



SUN COMMUNITIES, INC.



Supplemental Operating
& Financial Data
FIRST QUARTER 2012

Portfolio Overview
(as of March 31, 2012)

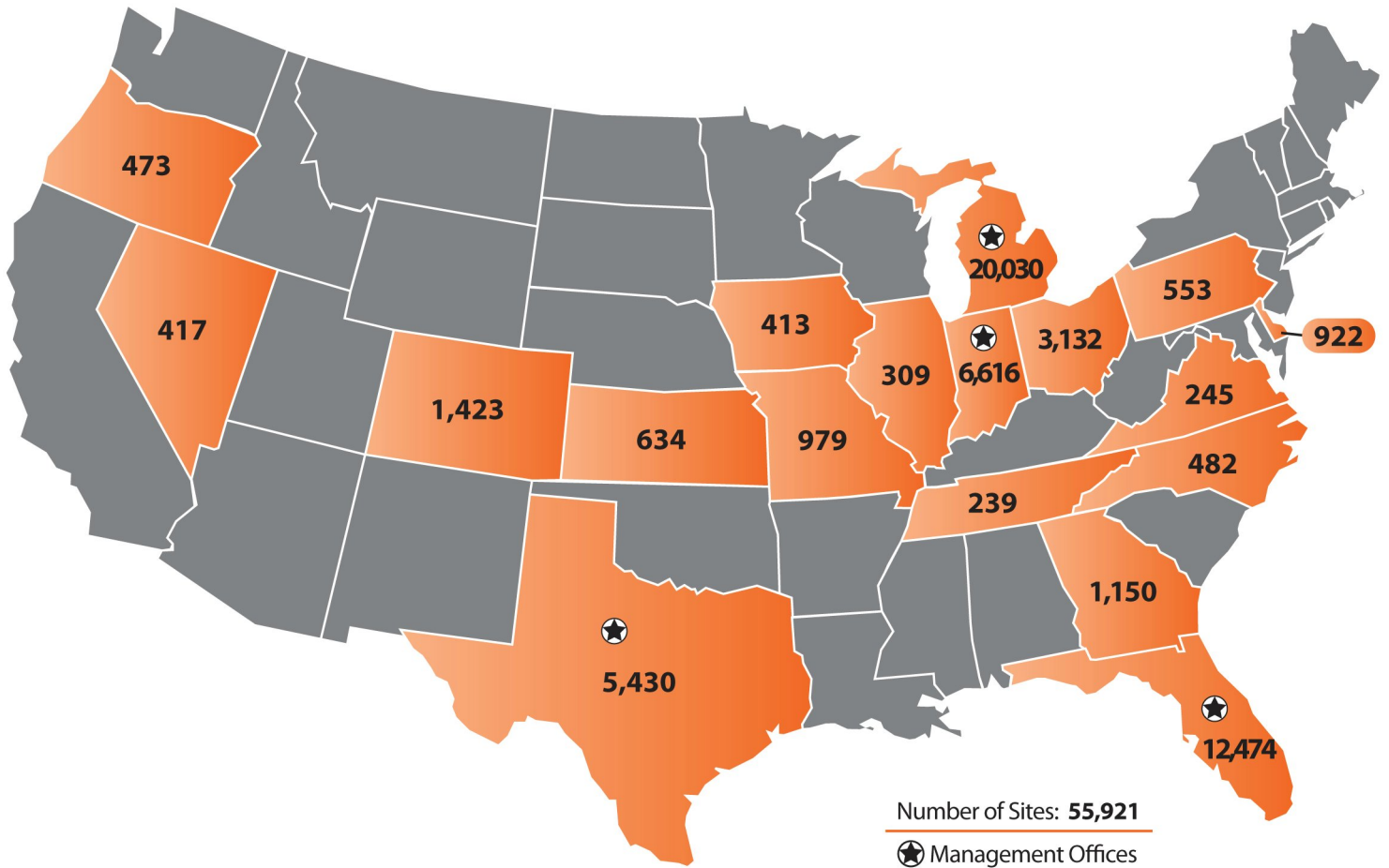


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Balance Sheets

(amounts in thousands)

