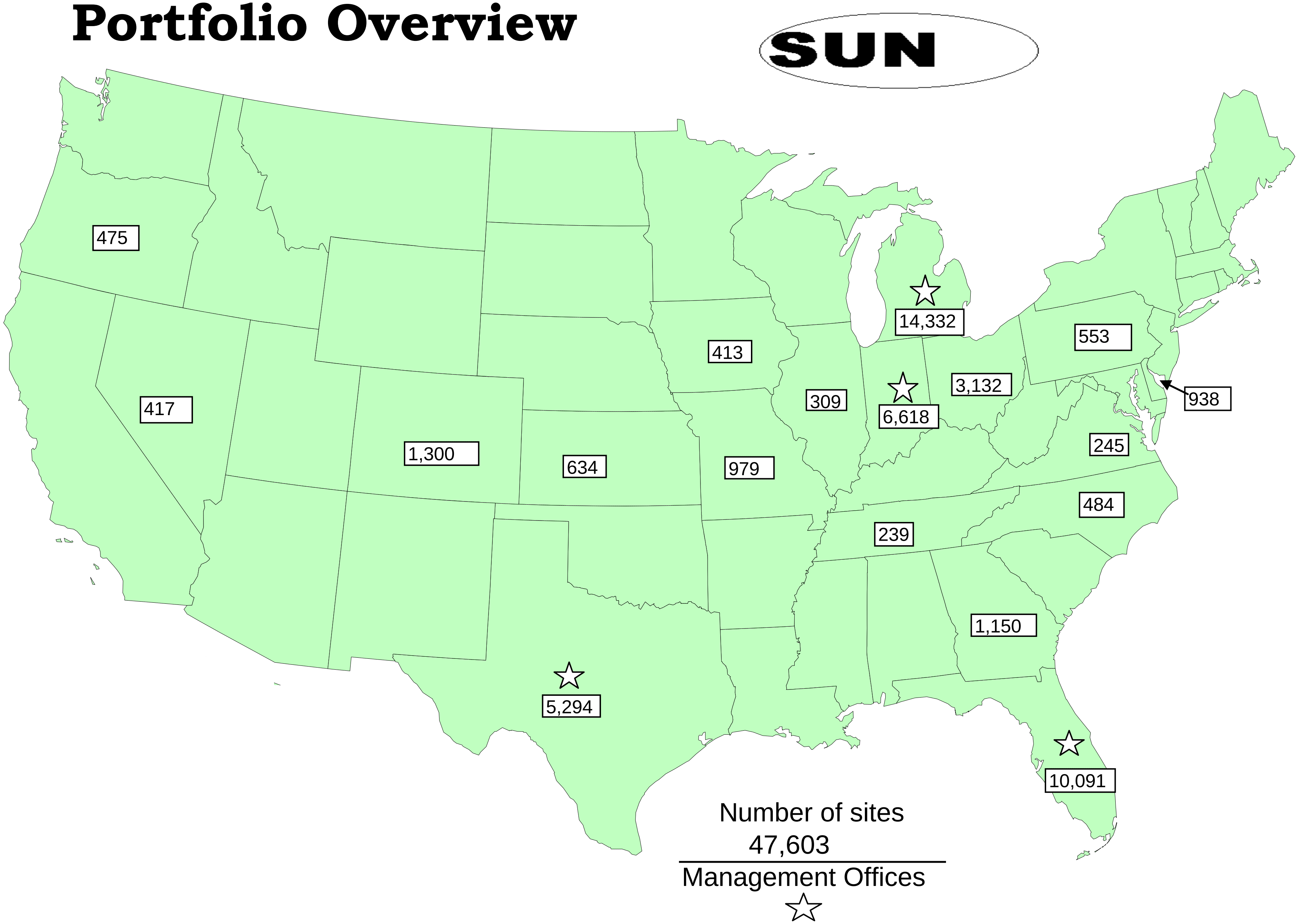
Sun Communities, Inc.

