Total revenues	86,249	148,464
OPERATING EXPENSES:		
Cost of rentals	555	856
Cost of retail, fuel, restaurants	7,723	11,358
Cost of service	13,427	26,439
Cost of management fee	1,058	2,196
Cost of other	95	147
Selling, general and administrative	34,543	68,627
Depreciation and amortization	14,764	28,851
Loss on disposal and impairment of assets	449	1,245
Acquisition related expenses	618	1,356
Selling transaction costs	767	1,906
Loss (gain) on contingent consideration	2	(2)
Total expenses	74,001	142,979
Income from operations	12,248	5,485
OTHER EXPENSE (INCOME):		
Interest expense	4,872	11,142
Interest income	(1)	(2)
Unrealized gain on interest rate instruments	(34)	(52)
Other income, net	(153)	(290)
Total other expense (income)	4,684	10,798
Net income (loss)	7,564	(5,313)
Less: Net income attributable to non-controlling interest	14	9
Net income (loss) attributable to Safe Harbor Marinas, LLC	$ 7,550	$ (5,322)

See Notes to Condensed Consolidated Financial Statement

Safe Harbor Marinas, LLC
Condensed Consolidated Statements of Changes in Members' Capital
(Unaudited)
For the three and six months ended June 30, 2020
(in thousands)

	Class B Unitholders	Class A Unitholders	Safe Harbor Marinas, LLC Capital	Non-Controlling Interest	Total Member's Capital
Balance at March 31, 2020	$ 71,642	$ 235,678	$ 307,320	$ 4,233	$311,553
Distributions	(1,635)	(9,061)	(10,696)	—	(10,696)
Related party loan to purchase equity	—	1	1	—	1
Unit-based compensation expense	—	644	644	—	644
Taxes paid on vested LTIPs	—	(1,828)	(1,828)	—	(1,828)
Net income	1,635	5,915	7,550	14	7,564
Balance at June 30, 2020	$ 71,642	$ 231,349	$ 302,991	$ 4,247	$307,238

	Class B Unitholders	Class A Unitholders	Safe Harbor Marinas, LLC Capital	Non-Controlling Interest	Total Member's Capital
Balance at December 31, 2019	$ 71,642	$ 258,085	$ 329,727	$ 4,238	$333,965
Distributions	(3,269)	(18,114)	(21,383)	—	(21,383)
Related party loan to purchase equity	—	2	2	—	2
Unit-based compensation expense	—	1,789	1,789	—	1,789
Taxes paid on vested LTIPs	—	(1,822)	(1,822)	—	(1,822)
Net income (loss)	3,269	(8,591)	(5,322)	9	(5,313)
Balance at June 30, 2020	$ 71,642	$ 231,349	$ 302,991	$ 4,247	$307,238

See Notes to Condensed Consolidated Financial Statements

Safe Harbor Marinas, LLC
Condensed Consolidated Statements of Cash Flows
(Unaudited)
For the six months ended June 30, 2020
(in thousands)

	Six Months Ended June 30, 2020
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (5,313)
Adjustments to reconcile net loss to net cash provided by operating activities:	
Depreciation and amortization	28,851
Loss on disposal and impairment of assets	1,245
Bad debt expense	574
Unrealized gain - interest rate instruments	(52)
Unit compensation expense	1,789
Non-cash interest - deferred debt issuance amortization	1,163
Below market lease amortization	(23)
Gain on contingent consideration	(2)
Inventory obsolence relief	(33)
Changes in assets and liabilities:	
Accounts receivable	(5,614)
Prepaid expenses	4,829
Inventories	(577)
Other assets	(496)
Accounts payable and accrued expenses	5,603
Customer deposits	(1,770)
Deferred rent	(92)
Deferred revenue	16,541
Other liabilities	72
Net cash provided by operating activities	46,695
CASH FLOWS FROM INVESTING ACTIVITIES:	
Purchases/improvements of property and equipment	(36,608)
Proceeds from sale of property & equipment	328
Proceeds from the sale of condominium assets	540
Expenditures related to insured damages	(1,042)
Proceeds from insurance reimbursements	381
Acquisition of marina properties, net of cash acquired	(94,526)
Repayments of notes receivable	20
Net cash used in investing activities	(130,907)
CASH FLOWS FROM FINANCING ACTIVITIES:	
Proceeds from revolving lines of credits	175,000
Repayments of revolving lines of credits	(57,000)
Distributions to members	(21,383)
Taxes paid on vested LTIPs	(1,822)
Settlement of earn-out	(437)
Net cash provided by financing activities	94,358
Increase in cash and restricted cash	10,146
CASH AND RESTRICTED CASH, beginning of period	7,940
CASH AND RESTRICTED CASH, end of the period	$ 18,086

See Notes to Condensed Consolidated Financial Statements

1. Organization and Description of Business

Safe Harbor Marinas, LLC ("Safe Harbor") is an owner and operator of marinas throughout the United States. Safe Harbor was formed in June 2015 for the purpose of acquiring direct interests in marina properties. Safe Harbor began operations on September 29, 2015 ("Inception") when it acquired its first group of marinas and International Marina Group I, LP ("IMG"), which became a wholly owned subsidiary responsible for all of Safe Harbor's management and personnel matters. Since Inception, Safe Harbor has acquired additional marina properties and as of June 30, 2020, Safe Harbor owned 94 marinas, 1 marina under development, two condominium developments, corporate entities and provided third party management services to another six marinas. All references to "we", "us", "our" and the "Company" and similar expressions are references to Safe Harbor and our consolidated subsidiaries, unless otherwise expressly stated or the context otherwise requires.

As of June 30, 2020, Safe Harbor owned the following marinas:

Marina Property	Location	Acquisition Date
Safe Harbor Anacapa Isle	Oxnard, CA	April 21, 2016
Safe Harbor Aqua Yacht	Iuka, MS	September 29, 2015
Safe Harbor Aqualand	Flowery Branch, GA	September 29, 2015
Safe Harbor Ashley Fuels	Charleston, SC	October 15, 2018
Safe Harbor Ballena Isle	Alameda, CA	April 21, 2016
Safe Harbor Beaufort	Beaufort, SC	August 01, 2019
Safe Harbor Beaver Creek	Monticello, KY	November 20, 2015
Safe Harbor Belle Maer	Harrison Township, MI	October 09, 2018
Safe Harbor Bohemia Vista	Chesapeake Bay, MD	November 06, 2015
Safe Harbor Brady Mountain	Royal, AR	May 06, 2016
Safe Harbor Bristol	Charleston, SC	October 15, 2018
Safe Harbor Bruce & Johnsons	Branford, CT	January 20, 2017
Safe Harbor Burnside	Somerset, KY	November 20, 2015
Safe Harbor Burnt Store	Punta Gorda, FL	January 06, 2017
Safe Harbor Cabrillo Isle	San Diego, CA	April 21, 2016
Safe Harbor Calusa Island	Goodland, FL	March 15, 2017
Safe Harbor Cape Harbour	Cape Coral, FL	January 6, 2017
Safe Harbor Capri	Port Washington, NY	January 20, 2017
Safe Harbor Carroll Island	Baltimore, MD	July 08, 2019
Safe Harbor Charleston City	Charleston, SC	October 15, 2018
Safe Harbor City Boatyard	Charleston, SC	October 15, 2018
Safe Harbor Cove Haven	Barrington, RI	January 20, 2017
Safe Harbor Cowesett	Warwick, RI	January 20, 2017
Safe Harbor Crystal Point	Point Pleasant, NJ	November 06, 2015
Safe Harbor Dauntless	Essex, CT	January 20, 2017
Safe Harbor Dauntless Shipyard	Essex, CT	January 20, 2017
Safe Harbor Deep River	Deep River, CT	January 20, 2017
Safe Harbor Eagle Cove	Byrdstown, TN	November 20, 2015
Safe Harbor Emerald Point	Austin, TX	September 29, 2015
Safe Harbor Emeryville	Emeryville, CA	October 08, 2015
Safe Harbor Essex Island	Essex, CT	January 20, 2017
Safe Harbor Ferry Point	Old Saybrook, CT	January 20, 2017
Safe Harbor Fiddler's Cove	Falmouth, MA	January 20, 2017
Safe Harbor Gaines	Rouses Point, NY	October 15, 2019