	Quarter Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
ASSETS:					
<i>Real Estate</i>					
Land	\$ 153,412	\$ 140,230	\$ 125,201	\$ 124,073	\$ 116,837
Land improvements and buildings	1,358,006	1,342,325	1,330,311	1,324,544	1,192,972
Rental homes and improvements	263,549	246,245	235,270	226,035	213,740
Furniture, fixtures and equipment	41,826	41,172	37,390	36,971	36,811
Land held for future development	25,606	24,633	25,702	26,746	26,406
Gross investment property	1,842,399	1,794,605	1,753,874	1,738,369	1,586,766
Accumulated depreciation	(613,191)	(597,999)	(584,460)	(570,884)	(559,999)
Net investment property	1,229,208	1,196,606	1,169,414	1,167,485	1,026,767
Cash and cash equivalents	15,975	5,857	4,741	4,007	4,857
Notes and other receivables	29,834	33,708	26,243	25,275	21,258
Collateralized receivables, net ⁽¹⁾	83,098	81,176	78,822	77,107	73,190
Inventory of manufactured homes	5,750	5,832	3,862	4,389	3,140
Other assets	44,151	44,795	47,952	46,063	33,928
Total assets	<u>\$1,408,016</u>	<u>\$1,367,974</u>	<u>\$1,331,034</u>	<u>\$1,324,326</u>	<u>\$1,163,140</u>
LIABILITIES AND STOCKHOLDERS' EQUITY (DEFICIT):					
<i>Liabilities</i>					
Lines of credit	\$ 5,984	\$ 129,034	\$ 104,333	\$ 88,325	\$ 62,889
Secured borrowing ⁽¹⁾	83,612	81,682	79,276	77,466	73,519
Mortgage loans payable	1,155,137	1,137,687	1,124,534	1,128,796	1,051,125
Preferred operating units	48,822	48,822	48,322	48,322	48,322
Other liabilities	69,085	71,404	46,984	46,865	38,987
Total liabilities	<u>1,362,640</u>	<u>1,468,629</u>	<u>1,403,449</u>	<u>1,389,774</u>	<u>1,274,842</u>
<i>Stockholders' Equity (Deficit)</i>					
Common stock	283	236	235	233	227
Paid in capital	713,854	555,981	551,926	543,657	527,437
Unrealized loss on interest rate swaps	(1,041)	(1,273)	(1,641)	(1,842)	(1,860)
Distributions in excess of accumulated earnings	(629,230)	(617,953)	(588,338)	(574,417)	(560,335)
Treasury stock at cost	(63,600)	(63,600)	(63,600)	(63,600)	(63,600)
Total SUI stockholders' equity (deficit)	<u>20,266</u>	<u>(126,609)</u>	<u>(101,418)</u>	<u>(95,969)</u>	<u>(98,131)</u>
<i>Noncontrolling interests:</i>					
Preferred OP Units	45,548	45,548	45,548	45,548	-
Common OP Units	(20,438)	(19,594)	(16,545)	(15,027)	(13,571)
Total stockholders' equity (deficit)	<u>45,376</u>	<u>(100,655)</u>	<u>(72,415)</u>	<u>(65,448)</u>	<u>(111,702)</u>
Total liabilities & stockholders' equity (deficit)	<u>\$1,408,016</u>	<u>\$1,367,974</u>	<u>\$1,331,034</u>	<u>\$1,324,326</u>	<u>\$1,163,140</u>
Preferred OP Units outstanding, if converted	1,111	1,111	1,111	1,111	-
Common OP Units outstanding, if converted	2,072	2,072	2,072	2,072	2,079
Number of common shares outstanding	26,467	21,810	21,703	21,502	20,920

Debt Analysis
(amounts in thousands)