Supplemental Operating and Financial Data

For the Quarter Ended September 30, 2006

SUN

Portfolio Overview



SUN COMMUNITIES, INC.
SUPPLEMENTAL INFORMATION
3rd QUARTER 2006

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(A) The statements of operations provided in this supplemental information package presents funds from operations, net operating income, EBITDA and funds available for distribution which are REIT industry financial measures that are not calculated in accordance with generally accepted accounting principles (“GAAP”). Please see footnote (1) at the back of this report for a definition of these supplemental performance measures.

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EARNINGS ANNOUNCEMENTS

	4th Quarter	1st Quarter	2nd Quarter
EARNINGS ANNOUNCEMENTS	03/08/07	05/03/07	08/02/07
DIVIDEND DECLARATIONS	01/02/07	04/02/07	07/02/07

INQUIRIES

Sun Communities welcomes questions or comments from stockholders, analysts, investment managers, media or any prospective investor. Please address all inquires to Ms. Carol Petersen of our investor relations department.

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SUN COMMUNITIES

BALANCE SHEETS

(in thousands)

	Quarter Ended				
	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005
ASSETS					
Real Estate					
Land	$ 117,562	$ 117,561	$ 117,516	$ 116,738	$ 116,568
Land improvements and buildings	1,172,391	1,170,006	1,166,159	1,156,612	1,155,431
Furniture, fixtures and equipment	36,877	36,191	36,187	36,120	35,626
Rental homes	149,497	142,413	130,451	117,314	103,746
Land held for future development	31,082	31,082	31,082	31,082	30,778
Property under development	-	-	347	256	1,465
Gross real estate investment	1,507,409	1,497,253	1,481,742	1,458,122	1,443,614
Less: Accumulated depreciation	(336,983)	(323,501)	(310,121)	(296,302)	(283,344)
Net real estate investment	1,170,426	1,173,752	1,171,621	1,161,820	1,160,270
Cash and cash equivalents	4,047	5,156	5,608	5,880	4,284
Notes and other receivables	40,615	44,494	40,993	41,134	39,526
Inventory	13,065	15,076	16,400	17,105	19,947
Investment in affiliate	47,019	46,868	46,632	46,352	46,518
Other assets	41,319	44,448	46,450	48,245	49,200
Total assets	$ 1,316,491	$ 1,329,794	$ 1,327,704	$ 1,320,536	$ 1,319,745
LIABILITIES AND EQUITY					
Liabilities					
Lines of credit	$ 90,572	$ 119,234	$ 90,300	$ 73,300	$ 53,200
Mortgage loans payable	1,018,672	984,265	991,579	988,045	989,005
Preferred operating units	53,947	53,947	62,123	62,123	62,123
Accounts payable, deposits and accrued liabilities	29,724	32,457	30,593	32,267	30,525
Total liabilities	1,192,915	1,189,903	1,174,595	1,155,735	1,134,853
			-		
Minority interest - Common OP units and others	15,102	17,074	18,805	21,544	19,398
	15,102	17,074	18,805	21,544	19,398
Stockholders' Equity					
Preferred stock	-	-	-	-	-
Common stock	199	199	199	198	198
Paid in capital	452,386	450,483	449,628	447,381	450,957
Officer's notes	(9,163)	(9,246)	(9,335)	(9,427)	(9,522)
Unrealized (losses) on interest rate swaps	821	1,954	1,376	532	115
Distributions in excess of net income	(272,169)	(256,973)	(243,964)	(231,827)	(218,780)
Treasury stock at cost	(63,600)	(63,600)	(63,600)	(63,600)	(57,474)
Total stockholders' equity	108,474	122,817	134,304	143,257	165,494
Total liabilities and stockholders' equity	$ 1,316,491	$ 1,329,794	$ 1,327,704	$ 1,320,536	$ 1,319,745
Common OP units outstanding	2,302	2,321	2,321	2,328	2,328
Number of shares outstanding	18,049	17,979	17,976	17,918	18,120

DEBT ANALYSIS
(in thousands)