Marina Property	Location	Acquisition Date
Safe Harbor Glen Cove	Glen Cove, NY	January 20, 2017
Safe Harbor Grand Isle	Grand Haven, MI	June 16, 2016
Safe Harbor Great Island	Harpswell, ME	June 15, 2020
Safe Harbor Great Lakes	Muskegon, MI	November 06, 2015
Safe Harbor Great Oak Landing	Chestertown, MD	January 28, 2020
Safe Harbor Green Harbor	Green Harbor, MA	January 20, 2017
Safe Harbor Greenport	Greenport, NY	January 20, 2017
Safe Harbor Greenwich Bay	Warwick, RI	January 20, 2017
Safe Harbor Grider Hill	Albany, KY	March 16, 2020
Safe Harbor Hacks Point	Chesapeake Bay, MD	November 06, 2015
Safe Harbor Harbor House	Stamford, CT	July 11, 2017
Safe Harbor Harbors View	Afton, OK	October 08, 2015
Safe Harbor Harbortown	Fort Pierce, FL	September 29, 2015
Safe Harbor Haverstraw	West Haverstraw, NY	November 19, 2019
Safe Harbor Hawthorne Cove	Salem, MA	January 20, 2017
Safe Harbor Hideaway Bay	Flowery Branch, GA	November 05, 2019
Safe Harbor Holly Creek	Celina, TN	November 20, 2015
Safe Harbor Island Park	Portsmouth, RI	December 06, 2019
Safe Harbor Jamestown	Jamestown, KY	September 29, 2015
Safe Harbor Jamestown Boatyard	Jamestown, RI	January 21, 2020
Safe Harbor Jefferson Beach	St. Clair Shores, MI	June 13, 2018
Safe Harbor Lakefront Marina	Port Clinton, OH	November 06, 2015
Safe Harbor Manasquan River	Brick Township, NJ	November 06, 2015
Safe Harbor Marina Bay	Quincy, MA	September 29, 2015
Safe Harbor Mystic	Mystic, CT	January 20, 2017
Safe Harbor Narrows Point	Grasonville, MD	January 28, 2020
Safe Harbor New England Boatworks	Portsmouth, RI	May 07, 2019
Safe Harbor New Port Cove	Riviera Beach, FL	February 28, 2018
Safe Harbor Newport Shipyard	Newport, RI	October 01, 2019
Safe Harbor North Palm Beach	North Palm Beach, FL	February 28, 2018
Safe Harbor Old Port Cove	North Palm Beach, FL	February 28, 2018
Safe Harbor Onset Bay	Buzzards Bay, MA	January 20, 2017
Safe Harbor Oxford	Oxford, MD	January 20, 2017
Safe Harbor Pier 121	Lewisville, TX	November 20, 2015
Safe Harbor Pier 77	Bradenton, FL	March 25, 2019
Safe Harbor Pilots Point	Westbrook,CT	January 20, 2017
Safe Harbor Plymouth	Plymouth, MA	January 20, 2017
Safe Harbor Port Royal	Port Royal, SC	August 19, 2019
Safe Harbor Post Road	Mamaroneck, NY	January 20, 2017
Safe Harbor Regatta Pointe	Palmetto, FL	February 28, 2019
Safe Harbor Sakonnet	Portsmouth, RI	January 20, 2017
Safe Harbor Sandusky	Sandusky, OH	November 06, 2015
Safe Harbor Shelburne Shipyard	Shelburne, VT	October 28, 2019
Safe Harbor Siesta Key	Sarasota, FL	December 09, 2019
Safe Harbor Skull Creek	Hilton Head, SC	July 29, 2019
Safe Harbor South Harbour Village	Southport, NC	September 30, 2019
Safe Harbor Sportsman	Orange Beach, AL	May 20, 2020
Safe Harbor Stirling	Greenport, NY	January 20, 2017
Safe Harbor Stratford	Stratford, CT	January 20, 2017
Safe Harbor Sunset Bay	Hull, MA	December 10, 2019

Marina Property	Location	Acquisition Date
Safe Harbor Toledo Beach	La Salle, MI	June 13, 2018
Safe Harbor Trade Winds	Appling, GA	September 29, 2015
Safe Harbor Ventura Isle	Ventura, CA	April 21, 2016
Safe Harbor Walden	Montgomery, TX	September 29, 2015
Safe Harbor Westport	Denver, NC	February 19, 2019
Safe Harbor Wickford Cove	North Kingstown, RI	January 20, 2017
Safe Harbor Willsboro Bay	Willsboro, NY	October 15, 2019
Safe Harbor Wisdom Dock	Albany, KY	March 16, 2020
Safe Harbor Yacht Haven	Stamford, CT	January 20, 2017
Safe Harbor Zahnisers	Solomons, MD	March 07, 2018

On October 8, 2019, the Company entered into a joint venture with HSC South Fork, LLC, an affiliate of the Hix Snedeker Companies LLC. SHM South Fork JV, LLC ("SFJV") was created for the sole purpose of acquiring land and constructing a marina in Fort Lauderdale, Florida. In accordance with the Amended and Restated Limited Liability Company Agreement ("JV Agreement"), the Company, via its wholly owned subsidiary, is the controlling member of SFJV and the joint venture owns 100% of the following marina under development as of June 30, 2020. SFJV had approximately $11.5 million of total assets that were available to settle the obligations of the SFJV as of June 30, 2020.

Marina Property	Location	Acquisition Date
Safe Harbor South Fork	Fort Lauderdale, FL	October 08, 2019

Additionally, IMG managed six marinas on behalf of various owners as of June 30, 2020.

Marina Property	Location
Safe Harbor Harborage	St Petersburg, FL
Safe Harbor Highport	Pottsboro, TX
Safe Harbor Pineland	Bokeelia, FL
Safe Harbor Scott's Landing	Grapevine, TX
Safe Harbor Silver Lake	Grapevine, TX
Safe Harbor Twin Coves	Flower Mound, TX

2. Basis of Presentation

The condensed consolidated financial statements do not include footnotes and certain financial information normally presented annually under generally accepted accounting principles ("GAAP") in the United States and, therefore, should be read in conjunction with the Company's Audited Consolidated Financial Statements for the years ended December 31, 2019 and 2018.