	Quarter Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
DEBT OUTSTANDING					
Lines of credit	\$ 5,984	\$ 129,034	\$ 104,333	\$ 88,325	\$ 62,889
Mortgage loans payable	1,155,137	1,137,687	1,124,534	1,128,796	1,051,125
Preferred operating units	48,822	48,822	48,322	48,322	48,322
Secured borrowing ⁽¹⁾	83,612	81,682	79,276	77,466	73,519
Total debt	<u>1,293,555</u>	<u>1,397,225</u>	<u>1,356,465</u>	<u>1,342,909</u>	<u>1,235,855</u>
% FIXED/FLOATING					
Fixed	82.7%	76.9%	79.26%	80.22%	80.95%
Floating	17.3%	23.1%	20.74%	19.78%	19.05%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
WEIGHTED AVERAGE INTEREST RATES					
Lines of credit	7.00%	3.84%	3.44%	2.77%	2.92%
Mortgage loans payable	4.81%	4.67%	4.70%	4.70%	4.84%
Preferred operating units	6.90%	6.90%	6.89%	6.87%	6.87%
Average before secured borrowing	4.91%	4.67%	4.68%	4.65%	4.71%
Secured borrowing ⁽¹⁾	11.17%	11.20%	11.24%	11.28%	11.32%
Total average	<u>5.31%</u>	<u>5.06%</u>	<u>5.07%</u>	<u>5.03%</u>	<u>5.21%</u>
DEBT RATIOS					
Debt/Total Capitalization	51.1%	61.6%	61.9%	60.4%	60.1%
Debt/Gross Assets	64.0%	71.1%	70.8%	70.9%	71.7%
COVERAGE RATIOS					
EBITDA/ Interest ⁽²⁾	2.7	2.4	2.2	2.3	2.4
EBITDA/ Interest + Pref. Distributions ⁽²⁾	2.5	2.3	2.1	2.2	2.3
MATURITIES/PRINCIPAL AMORTIZATION NEXT FIVE YEARS					
	2013	2014	2015	2016	2017
Lines of credit	\$ 5,984	\$ —	\$ —	\$ —	\$ —
Mortgage loans payable:					
Maturities	13,961	33,754	185,774	16,622	299,706
Principal amortization	12,636	17,932	17,594	16,883	15,293
Preferred operating units	4,670	4,145	4,225	—	—
Secured borrowing ⁽¹⁾	2,661	3,844	4,206	4,656	5,160
Total	<u>\$ 39,912</u>	<u>\$ 59,675</u>	<u>\$ 211,799</u>	<u>\$ 38,161</u>	<u>\$ 320,159</u>

Statements of Operations

(amounts in thousands except for per share data)

	Quarter Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
REVENUES:					
Income from real property	\$ 64,296	\$ 59,262	\$ 58,251	\$ 52,264	\$ 53,836
Revenue from home sales	9,613	7,756	8,115	8,146	8,235
Rental home revenue	6,291	5,883	5,650	5,427	5,330
Other income	3,678	4,035	3,157	3,275	2,663
Total revenues	<u>83,878</u>	<u>76,936</u>	<u>75,173</u>	<u>69,112</u>	<u>70,064</u>
EXPENSES:					
Property operating and maintenance	16,026	15,384	16,354	13,994	13,458
Real estate taxes	4,872	4,830	4,504	4,098	4,115
Cost of home sales	7,773	6,143	6,357	6,401	6,491
Rental home operating and maintenance	3,824	4,516	4,253	3,754	3,673
General and administrative	7,267	7,377	7,247	6,785	6,451
Acquisition related costs	164	450	121	1,151	249
Total expenses	<u>39,926</u>	<u>38,700</u>	<u>38,836</u>	<u>36,183</u>	<u>34,437</u>
EBITDA ⁽³⁾	<u>43,952</u>	<u>38,236</u>	<u>36,337</u>	<u>32,929</u>	<u>35,627</u>
Interest	(16,797)	(17,349)	(16,626)	(15,225)	(15,406)
Interest on mandatorily redeemable debt	(841)	(844)	(834)	(829)	(826)
Depreciation and amortization	(19,868)	(20,645)	(18,748)	(18,121)	(16,679)
Asset impairment charge	—	(1,382)	—	—	—
(Provision) benefit for state income tax	(53)	(128)	(150)	259	(131)
NET INCOME (LOSS)	<u>6,393</u>	<u>(2,112)</u>	<u>(21)</u>	<u>(987)</u>	<u>2,585</u>
Preferred return to Preferred OP units	(579)	(586)	(585)	(51)	—
Amounts attributable to common noncontrolling interests	(437)	475	233	148	(185)
NET INCOME (LOSS) ATTRIBUTABLE TO SUI	<u>5,377</u>	<u>(2,223)</u>	<u>(373)</u>	<u>(890)</u>	<u>2,400</u>
Acquisition related costs	164	450	121	1,151	249
Asset impairment charge	—	1,382	—	—	—
Benefit for state income tax ⁽⁴⁾	—	—	—	(398)	(9)
Depreciation and amortization	20,115	20,903	19,109	18,448	17,019
Gain on disposition of assets, net	(796)	(488)	(629)	(710)	(808)
Preferred return to Preferred OP units	579	586	585	51	—
Amounts attributable to common noncontrolling interests	437	(475)	(233)	(148)	185
FUNDS FROM OPERATIONS ("FFO") ⁽³⁾, EXCLUDING ACQUISITION RELATED COSTS	<u>25,876</u>	<u>20,135</u>	<u>18,580</u>	<u>17,504</u>	<u>19,036</u>
Acquisition related costs	(164)	(450)	(121)	(1,151)	(249)
FUNDS FROM OPERATIONS ("FFO") ⁽³⁾	<u>25,712</u>	<u>19,685</u>	<u>18,459</u>	<u>16,353</u>	<u>18,787</u>
Recurring capital expenditures	(1,314)	(2,780)	(2,495)	(1,778)	(1,115)
FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") ⁽³⁾	<u>\$ 24,398</u>	<u>\$ 16,905</u>	<u>\$ 15,964</u>	<u>\$ 14,575</u>	<u>\$ 17,672</u>
FFO PER SHARE/UNIT EXCLUDING ACQUISITION RELATED COSTS - DILUTED ⁽³⁾					
	\$ 0.90	\$ 0.81	\$ 0.75	\$ 0.74	\$ 0.83
FFO PER SHARE/UNIT - DILUTED ⁽³⁾	\$ 0.89	\$ 0.79	\$ 0.74	\$ 0.70	\$ 0.82
PAYOUT RATIO	61.7%	86.3%	92.5%	92.4%	80.5%
WEIGHTED AVG. SHARES/UNITS - BASIC					
	25,310	21,474	21,366	21,090	20,661
Common OP units	2,072	2,072	2,072	2,075	2,081
Restricted stock	277	276	278	238	147
Common stock issuable upon conversion of Preferred OP	1,111	1,111	1,111	98	—
Common stock issuable upon conversion of stock options	18	14	14	17	13
WEIGHTED AVG. SHARES/UNITS - DILUTED	28,788	24,947	24,841	23,518	22,902