	Quarter Ended				
	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005
DEBT OUTSTANDING					
Lines of credit	$ 90,572	$ 119,234	$ 90,300	$ 73,300	$ 53,200
Mortgage loans payable	1,018,672	984,265	991,579	988,045	989,005
Preferred operating units	53,947	53,947	62,123	62,123	62,123
Total debt	$ 1,163,191	$ 1,157,446	$ 1,144,002	$ 1,123,468	$ 1,104,328
% FIXED/FLOATING					
Fixed	83.81%	81.25%	83.55%	85.16%	86.72%
Floating	16.19%	18.75%	16.45%	14.84%	13.28%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
WEIGHTED AVERAGE INTEREST RATES					
Lines of credit	7.10%	7.22%	6.62%	6.10%	5.70%
Mortgage loans payable	5.27%	5.21%	5.17%	5.12%	5.09%
Preferred operating units	6.92%	6.92%	7.06%	6.98%	6.98%
Total average	5.49%	5.50%	5.39%	5.29%	5.22%
DEBT RATIOS					
Debt/Total Capitalization	64.0%	63.6%	61.4%	63.9%	62.1%
Debt/Gross Assets	70.4%	70.0%	69.9%	69.5%	68.9%
COVERAGE RATIOS					
EBITDA/ Mortgage Interest	1.8	2.0	2.1	2.0	1.8
EBITDA/Mortgage Interest + Pref. Distributions	1.7	1.8	2.0	1.9	1.7

MATURITIES/PRINCIPAL AMORTIZATION NEXT FIVE YEARS

	30-Sep-07	30-Sep-08	30-Sep-09	30-Sep-10	30-Sep-11
Lines of credit	$ 90,500		$ 72		
Mortgage loans payable: .					
Maturities	60,801	4,257	13,488	-	103,708
Principal amortization	11,009	11,642	12,198	12,692	12,872
Preferred operating units	4,500			8,940	4,725
Total	$ 166,810	$ 15,899	$ 25,758	$ 21,632	$ 121,305

SUN COMMUNITIES

STATEMENT OF OPERATIONS
(in thousands)

	Quarter Ended				
	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005
REVENUES					
Income from rental property	$ 45,680	$ 45,587	$ 48,073	$ 45,569	$ 44,022
Gross profit from home sales	1,034	1,485	859	1,160	1,224
Rental revenues, net	1,000	1,248	716	385	660
Other income	884	2,252	1,847	775	(443)
Total revenues	48,598	50,572	51,495	47,889	45,463
EXPENSES					
Property operating and maintenance	12,349	11,714	11,385	10,925	11,722
Real estate taxes	4,031	3,903	3,894	3,800	3,801
General and administrative	4,987	5,869	6,407	5,090	5,456
Hurricane expenses (recovery)	-	-	-	165	-
Total expenses	21,367	21,486	21,686	19,980	20,979
EBITDA [1]	27,231	29,086	29,809	27,909	24,484
Interest expense and preferred distributions	(16,558)	(16,236)	(15,814)	(15,473)	(15,179)
Depreciation and amortization	(15,072)	(14,785)	(14,978)	(14,319)	(13,525)
Minority interest	510	226	115	219	495
NET LOSS	(3,889)	(1,709)	(868)	(1,664)	(3,725)
Depreciation and amortization	15,570	15,002	15,588	14,972	14,166
Valuation adjustment	(187)	(22)	43	30	194
(Gain)/loss on sale of land/properties/assets	774	102	(32)	257	365
Minority interest	(510)	(226)	(115)	(219)	(495)
FUNDS FROM OPERATIONS [1]	11,758	13,147	14,616	13,376	10,505
Less: Recurring capital expenditures	(1,883)	(1,897)	(1,384)	(2,196)	(2,159)
FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") [1]	$ 9,875	$ 11,250	$ 13,232	$ 11,180	$ 8,346
FFO PER SHARE/UNIT [1]	$0.59	$0.66	$0.74	$0.67	$0.52
FAD PER SHARE/UNIT [1]	$0.49	$0.56	$0.67	$0.56	$0.42
DISTRIBUTION PER SHARE/UNIT	$0.63	$0.63	$0.63	$0.63	$0.63
DILUTED FFO PER SHARE/UNIT	$0.59	$0.65	$0.73	$0.67	$0.52
PAYOUT RATIO	106.8%	95.5%	85.1%	94.0%	121.2%
WEIGHTED AVERAGE SHARES/UNITS	19,974	19,937	19,857	19,868	20,103