The condensed consolidated financial statements included herein are unaudited; however, they contain all adjustments of a normal recurring nature, which, in the opinion of management, are necessary to present fairly its consolidated financial position as of June 30, 2020 and its consolidated results of operations and cash flows for the interim periods presented.

The accompanying condensed consolidated financial statements are prepared in conformity with GAAP and include the consolidated accounts of Safe Harbor and its controlled subsidiaries. In accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 810, "*Consolidation*" ("ASC 810"), as the controlling member of SFJV, the balance sheets and statements of operations have been consolidated in the Company's financial results with disclosure of the non-controlling interest as appropriate. All significant intercompany balances and transactions have been eliminated in consolidation.

Preparing financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of certain assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities at the date of the financial statements. Management bases our estimates on historical experience and on various other assumptions that we believe to be reasonable under the circumstances, the results of which form the basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Accounting measurements at interim dates inherently involve greater reliance on estimates than at year-end. The results of operations for the three and six months ended June 30, 2020 may not necessarily be indicative of results that can be expected for the full year.

The Company does not have any components of other comprehensive income (loss) recorded within its condensed consolidated financial statements; and therefore, does not separately present a statement of condensed comprehensive income (loss) in its consolidated financial statements.

Subsequent events for the reporting period ended June 30, 2020 were evaluated through September 21, 2020, the date the Company issued its financial statements.

Segment Information

ASC Topic 280, "*Segment Reporting*" ("ASC 280"), establishes standards for the way the business enterprises report information about operating segments in its financial statements. In accordance with ASC 280, management has determined that we have one operating segment and one reportable segment. Our chief operating decision maker ("CODM") is our Chief Executive Officer ("CEO"); our CODM reviews financial performance and allocates resources at a consolidated level on a recurring basis. All of our assets are located in the United States. All of our revenue is derived in the United States.

Interest Rate Instruments

The Company has entered into interest rate caps with a notional amount of $350.0 million and expiring on September 14, 2023, which limits the one-month LIBOR limit to 3.500% on its variable interest loans.

Upon review of ASC Topic 815 *"Derivatives and Hedging,"* the Company has determined that its interest rate caps are freestanding derivatives and all changes in fair value are reported in unrealized loss on interest rate instruments on the accompanying condensed consolidated statements of operations and the accompanying condensed consolidated statement of cash flows. The interest rate caps are reported at fair value in other assets on the accompanying condensed consolidated balance sheets.

Seasonality and Weather Related Risk

The marina industry is seasonal and interim results should not be taken as indicative of estimated results for a full fiscal year. Storage revenue, which also drives non-storage revenue streams such as retail, fuel and on premise restaurants, typically peaks during the summer months except in California, which is year-round and Florida, which peaks in winter. Service revenues peak during the winter season. Demand for wet slip storage in aggregate increases during the summer months as customer's contract for the summer boating season. 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.

The marina industry can experience cycles of growth and downturn due to seasonality patterns, and results of operations in any one period may not be indicative of results in future periods. Multiple factors can contribute to unusual seasonal results, including pandemics, named storms, and other natural disasters or macroeconomic disruptions. Extreme weather or weather-related conditions, including hurricanes, flash floods, or sea-level rise, may interrupt marina operations, damage marinas and reduce the number of customers who utilize our properties in the affected areas. Many of our properties are on coastlines that are subject to hurricane seasons, flash flooding and sea-level rise. If there are prolonged disruptions at our properties due to extreme weather or weather-related conditions, our results of operations and financial condition could be materially adversely affected.

While we will maintain insurance coverage that may cover certain of the costs and loss of revenue associated with the effect of extreme weather or weather-related conditions on our properties, our coverage will be subject to deductibles and limits on maximum benefits. We cannot assure you that we will be able to fully collect, if at all, on any claims resulting from extreme weather or weather-related conditions. If any of our properties are damaged or if their operations are disrupted as a result of extreme weather or weather-related conditions in the future, or if extreme weather or weather-related conditions adversely impacts general economic or other conditions in the areas in which our properties are located or from which they draw their patrons, our business, financial condition and results of operations could be materially adversely affected.

Concentration of Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist principally of cash and accounts receivable. Concentration of credit risk with respect to accounts receivable is limited due to the wide variety of customers to which the Company's services are sold, as well as the dispersion of customers across many geographic areas. In addition, our credit risk is minimized with respect to our accounts receivable due to having the boats onsite as collateral. If amounts fall significantly past-due, we have the right to transfer ownership of the boat and sell it to eliminate or reduce outstanding receivables. Cash is placed with reputable institutions, and the balances may at times exceed federally insured deposit levels; however, the Company has not experienced any losses in such accounts.

Concentration of Market and Pandemic Risk

The Company has revenue concentrations of marinas in Rhode Island, Florida and Connecticut of approximately 18%, 14% and 11%, respectively. While the marinas may have a high concentration of revenues by state, the Company does not have a high concentration of customers. The Company believes that its large number of boaters and diversity in the rest of its portfolio mitigates the concentration of market risk**.**

Certain impacts to public health conditions particular to the coronavirus (COVID-19) outbreak that occurred in 2020 may have a negative impact on the Company's financial position and results of operations, which could include an increase in the allowance for bad debt and the associated write-offs and a decrease in sales. The extent of the impact to the Company's financial performance will depend on future developments, including (i) the duration and spread of the outbreak, (ii) the restrictions and advisories, (iii) the effects on the financial markets, and (iv) the effects on the economy overall, all of which are highly uncertain and cannot be predicted. If these conditions exist for an extended period, the Company's financial position and results of operations may be adversely affected.

During the three and six months ended June 30, 2020, the COVID-19 outbreak has not had a significant effect on the Company's storage and lease revenues due to the resiliency of these lines of business. However, the Company has experienced a decline in rental, retail, fuel, restaurants, service and other revenues. These revenues have been impacted by mandated shutdowns and lower foot traffic at the marinas due to the pandemic. The Company has been able to offset these revenue losses by implementing extensive economic downturn initiatives to manage the associated operating costs.

Revenue from Management Contracts

In accordance with ASC 606, the table below details the management fees from contracts with customers (in thousands):

Managed Property	Right to Renew	Term Ends	Related Party Transaction	Management Fees Collected Three Months Ended June 30, 2020	Management Fees Collected Six Months Ended June 30, 2020
Harborage Marina	X	Dec 2020	X	$ 49	$ 98
Highport Marina	X	Nov 2022	X	65	110
Scott's Landing	X	Dec 2020	X	46	85
Silver Lake Marina	X	Dec 2020	X	36	69
Twin Coves Marina	X	Dec 2020	X	20	38
Pineland Marina*	X	Apr 2021		28	55

* The Company's management contract with Pineland ended in July 2020, when the Company acquired Pineland Marina.