Statement of Operations – Same Site
(amounts in thousands except for other information)

	Three Months Ended March 31,			
	2012	2011	Change	% Change
REVENUES:				
Income from real property	\$ 53,344	\$ 50,664	\$ 2,680	5.3 %
PROPERTY OPERATING EXPENSES:				
Payroll and benefits	4,011	3,964	47	1.2 %
Legal, taxes, & insurance	583	701	(118)	(16.8)%
Utilities	2,984	3,131	(147)	(4.7)%
Supplies and repair	1,528	1,443	85	5.9 %
Other	1,288	1,047	241	23.0 %
Real estate taxes	4,048	4,115	(67)	(1.6)%
Property operating expenses	14,442	14,401	41	0.3 %
NET OPERATING INCOME ("NOI") ⁽³⁾				
	\$ 38,902	\$ 36,263	\$ 2,639	7.3 %
	As of March 31,			
	2012	2011	Change	
OTHER INFORMATION				
Number of properties	136	136	—	
Developed sites	47,845	47,684	161	
Occupied sites ⁽⁵⁾	39,377	38,641	736	
Occupancy % ⁽⁵⁾	86.1%	84.8%	1.3%	
Weighted average monthly rent per site ⁽⁶⁾	\$ 431	\$ 418	13	
Sites available for development	5,255	5,439	(184)	

Rental Program Summary
(amounts in thousands except for *)

	Three Months Ended March 31,			
	2012	2011	Change	% Change
REVENUES:				
Rental home revenue	\$ 6,291	\$ 5,330	\$ 961	18.0 %
Site rent included in income from real property	9,045	7,572	1,473	19.5 %
Rental program revenue	15,336	12,902	2,434	18.9 %
EXPENSES:				
Commissions	533	472	61	12.9 %
Repairs and refurbishment	1,846	1,806	40	2.2 %
Taxes and insurance	805	736	69	9.4 %
Marketing and other	640	659	(19)	(2.9)%
Rental program operating and maintenance	3,824	3,673	151	4.1 %
NET OPERATING INCOME ("NOI")⁽³⁾	\$ 11,512	\$ 9,229	\$ 2,283	24.7 %
Occupied rental home information as of March 31, 2012 and 2011:				
Number of occupied rentals, end of period*	7,349	6,235	1,114	17.9 %
Investment in occupied rental home	\$ 249,818	\$ 203,280	\$ 46,538	22.9 %
Number of sold rental homes*	218	216	2	0.9 %
Weighted average monthly rental rate*	\$ 764	\$ 741	\$ 23	3.1 %

Acquisitions Summary
(amounts in thousands except for statistical data)