Recently Adopted Accounting Pronouncements

In January 2017, the FASB issued ASU 2017-04, "*Simplifying the Test for Goodwill Impairment*." ASU 2017-04 simplifies the measurement of goodwill impairment by removing the second step of the goodwill impairment test, which requires the determination of the fair value of individual assets and liabilities of a reporting unit. Under ASU 2017-04, goodwill impairment is to be measured as the amount by which a reporting unit's carrying value exceeds its fair value with the loss recognized not to exceed the total amount of goodwill allocated to the reporting unit. ASU 2017-04 is effective for fiscal years beginning after December 15, 2020, with early adoption permitted for interim or annual goodwill impairment tests performed after January 1, 2017. Effective January 1, 2020, the Company adopted ASU 2017-04. The adoption of ASU 2017-04 did not have a material impact on the Company's financial position or results of operations.

In August 2018, the FASB issued ASU 2018-13, *"Fair Value Measurement (Topic 820): Disclosure Framework – Changes to the Disclosure Requirements for Fair Value Measurement,"* which amends ASC 820 to add, remove and modify certain disclosure requirements for fair value measurements and is effective for all entities for fiscal years beginning after December 15, 2019. The amendments on changes in unrealized gains and losses, the range and weighted average of significant unobservable inputs used to develop Level 3 fair value measurements, and the narrative description of measurement uncertainty should be applied prospectively for only the most recent interim or annual period presented in the initial fiscal year of adoption. All other amendments should be applied retrospectively to all periods presented upon their effective date. Early adoption is permitted upon issuance of this ASU. An entity is permitted to early adopt any removed or modified disclosures upon issuance of this ASU and delay adoption of the additional disclosures until their effective date. Effective January 1, 2020, the Company adopted ASU 2018-13. The adoption of ASU 2018-13 did not have a material impact on the Company's financial position, results of operations or financial statement disclosures.

In August 2018, the FASB issued ASU 2018-15, *"Intangibles – Goodwill and Other – Internal-Use Software (Subtopic 350-40)."* ASU 2018-15 aligns the requirements for capitalizing implementation costs incurred in a hosting arrangement that is a service contract with the requirements for capitalizing implementation costs incurred to develop or obtain internal-use software (and hosting arrangements that include an internal use software license). The accounting for the service element of a hosting arrangement that is a service contract is not affected by ASU 2018-15. ASU 2018-15 additionally requires an entity (customer) in a hosting arrangement that is a service contract to follow the guidance in Subtopic 350-40 to determine which implementation costs to capitalize as an asset related to the service contract and which costs to expense. Effective January 1, 2020, the Company adopted ASU 2018-15. The adoption of ASU 2018-15 did not have a material impact on the Company's financial position or results of operations.

Recent Accounting Pronouncements

In February 2016, the FASB issued ASU 2016-02, "*Leases: Amendments to the FASB Accounting Standards Codification*," which amends the guidance on accounting for leases under ASC 842, *"Leases."* ASC 842 was further clarified and amended within ASU 2017-13 *"Revenue Recognition (Topic 605), Revenue from Contracts with Customers (Topic 606), Leases (Topic 840), and Leases (Topic 842),"* ASU 2018-01, "*Leases: Land Easement Practical Expedient for Transition to Topic 842*," ASU 2018-10, *"Codification Improvements to Topic 842, Leases,"* ASU 2018-11, *"Leases (Topic 842): Targeted Improvements,"* ASU-2018-20, *"Leases (Topic 842): Narrow-Scope Improvements for Lessors,"* and ASU 2019-01, *"Leases (Topic 842): Codification Improvements."* ASC 842 and these ASUs ("ASC 842") require the recognition of right-of-use assets and lease liabilities on the balance sheet for leases with terms greater than twelve months or leases that contain a purchase option that is reasonably certain to be exercised. Lessees will classify leases as either finance or operating leases. This classification will determine whether lease expense is recognized based on an effective interest method or on a straight-line basis over the term of the lease. Lessors' accounting for leases will remain substantially unchanged. Lessors will still classify leases as operating, sales-type or finance type leases. The distinction between sales-type and direct financing leases has changed. Before the adoption of ASC 842, the test was to determine whether the fair value of the leased asset was different from the lessor's cost or carrying amount (if so, the lease is a sales-type lease); in ASC 842, any lessor lease that meets the lessee finance lease tests (based on rents and guaranteed residuals due from the lessee) is a sales-type lease; direct financing treatment applies if the lease is capital only because a third-party residual guarantee causes the present value test to be met. The primary difference in accounting between a sales-type lease and a direct financing lease is that profit for a sales-type lease is recognized at inception, while profit for a direct financing lease is recognized over the life of the lease. Leveraged leasing is discontinued, though leveraged leases entered into before the effective date of ASC 842 can continue to be accounted for under ASC 840 unless they are modified. ASC 842 was originally effective for annual reporting periods beginning after December 15, 2019 but was recently delayed until January 1, 2021. Early adoption is permitted.

The Company is in the process of adopting ASC 842 and the related ASUs. Since the Company has not adopted the provisions of ASC 842 as of the date of these interim financial statements, the specific impact and disclosure is not addressed. Management is currently evaluating the impact of adopting ASC 842 on the Company's financial position and results of operations. In accordance with ASC 842, the Company will apply a modified retrospective transition approach upon adoption. The Company will not adjust comparative periods for the effects of ASC 842.

In June 2016, the FASB issued ASU 2016-13, *"Measurement of Credit Losses on Financial Instruments."* ASU 2016-13 was further amended by ASU 2018-19, *"Codification Improvements to Topic 326, Financial Instrument - Credit Losses,"* ASU 2019-04, *"Codification Improvements to Topic 326, Financial Instruments – Credit Losses, Topic 815, Derivatives and Hedging, and Topic 825, Financial Instruments,"* ASU 2019-05, *"Financial Instruments - Credit Losses (Topic 326): Targeted Transition Relief,"* and ASU 2019-11, *"Accounting Standards Update 2019-11—Codification Improvements to Topic 326, Financial Instruments—Credit Losses."* These updates replace the incurred loss impairment methodology associated with credit losses on financial instruments with a methodology that reflects expected credit losses and allows for the consideration of a broader range of reasonable and supportable information to determine credit loss estimates thus providing the users of financial statements with more decision-useful information. ASU 2019-04 and ASU 2019-11 specifically clarify the updates required by ASU 2016-13. For entities that have not yet adopted ASU 2016-13, all of the subsequent related ASUs have the same effective dates and transition requirements as ASU 2016-13. ASU 2016-13 is effective for fiscal years beginning after December 15, 2020, including interim periods within those fiscal years. Early adoption is permitted but not earlier than fiscal years beginning after December 15, 2018. Management is currently evaluating the impact of adopting ASU 2016-13, ASU 2018-19, ASU 2019-04, ASU 2019-05 and ASU 2019-11 on the Company's financial position and results of operations.

3. Acquisitions

Upon the acquisition of marina properties, the fair value of the marinas purchased is allocated to the acquired tangible assets (consisting of land, buildings, dock improvements, site improvements, and FF&E), and identifiable intangible assets and liabilities (consisting of goodwill, in-place leases, above-market and below-market leases). The Company utilizes methods similar to those used by independent appraisers in estimating the fair value of acquired assets and liabilities. The following methods and assumptions are used to estimate the fair value of each class of asset acquired and liability assumed:

- Land: Market approach based on similar, but not identical, transactions in the market. Adjustments to comparable sales are based on both quantitative and qualitative data.
- Depreciable property: Cost approach based on market comparable data to replace, adjusted for local variations, inflation and other factors.
- In-place leases: Lease in place values are associated with all in-place leases. The value of the in-place leases includes lost revenue, inclusive of market rents and expense reimbursements, which would be realized if the leases were to be replaced.
- Goodwill: Represents the excess of costs of an acquired business over the fair value of the identifiable assets acquired, less identifiable liabilities assumed.
- Above-market and below-market leases: Lease values are recorded based on the present value of the difference between the contractual amounts to be paid pursuant to the leases and the Company's estimate of fair market lease rates for the corresponding leases, measured over a period equal to the remaining non-cancelable term of the lease, including any renewal periods where the Company believes the renewal of the lease is probable.

In accordance with ASU 2017-01, the Company must determine whether its marina acquisitions should be accounted for as an asset purchase or a business combination. ASU 2017-01 is a sub-topic of ASC 805. The guidance requires an entity to first evaluate whether substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or a group of similar identifiable assets (the "screen test"). The term "substantially all" is intended to be applied consistently with how it is used in other areas of US GAAP (e.g., ASC 606 or ASC 842). Entities will need to apply judgment to determine what is considered "substantially all" because the standard does not provide a bright line for making this assessment. Consistent with ASC 606 and ASC 842 the "substantially all" criteria may be interpreted as at least 90%.

If that threshold is met, the acquisition is not considered a business. If the acquisition is not a business, the transaction is accounted for as an asset purchase instead of a business combination. Acquisitions accounted for as an asset acquisition require the transaction costs of these acquisitions to be capitalized instead of expensed. Transaction costs include closing costs and direct costs of the transaction, such as costs for services of lawyers and other third parties providing services such as surveys, appraisals, quality of earnings reviews, engineering investigations or finder's fees.

The Company performed the required screen test and concluded that all of its 2020 acquisitions completed during the six months ended June 30, 2020 met the screen test, as substantially all of the fair value of the acquired gross assets were concentrated in a group of similar identifiable assets, and did not meet the definition of a business. Therefore, they are accounted for as an asset purchase. The appropriate accounting treatment and conclusion is included in the details of the Company's acquisitions below.

Safe Harbor Jamestown Boatyard ("Jamestown Boatyard")

On January 21, 2020, the Company acquired Jamestown Boatyard from Jamestown Boat Yard, Inc. for total consideration of approximately $6.6 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Jamestown Boatyard was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$2,817
Building	2,858
Site Improvements	187
Dock Improvements	528
Furniture, Fixtures, and Equipment	388
Intangibles	75
Inventories	25
Working Capital Deficit	(298)
Total	$6,580

The following table summarizes the amounts of revenue and net income for Jamestown Boatyard from the acquisition date through June 30, 2020 that are included in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues	$ 1,347	$ 2,145
Net Income	195	250

Safe Harbor Great Oak Landing ("Great Oak Landing")

On January 28, 2020, the Company acquired Great Oak Landing from Great Oak Landing Limited Partnership for total consideration of $2.7 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Great Oak Landing was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 734
Building	479
Site Improvements	253
Dock Improvements	1,683
Furniture, Fixtures, and Equipment	49
Intangibles	96
Inventories	21
Working Capital Deficit	(578)
Total	$2,737

The following table summarizes the amounts of revenue and net income (loss) for Great Oak Landing from the acquisition date through June 30, 2020 that are included in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues	$ 468	$ 535
Net Income (Loss)	20	(122)

Safe Harbor Narrows Point ("Narrows Point")

On January 28, 2020, the Company acquired Narrows Point from Mears Point Associates, A Limited Partnership for total consideration of approximately $13.8 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Narrows Point was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 6,446
Building	1,570
Site Improvements	1,647
Dock Improvements	4,462
Furniture, Fixtures, and Equipment	49
Intangibles	72
Working Capital Deficit	(460)
Total	$13,786

The following table summarizes the amounts of revenue and net loss for Narrows Point from the acquisition date through June 30, 2020 that are included in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues	$ 605	$ 958
Net Loss	(59)	(40)

Safe Harbor Grider Hill ("Grider Hill")

On March 16, 2020, the Company acquired Grider Hill from St. Thomas Glen Resorts, LLC. for total consideration of approximately $8.0 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Grider Hill was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Building	$ 814
Site Improvements	733
Dock Improvements	7,318
Furniture, Fixtures, and Equipment	102
Inventories	8
Intangibles	139
Working Capital Deficit	(1,118)
Total	$ 7,996

The following table summarizes the amounts of revenue and net (loss) income for Grider Hill from the acquisition date through June 30, 2020 that are included in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues	$ 585	$ 662
Net (Loss) Income	(26)	27

Safe Harbor Wisdom Dock ("Wisdom Dock")

On March 16, 2020, the Company acquired Wisdom Dock from Wisdom Fishing Camp Company for total consideration of $4.1 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Wisdom Dock was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 376
Building	518
Site Improvements	249
Dock Improvements	2,054
Furniture, Fixtures, and Equipment	1,092
Inventories	11
Intangibles	42
Working Capital Deficit	(224)
Total	$4,118

The following table summarizes the amounts of revenue and net loss for Wisdom Dock from the acquisition date through June 30, 2020 that are included in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues	$ 164	$ 190
Net Loss	(348)	(335)

Safe Harbor Sportsman ("Sportsman")

On May 20, 2020, the Company acquired Sportsman from The Sportmen's Marina, L.P., Orange Beach Real Estate Holdings I, L.L.C. and DD&T, L.L.C for total consideration of $37.4 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Sportsman was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$18,407
Building	11,094
Site Improvements	1,874
Dock Improvements	4,568
Furniture, Fixtures, and Equipment	1,188
Inventories	119
Intangibles	415
Working Capital Deficit	(227)
Total	$37,438

The following table summarizes the amounts of revenue and net income for Sportsman from the acquisition date through June 30, 2020 that are included in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues	$ 1,323	$ 1,323
Net Income	580	580

Safe Harbor Great Island ("Great Island")

On June 15, 2020, the Company acquired Great Island from Delmar Marine, LLC for total consideration of approximately $21.9 million. The Company performed the ASU 2017-01 screen test and concluded that the acquisition of Great Island was not a business and should be accounted for as an asset purchase. In accordance with ASU 2017-1, approximately $0.1 million of direct costs of the transaction associated with this acquisition were capitalized and are included in the total consideration above. The Company recorded the assets acquired and liabilities assumed using estimated fair value information based on a third party appraisal. This valuation is considered a Level 3 valuation technique.

The following table summarizes the fair value of the assets acquired and liabilities assumed in the acquisition (in thousands):

Land	$ 7,433
Building	10,810
Site Improvements	951
Dock Improvements	2,225
Furniture, Fixtures, and Equipment	465
Inventories	88
Intangibles	121
Working Capital Deficit	(222)
Total	$21,871

The following table summarizes the amounts of revenue and net income for Great Island from the acquisition date through June 30, 2020 that are included in the accompanying condensed consolidated statements of operations (in thousands):

	Three Months Ended June 30, 2020	Six Months Ended June 30, 2020
Revenues	$ 254	$ 254
Net Income	60	60

The Company incurred transaction and integration costs that were not eligible to be capitalized of $0.6 million and approximately $1.4 million during the three and six months ended June 30, 2020, respectively.