	Three Months Ended March 31, 2012
REVENUES:	
Income from real property	\$ 7,594
Revenue from home sales	372
Rental home revenue	200
Total revenues	8,166
COSTS AND EXPENSES:	
Property operating and maintenance	2,271
Real estate taxes	825
Cost of home sales	290
Rental home operating and maintenance	95
Total expenses	3,481
NET OPERATING INCOME ("NOI") ⁽³⁾	\$ 4,685
As of March 31, 2012	
Other information:	
Number of properties	26
Developed sites	8,076
Occupied sites ⁽⁵⁾	5,314
Occupancy % ⁽⁵⁾	86.6%
Weighted average monthly rent per site ⁽⁶⁾	\$ 381
Occupied rental home information :	
Number of occupied rentals, end of period	330
Investment in occupied rental homes (<i>in thousands</i>)	\$ 10,054
Number of sold rental homes	2
Weighted average monthly rental rate	\$ 780
Home sales information :	
	Three Months Ended March 31, 2012
Pre-Owned Homes	27

Property Summary
(includes MH and Perm RV's)

COMMUNITIES	Quarter Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
MICHIGAN					
Communities	66	66	65	65	47
Sites for development	1,799	1,799	1,453	1,453	1,153
Developed sites	19,745	19,743	19,484	19,461	14,333
Occupied	16,177	15,980	15,855	15,680	11,359
Occupancy %	81.9%	80.9%	81.4%	80.6%	79.3%
FLORIDA ⁽⁵⁾					
Communities	26	23	20	20	19
Sites for development	206	206	223	223	223
Developed sites	9,358	9,165	8,809	8,810	8,631
Occupied	9,251	9,055	8,719	8,712	8,544
Occupancy %	98.9%	98.8%	99.0%	98.9%	99.0%
INDIANA					
Communities	18	18	18	18	18
Sites for development	522	522	519	519	519
Developed sites	6,616	6,616	6,616	6,616	6,616
Occupied	4,445	4,437	4,467	4,421	4,400
Occupancy %	67.2%	67.1%	67.5%	66.8%	66.5%
TEXAS ⁽⁵⁾					
Communities	17	17	17	17	17
Sites for development	2,914	2,906	3,084	3,084	3,084
Developed sites	4,905	4,909	4,803	4,723	4,722
Occupied	4,742	4,692	4,614	4,589	4,513
Occupancy %	96.7%	95.6%	96.1%	97.2%	95.6%
OHIO					
Communities	11	11	11	11	11
Sites for development	135	135	135	135	135
Developed sites	3,132	3,132	3,132	3,132	3,132
Occupied	2,737	2,721	2,738	2,735	2,704
Occupancy %	87.4%	86.9%	87.4%	87.3%	86.3%
COLORADO					
Communities	4	4	4	4	4
Sites for development	464	464	464	464	464
Developed sites	1,423	1,423	1,423	1,423	1,423
Occupied	1,357	1,336	1,294	1,250	1,209
Occupancy %	95.4%	93.9%	90.9%	87.8%	85.0%
OTHER STATES ⁽⁵⁾					
Communities	20	20	20	20	20
Sites for development	359	359	359	359	359
Developed sites	6,816	6,814	6,809	6,805	6,801
Occupied	5,982	5,983	5,951	5,949	5,912
Occupancy %	87.8%	87.8%	87.4%	87.4%	86.9%

Property Summary

(includes MH and Perm RV's)

COMMUNITIES	Quarter Ended				
	3/31/2012	12/31/2011	9/30/2011	6/30/2011	3/31/2011
TOTAL - PORTFOLIO					
Communities	162	159	155	155	136
Sites for development	6,399	6,391	6,237	6,237	5,937
Developed sites	51,995	51,802	51,076	50,970	45,658
Occupied	44,691	44,204	43,638	43,336	38,641
Occupancy %	86.0%	85.3%	85.4%	85.0%	84.6%

SEASONAL RV PORTFOLIO SUMMARY

States					
Florida	3,116	2,195	1,811	1,814	1,469
Michigan	285	286	286	281	—
Texas	525	527	534	536	543
Delaware	—	1	6	10	14
Total seasonal RV sites	<u>3,926</u>	<u>3,009</u>	<u>2,637</u>	<u>2,641</u>	<u>2,026</u>

Capital Improvements, Development, and Acquisitions

(amounts in thousands except for *)