4. Debt

As of January 1, 2020, $500.0 million was outstanding under the First Amendment to the senior credit agreement (“Amended Credit Facility”). The Company had a borrowing capacity of $394.4 million under the revolver component (“Amended Revolver”), which is the $500.0 million maximum borrowing capacity reduced by $105.0 million of borrowings and the approximately $0.6 million of letters of credit pledged against the Amended Revolver.

Between January 1, 2020 and June 30, 2020, the Company drew $175.0 million on its Amended Revolver and repaid $57.0 million on its Amended Revolver. Approximately $93.9 million of the proceeds were used in connection with the Jamestown Boatyard, Great Oak Landing, Narrows Point, Grider Hill, Wisdom Dock, Sportsman and Great Island acquisitions.

As of June 30, 2020, $500.0 million was outstanding under the Amended Credit Facility and is included on the accompanying condensed consolidated balance sheets net of approximately $3.1 million of debt issuance costs. As of June 30, 2020, the Company had a borrowing capacity of $276.7 million under the Amended Revolver, which is the $500.0 million maximum borrowing capacity reduced by $223.0 million of borrowings and the approximately $0.3 million of letters of credit pledged against the Amended Revolver. As of June 30, 2020, the Company’s borrowing rate on the Amended Credit Facility was 1.92825% and the borrowing rates on the Amended Revolver ranged from 1.92825% to 1.93475%. As of June 30, 2020, the Company was in compliance in all respects with its debt covenants.

Debt consists of the following (in thousands):

	June 30, 2020
Credit Facility	$ 500,000
Revolver	223,000
Total Debt	723,000
Less: Current Maturities	—
Less: Unamortized Deferred Debt Issuance Costs	3,098
Long-term Debt	$ 719,902

The table below presents, as of June 30, 2020, the aggregate scheduled payments of principal for each of the next five years as follows (in thousands):

	Debt
2021	$ —
2022	—
2023	—
2024	723,000
2025	—
Total	$723,000

5. Intangibles, net

A summary of acquisition related intangibles as of June 30, 2020 is as follows (in thousands):

June 30, 2020	Cost	Accumulated Amortization	Net Book Value	Weighted Average Amortization Period
Acquisition Related Intangible Assets:				
In-place Leases	$ 9,862	$ (8,703)	$ 1,159	7 months
Goodwill	1,940	—	1,940	
Acquisition Related Intangible Liabilities:				
Below Market Leases	(3,353)	215	(3,138)	69 years

The amortization of in-place leases is approximately $0.7 million for remainder of 2020, approximately $0.3 million for 2021, approximately $0.1 million for 2022, approximately $37.8 thousand for 2023, approximately $20.8 thousand for 2024 and approximately $15.5 thousand thereafter.

$3.1 million of the below market lease acquisition related intangible liability relates to 63 long term dock use agreements at Safe Harbor Aqua Yacht. The terms of the agreements include common area maintenance fees paid to the marina but no other rent. Therefore, the difference between the contractual cash flows and the market cash flows for each lease were discounted to determine the below market lease liability. This liability is being amortized over the remaining term of these dock use agreements, which is approximately 70 years. In addition, approximately $36.8 thousand of the below market lease acquisition related intangible liability relates to the below market ground lease at Safe Harbor Cowesett entered into with the United States Coast Guard that expires in 2077. This liability is being amortized over the remaining term of the ground lease, which is 57 years. The amortization for all below market leases over each of the next five years is approximately $45.4 thousand per year.

6. Fair Value Measurements

The Company follows the provisions of ASC 820, which establishes a three-tiered fair value hierarchy that prioritizes inputs to valuation techniques used in fair value calculations. The three levels of inputs are defined as follows:

- Level 1 - Unadjusted quoted market prices for identical assets or liabilities in active markets that the Company has the ability to access.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities, etc.) or can be corroborated by observable market data.
- Level 3 - Valuations based on models where significant inputs are not observable. The unobservable inputs reflect the Company's own assumptions about the assumptions that market participants would use.

ASC 820 requires the Company to maximize the use of observable inputs and minimize the use of unobservable inputs. If a financial instrument uses inputs that fall in different levels of the hierarchy, the instrument will be categorized based upon the lowest level of input that is significant to the fair value calculation. The Company's financial assets and liabilities measured at fair value on a recurring basis include the Company's interest rate cap.

The fair values of cash, restricted cash, accounts receivable, accounts payable and accrued expenses, customer deposits, other current assets and liabilities and deferred revenue approximate their carrying values because of the short-term nature of these financial instruments. These are classified as Level 1 in the hierarchy.

The fair value of the interest rate caps were estimated using a standard option model. These standard option models incorporate inputs such as interest rates. These market inputs are utilized in the discounted cash flow calculation considering the instrument's term, notional amount, discount rate and credit risk. Significant inputs to the valuation for interest rate caps are observable in the active markets and are classified as Level 2 in the hierarchy.

We have variable rates on our credit facility and our revolver. 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 the Company's indebtedness at June 30, 2020, approximated its gross carrying value. As of June 30, 2020, the carrying value and fair value of the Company's debt was $723.0 million.

The following table presents our assets and liabilities measured at fair value on a recurring basis at June 30, 2020, as required by ASC 820 (in thousands):

	Fair Value Measurements			
	Level 1	Level 2	Level 3	Total
Assets				
Interest rate caps included in other assets	$ —	$ 261	$ —	$ 261
Total assets measured at fair value	$ —	$ 261	$ —	$ 261

Although the Company has determined the estimated fair value amounts using available market information and commonly accepted valuation methodologies, considerable judgment is required in interpreting market data to develop fair value estimates. The fair value estimates are based on information available at June 30, 2020. As such, the Company's estimates of fair value could differ significantly.

7. Commitments and Contingencies

Restricted Cash

During the six months ended June 30, 2020, approximately $1.3 million of escrows on deposit with a title company that existed as of January 1, 2020 were released upon the close of the Great Oak Landing, Narrows Point, Grider Hill and Wisdom Dock acquisitions. In addition, the Company received a $2.5 million refund of escrow on deposit with a title company in June 2020 related to a acquisition that did not close.

As of June 30, 2020, the Company had $4.0 million in escrow on deposit with a title company under a PSA with Morningstar Marinas, et al and PYC Holdings, LLC to acquire the Tri-W Group Portfolio of marinas in Georgia, South Carolina and North Carolina. In addition, the Company had $0.1 million in escrow on deposit with a title company under a PSA with VRE Pineland, LLC, VRE North Captiva, LLC and VRE Island Girl, LLC ("VRE") to acquire Pineland Marina and approximately $0.3 million in escrow on deposit with a title company under a PSA with Marina Village Associates, LLC to acquire Loch Lomond Marina. In addition, the Company had $0.1 million of escrow on deposit related to an asset purchase that did not close that was refunded in September 2020 (See Note 10 – Subsequent Events for additional details).

As of June 30, 2020, the Company had $0.6 million on deposit with PMA Companies as advance payments under its high-deductible worker's compensation policy. These funds will be applied as new claims are settled.

Insurance Deductible Reserve

As of June 30, 2020, the Company reserved approximately $0.5 million for insurance deductibles related to open claims that it is probable the Company will pay. Included in this reserve are certain amounts related to insurance deductibles for environmental matters that the Company is remediating. The reserve is included in accounts payable and accrued liabilities on the accompanying condensed consolidated balance sheets.

Worker's Compensation – Incurred But Not Reported ("IBNR") Reserve

On January 1, 2020, the Company entered into a high-deductible worker's compensation insurance policy. The Company records an IBNR reserve based on a third-party actuarial report. As of June 30, 2020, the Company reserved $0.5 million related to IBNR claims that is probable the Company will pay. The reserve is included in accounts payable and accrued liabilities on the accompanying condensed consolidated balance sheets.

Ground Leases

The Company leases 12 different properties (Safe Harbor Beaufort, Safe Harbor Beaver Creek, Safe Harbor Brady Mountain, Safe Harbor Burnside, Safe Harbor Eagle Cove, Safe Harbor Grider Hill, Safe Harbor Hideaway Bay, Safe Harbor Holly Creek, Safe Harbor Jamestown, Safe Harbor Pier 121, Safe Harbor Trade Winds and Safe Harbor Wisdom Dock) pursuant to various lease agreements with initial terms ending between December 30, 2022 and December 31, 2046 with certain leases containing renewal provisions for up to 25 years. These leases contain percentage rent payment terms. The annual percentage rent is calculated based upon total gross receipts, as defined in the lease. The percentage rates range from 2.0% to 4.6% based upon gross receipts from business operations conducted at the marinas that range from under $50 thousand to over $5 million.

The Company leases 11 properties (Safe Harbor Anacapa Isle, Safe Harbor Aqualand, Safe Harbor Cabrillo Isle, Safe Harbor Charleston City, Safe Harbor Emerald Point, Safe Harbor Emeryville, Safe Harbor Haverstraw, Safe Harbor New Port Cove, Safe Harbor Old Port Cove, Safe Harbor Regatta Pointe and Safe Harbor Ventura Isle) with lease terms ending between December 31, 2023 (5 renewal options of 5 years) and August 31, 2054 (renewal option of 6 years) and these leases contain percentage rent and stated minimum lease payments.

The Company leases five properties (Safe Harbor Aqua Yacht, Safe Harbor Ballena Isle, Safe Harbor Lakefront, Safe Harbor Sandusky and Safe Harbor Walden) with lease terms ending between December 31, 2028 and November 30, 2060. The Company also holds eight additional leases that are adjacent to properties owned by the Company for either parking lot space or submerged land (Safe Harbor Bristol, Safe Harbor Essex Island, Safe Harbor Great Island, Safe Harbor Greenport, Safe Harbor Jefferson Beach, Safe Harbor Post Road, Safe Harbor South Fork and Safe Harbor Willsboro Bay) with lease terms ending between December 31, 2020 and December 3, 2040. Each of these leases contains stated minimum lease payments.

For the three and six months ended June 30, 2020, the Company recognized lease expense of approximately $1.3 million and approximately $2.7 million, respectively. In addition to ground leases, three properties (Safe Harbor Emerald Point, Safe Harbor Harbors View and Safe Harbor Hideaway Bay) require annual permit and administrative fees in connection with marina operations. For the three and six months ended June 30, 2020, the Company recognized permit fees of $21.4 thousand and $38.7 thousand, respectively. Lease expense and permit and administrative fees are included in selling, general and administrative ("SG&A") on the accompanying condensed consolidated statements of operations.

In April 2016, the Company entered into a lease for office space for the corporate office expiring in October 2020. In October 2017, the Company entered into an additional lease for adjacent office space to expand the corporate office expiring in October 2020. In March 2019, the Company entered into a lease amendment that added adjacent office space and extended the existing leases until February 28, 2026. On January 1, 2020, the Company entered into a one-year lease for corporate office space in Newport, Rhode Island with five – one-year renewal options. For the three and six months ended June 30, 2020, the Company recognized rent expense of approximately $0.1 million and approximately $0.2 million, respectively, which is included in SG&A on the accompanying condensed consolidated statements of operations.

Future minimum rental payments required under these leases and other operating leases (excluding extension options) for each of the years ending December 31 are as follows (in thousands):

	Operating Leases
2020	$ 511
2021	977
2022	973
2023	973
2024	974
Thereafter	7,271
Total	$ 11,679

Future minimum permit fees required for each of the years ending December 31 are as follows (in thousands):

	Permit Fees
2020	$ 38
2021	75
2022	75
2023	75
2024	75
Thereafter	1,384
Total	$ 1,722

Percentage and incentive rent is accrued when it is probable that the specified thresholds will be achieved. Percentage and incentive rent for the three and six months ended June 30, 2020 was approximately $1.2 million and approximately $2.5 million, respectively, and is included in SG&A on the accompanying condensed consolidated statements of operations.

Storm Related Damages

In 2020, the Company incurred property damage at Safe Harbor Aqualand, Safe Harbor Burnside, Safe Harbor Eagle Cove, Safe Harbor Emerald Point, Safe Harbor Holly Creek and Safe Harbor Trade Winds due to wind and storm related damage. The damages were applied towards the Company's insurance deductible. As such, the Company incurred impairment costs of $0.1 million and approximately $0.2 million of asset impairment costs during the three and six months ended June 30, 2020, respectively, which are included in loss on disposal and impairment of assets on the accompanying condensed consolidated statements of operations.

Litigation

In 2017, the Company filed a lawsuit against the prior owner and the developer of Safe Harbor Cape Harbour due to a dispute over parking and ownership of an underground fuel system. As of June 30, 2020, the lawsuit is ongoing. The Company has incurred and will continue to incur legal and other costs in connection with this litigation. These costs were recognized as incurred in SG&A on the accompanying condensed consolidated statements of operations.

In 2018, the Company learned that an unaffiliated and unauthorized company, with a similar name and business model, was infringing upon the Company's trademarks. The Company filed a lawsuit against the unauthorized company for trademark infringement. The Company has incurred and will continue to incur legal and other costs in connection with this litigation. These costs were recognized as incurred in SG&A on the accompanying condensed consolidated statements of operations.

In June 2018, after the acquisition of Safe Harbor Toledo Beach, the Company learned of an alleged improper toxic waste disposal by employees at the marina. The Company reported the pollution to the appropriate authorities and is in the process of remediating the damages. In 2019, the Company settled coverage issues with its insurance carrier. The carrier agreed to reimburse the company 75% of the remediation costs. As of June 30, 2020, the remediation is almost complete and the Company has reserved $10.0 thousand in estimated insurance deductible that is included in accounts payable and accrued liabilities on the accompanying condensed consolidated balance sheets. The Company may incur additional legal and other related costs but has not accrued these costs as of June 30, 2020 because they are not estimable at this time.