	Recurring Capital Expenditures Average/Site*	Recurring Capital Expenditures ⁽⁷⁾	Lot Modifications ⁽⁸⁾	Acquisitions ⁽⁹⁾	Expansion & Development ⁽¹⁰⁾	Revenue Producing ⁽¹¹⁾
2010	\$ 142	\$ 6,792	\$ 2,173	\$ —	\$ 3,462	\$ 800
2011	\$ 150	\$ 8,168	\$ 3,521	\$ 167,326	\$ 5,931	\$ 506
YTD 3/2012	\$ 28	\$ 1,314	\$ 1,257	\$ 24,396	\$ 2,210	\$ 115

Operating Statistics for Manufactured Homes and Permanent RV's

MARKETS	Resident Move-outs ⁽¹²⁾	Net Leased Sites	New Home Sales	Pre-owned Home Sales	Brokered Resales
Michigan	95	197	1	156	9
Florida	19	3	15	25	114
Indiana	54	8	—	44	4
Ohio	20	16	—	25	—
Texas	16	50	—	80	8
Colorado	1	21	2	20	5
Other states	29	(1)	—	33	4
QTR ended March 31, 2012	234	294	18	383	144

TOTAL FOR YEAR ENDED	Resident Move-outs ⁽¹²⁾	Net Leased Sites	New Home Sales	Pre-owned Home Sales	Brokered Re-sales
2011	949	892	28	1,411	353
2010	890	563	36	1,339	320
2009	1,049	224	71	1,045	348
2008	1,018	(47)	122	843	341
2007	1,200	(148)	76	636	394
2006	1,250	(500)	121	371	539
2005	1,252	103	179	246	593
2004	1,228	(709)	180	357	683
2003	1,437	(895)	257	283	626
2002	1,386	(158)	286	174	592
2001	1,212	171	438	327	584
2000	847	299	416	182	863

PERCENTAGE TRENDS	Resident Move-outs ⁽¹²⁾	Resident Re-sales
2012	2.1%	2.6%
2011	2.3%	4.7%
2010	2.3%	5.1%
2009	2.8%	4.9%
2008	2.7%	5.8%
2007	3.2%	6.5%
2006	3.3%	7.7%
2005	3.3%	8.4%
2004	3.3%	8.1%
2003	4.0%	7.8%
2002	3.9%	7.5%
2001	3.4%	7.4%
2000	2.4%	8.6%

Footnotes to Supplemental Data

- (1) This is a transferred asset transaction which has been classified as collateralized receivables and the cash received from this transaction has been classified as a secured borrowing. The interest income and interest expense accrue at the same rate/amount.
- (2) The coverage ratios have been adjusted to exclude Michigan Business Tax adjustment, and acquisition related costs. See Statement of Operations on page 7 for detailed amounts.
- (3) Investors in and analysts following the real estate industry utilize funds from operations (“FFO”), net operating income (“NOI”), EBITDA and funds available for distribution (“FAD”) as supplemental performance measures. We believe FFO, NOI, EBITDA and FAD are appropriate measures given their wide use by and relevance to investors and analysts. FFO, reflecting the assumption that real estate values rise or fall with market conditions, principally adjusts for the effects of GAAP depreciation/amortization of real estate assets. NOI provides a measure of rental operations and does not factor in depreciation/amortization and non-property specific expenses such as general and administrative expenses. EBITDA provides a further tool to evaluate ability to incur and service debt and to fund dividends and other cash needs. FAD provides information to evaluate our ability to fund dividends. In addition, FFO, NOI, EBITDA and FAD are commonly used in various ratios, pricing multiples/yields and returns and valuation calculations used to measure financial position, performance and value.

Funds from operations (“FFO”) is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) as net income (loss) computed in accordance with generally accepted accounting principles (“GAAP”), excluding gains (or losses) from sales of depreciable operating property, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure that management believes is a useful supplemental measure of our operating performance. Management generally considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets, impairment and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing perspective not readily apparent from net income (loss). Management believes that the use of FFO has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. FFO is computed in accordance with our interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or interpret the current NAREIT definition differently.

Because FFO excludes significant economic components of net income (loss) including depreciation and amortization, FFO should be used as an adjunct to net income (loss) and not as an alternative to net income (loss). The principal limitation of FFO is that it does not represent cash flow from operations as defined by GAAP and is a supplemental measure of performance that does not replace net income (loss) as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT’s ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. FFO only provides investors with an additional performance measure that, when combined with measures computed in accordance with GAAP such as net income (loss), cash flow from operating activities, investing activities and financing activities, provide investors with an indication of our ability to service debt and to fund acquisitions and other expenditures. Other REITs may use different methods for calculating FFO, accordingly, our FFO may not be comparable to other REITs.