In 2018, a contractor was hired to replace the seawall at Safe Harbor Hack's Point. The project was completed in February 2020. In April 2020, the Company determined that the contractor did not complete the work in accordance with applicable standards. As a result, the Company will incur approximately $0.4 million of future capital expenditures to repair and replace the seawall and may incur legal costs to pursue a claim against the contractor. The capital expenditures and legal costs will be recognized as incurred. The Company incurred impairment costs of $0.2 million of asset impairment costs during the three and six months ended June 30, 2020, which are included in loss on disposal and impairment of assets on the accompanying condensed consolidated statements of operations.

In 2019, a contractor was hired to dredge Safe Harbor Hawthorne and Safe Harbor Plymouth. The project was completed in December 2019. In February 2020, the Company determined that the contractor did not complete the work in accordance with applicable standards. As a result, the Company will incur approximately $1.0 million of future capital expenditures to complete the dredging work and may incur legal costs to pursue a claim against the contractor. The capital expenditures and legal costs will be recognized as incurred. The Company incurred impairment costs of $0.8 million of asset impairment costs during the six months ended June 30, 2020, which are included in loss on disposal and impairment of assets on the accompanying condensed consolidated statements of operations.

The Company is subject to claims and lawsuits that arise primarily in the ordinary course of business. The likelihood of loss from these legal proceedings, based on definitions within contingency accounting literature, ranges from remote to reasonably possible to probable. Based on estimates of the range of potential losses associated with these matters, it is the opinion of management that the disposition or ultimate resolution of such claims and lawsuits will not have a material adverse effect on our consolidated financial position, results of operations or liquidity. However, the final results of legal proceedings cannot be predicted with certainty and if the Company fails to prevail in one or more of these legal matters, and the associated realized losses exceed our current estimates of the range of potential losses, our consolidated financial position or results of operations could be materially adversely affected in future periods.

8. Related Party Transactions

The Company has management agreements to manage five marinas that are partially owned by Marshall Funk, the Company's co-founder, and Stan Johnson, the Company's co-founder. In accordance with these agreements, the Company earned a fee of 4% of gross revenue minus cost of goods sold on a monthly basis or $0.2 million and $0.4 million for the three and six months ended June 30, 2020, respectively, which is included in management fee revenues on the accompanying condensed consolidated statements of operations. During the three and six months ended June 30, 2020, the Company paid approximately $1.1 million and approximately $2.2 million, respectively, of payroll and other reimbursable expenses on behalf of this related party. The Company was reimbursed $2.8 million and was owed $0.7 million, net related to these management agreements included in accounts receivable, net on the accompanying condensed consolidated balance sheets.

The Company paid $0.4 million to BYYG Condos LLC to complete the settlement of condominium earn-out liabilities during the three and six months ended June 30, 2020. The Company's co-founder and Board of Managers member, John "Jack" Brewer, holds a majority ownership in BYYG Condos LLC.

9. Supplemental Cash Flow Information

A summary of supplemental cash flow is as follows for the six months ended June 30, 2020 (in thousands):

	Six Months Ended June 30, 2020
Cash paid for interest	$ 9,831
Non-Cash Disclosures	
Purchases/Improvements of property and equipment in accounts payable and accrued expenses	$ 540
Accrued preferred equity distributions to members in accounts payable and accrued expenses	1,635

10. Subsequent Events

On July 13, 2020, the Company acquired the following marinas, collectively known as "Tri-W Portfolio", for approximately $51.4 million in cash and issued 527,182 Class A Units of the Company valued at $25.5 million to TWG Marina Holdings, LLC ("TWG"). Following the closing of the acquisition and until the earlier of (i) the consummation of any transaction or series of transactions constituting a Drag-Along Transaction or Liquidity Event (each as defined in the Company's Operating Agreement) and (ii) December 31, 2020, TWG shall have the right to make a one-time election to exchange all or a portion of the Class A Units of the Company issued to TWG as consideration at the closing of the acquisition for a cash amount equal to the number of Class A Units of the Company held by TWG; provided, that the exchange amount shall not

be less than $5,000,000. TWG shall make any election by the delivery of written notice thereof to the Company. In connection with this transaction, $4.0 million of escrows on deposit with the title company as of June 30, 2020 were utilized.

Marina Property	Location
Safe Harbor Bahia Bleu	Thunderbolt, GA
Safe Harbor Kings Point	Cornelius, NC
Safe Harbor Peninsula Yacht Club	Cornelius, NC
Safe Harbor Reserve Harbor	Pawleys Island, SC
Safe Harbor Skippers Landing	Troutman, NC

On July 24, 2020, the Company acquired Safe Harbor Loch Lomond ("Loch Lomond") located in San Rafael, CA for approximately $12.3 million in cash. In connection with this transaction, $0.2 million of escrows on deposit with the title company as of June 30, 2020 were utilized.

On July 27, 2020, the Company acquired Safe Harbor Pineland ("Pineland") located in Bokeelia, FL for approximately $11.9 million in cash. In connection with this transaction, $0.1 million of escrows on deposit with the title company as of June 30, 2020 were utilized. Effective on July 27, 2020, the Company ended its management agreement with VRE to manage Pineland.

In connection with the acquisitions that closed subsequent to June 30, 2020, the Company allocated the identifiable assets acquired and identifiable liabilities assumed using the estimated fair value information based on third party appraisals. The valuation is considered a Level 3 valuation technique.

The following table summarizes the preliminary fair value of the assets acquired and the liabilities assumed in the acquisitions that closed subsequent to June 30, 2020 (in thousands):

Land, Intangibles,and Tangible Marina Assets (Real and Personal Property)	$102,502
Working Capital (Deficit)	(1,390)
Total	$101,112

On August 10, 2020, the Company distributed approximately $10.8 million to its members.

On September 16, 2020, the Company received a $0.1 million refund from the title company for fees held in escrow related to a transaction that was cancelled.

On September 21, 2020, the Company reached an agreement to settle its trademark dispute with Safe Harbor Development, LLC.

Between July 1, 2020 and September 18, 2020, the Company funded an additional approximately $0.5 million of escrows on deposit with a title company related to the certain Rhode Island properties under PSA. As of September 18, 2020, the Company has approximately $0.5 million of non-refundable escrows on deposit with a title company.

In addition, the Company is under PSA with six sellers to acquire certain properties in California, Maine, New Jersey and Rhode Island with a total transaction value of approximately $54.6 million. Many of these contracts are in the diligence phase with consummation expected in late 2020 or early 2021.

Between July 1, 2020 and September 18, 2020, the Company drew $85.0 million on the revolver including the amounts used to fund the Tri-W Portfolio, Loch Lomond and Pineland acquisitions disclosed above.

Storm Related Damages

In August and September 2020, the Company incurred damage at Safe Harbor Aqualand, Safe Harbor Capri, Safe Harbor Emerald Point, Safe Harbor Haverstraw, Safe Harbor Pier 121, Safe Harbor South Harbor Village, Safe Harbor Sportsman and Safe Harbor Trade Winds due to hurricanes Isaias, Laura and Sally. The damages are expected to be reimbursed by the Company's insurance carrier subject to a deductible. The Company is still assessing the damage and the repair or replacement costs. As such, the Company will incur disposal, capital expenditure and other related costs but they are not estimable at this time.