NOI is derived from revenues minus property operating expenses and real estate taxes. NOI does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (loss) (determined in accordance with GAAP) as an indication of our financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of our liquidity; nor is it indicative of funds available for our cash needs, including its ability to make cash distributions. We believe that net income (loss) is the most directly comparable GAAP measurement to NOI. Because of the inclusion of items such as interest, depreciation, and amortization, the use of net income (loss) as a performance measure is limited as these items may not accurately reflect the actual change in market value of a property, in the case of depreciation and in the case of interest, may not necessarily be linked to the operating performance of a real estate asset, as it is often incurred at a parent company level and not at a property level. We believe that NOI is helpful to investors as a measure of operating performance because it is an indicator of the return on property investment, and provides a method of comparing property performance over time. We use NOI as a key management

Footnotes to Supplemental Data - continued

tool when evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization and non-property specific expenses such as general and administrative expenses, all of which are significant costs, and therefore, NOI is a measure of the operating performance of the properties of the Company rather than of the Company overall.

EBITDA is defined as NOI plus other income, plus (minus) equity earnings (loss) from affiliates, minus general and administrative expenses. EBITDA includes EBITDA from discontinued operations. FAD is defined as FFO minus recurring capital expenditures. Recurring capital expenditures are those expenditures necessary to maintain asset quality, including major road, driveway and pool repairs, and clubhouse renovations and adding or replacing street lights, playground equipment, signage and maintenance facilities.

FFO, NOI, EBITDA and FAD do not represent cash generated from operating activities in accordance with GAAP and are not necessarily indicative of cash available to fund cash needs, including the repayment of principal on debt and payment of dividends and distributions. FFO, NOI, EBITDA, and FAD should not be considered as alternatives to net income (loss) (calculated in accordance with GAAP) for purposes of evaluating our operating performance, or cash flows (calculated in accordance with GAAP) as a measure of liquidity. FFO, NOI, EBITDA and FAD as calculated by us may not be comparable to similarly titled, but differently calculated, measures of other REITs or to the definition of FFO published by NAREIT.

- (4) The tax benefit represents the reversal of a tax provision for potential taxes payable on the sale of company assets related to the enactment of the Michigan Business Tax. These taxes do not impact FFO and would be payable from prospective proceeds from the sale of such assets.
- (5) Includes manufactured housing and permanent recreational vehicle sites, and excludes seasonal recreational vehicle sites. Occupancy percentage excludes completed but vacant expansion sites.
- (6) Average rent relates only to manufactured housing sites, and excludes permanent and seasonal recreational vehicle sites.
- (7) Includes capital expenditures necessary to maintain asset quality, including purchasing and replacing assets used to operate the community. These capital expenditures include major road, driveway, and pool repairs, clubhouse renovations, and adding or replacing street lights, playground equipment, signage, maintenance facilities, manager housing and property vehicles. The minimum capitalized amount or project is five hundred dollars.
- (8) Includes capital expenditures which improve the asset quality of the community. These costs are incurred when an existing older home moves out, and the site is prepared for a new home, more often than not, a multi-sectional home. These activities which are mandated by strict manufacturer's installation requirements and State building code include new foundations, driveways, and utility upgrades.
- (9) Acquisitions represent the purchase price of existing operating communities and land parcels to develop expansions or new communities. Acquisitions also include deferred maintenance identified during due diligence and those capital improvements necessary to bring the community up to Sun's standards. These include upgrading clubhouses, landscaping, new street light systems, new mail delivery systems, pool renovation including larger decks, heaters, and furniture, new maintenance facilities, and new signage including main signs and internal road signs. These are considered acquisition costs and although identified during due diligence, they sometimes require six to twelve months after closing to complete.
- (10) Expansion and development costs consist primarily of construction costs and costs necessary to complete home site improvements.
- (11) Capital costs related to revenue generating activities, consisting primarily of garages, sheds, and sub-metering of water, sewer and electricity. Occasionally, a special capital project requested by residents and accompanied by an extra rental increase will be classified as revenue producing.
- (12) Move outs listed for 2004-2012 exclude move outs by finance companies.