RECONCILIATION OF NET LOSS TO FUNDS FROM OPERATIONS
FOR THE PERIODS ENDED SEPTEMBER 30, 2006 AND 2005
(Amounts in thousands except for per share data)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
Net loss	$ (3,889)	$ (3,725)	$ (6,466)	$ (3,788)
Adjustments:				
Depreciation and amortization	15,570	14,166	46,160	41,930
Valuation adjustment[(2)]	(187)	194	(166)	400
(Gain) loss on disposition of assets, net	774	365	844	(101)
Loss allocated to minority interest	(510)	(495)	(851)	(504)
Funds from operations (FFO)	$ 11,758	$ 10,505	$ 39,521	$ 37,937
FFO - Continuing Operations	$ 11,758	$ 10,505	$ 39,521	$ 37,765
FFO - Discontinued Operations	$ -	$ -	$ -	$ 172
Weighted average common shares/OP Units outstanding:				
Basic	19,974	20,103	19,923	20,205
Diluted	20,150	20,242	20,102	20,357
Continuing Operations:				
FFO per weighted average common share/OP Unit - Basic	$ 0.59	$ 0.52	$ 1.99	$ 1.87
FFO per weighted average common share/OP Unit - Diluted	$ 0.59	$ 0.52	$ 1.97	$ 1.86
Discontinued Operations:				
FFO per weighted average common share/OP Unit - Basic	$ -	$ -	$ -	$ 0.01
FFO per weighted average common share/OP Unit - Diluted	$ -	$ -	$ -	$ 0.01
Total Operations:				
FFO per weighted average common share/OP Unit - Basic	$ 0.59	$ 0.52	$ 1.99	$ 1.88
FFO per weighted average common share/OP Unit - Diluted	$ 0.59	$ 0.52	$ 1.97	$ 1.87

[(2)] The Company entered into three interest rate swaps and an interest rate cap agreement. The valuation adjustment reflects the theoretical non-cash profit and loss were those hedging transactions terminated at the balance sheet date. As the Company has no expectation of terminating the transactions prior to maturity, the net of these non-cash valuation adjustments will be zero at the various maturities. As any imperfection related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments reflect volatility that would distort the comparative measurement of FFO and on a net basis approximate zero. Accordingly, the valuation adjustments are excluded from FFO. The valuation adjustment is included in interest expense.

SUN COMMUNITIES

STATEMENT OF OPERATIONS
SAME PROPERTY
(in thousands)

	Quarter Ended		9 Months Ended	
	September 30, 2006	September 30, 2005	September 30, 2006	September 30, 2005
REVENUES				
Income from property	$ 43,328	$ 41,958	$ 131,809	$ 127,283
EXPENSES				
Real estate taxes	3,934	3,728	11,531	11,184
Payroll	3,719	3,460	10,458	10,002
Repairs and maintenance	2,281	2,373	5,251	5,606
Utilities, net	2,344	2,207	8,024	7,210
Other	1,171	1,058	3,477	3,828
Total expenses	13,449	12,826	38,741	37,830
NET OPERATING INCOME ("NOI") [1]	$ 29,879	$ 29,132	$ 93,068	$ 89,453
NUMBER OF COMMUNITIES [3]	133	133	133	133
NUMBER OF DEVELOPED SITES [3]	46,535	46,485	46,535	46,485
NUMBER OF OCCUPIED SITES [3]	37,940	38,126	37,940	38,126
OCCUPANCY PERCENTAGE [4]	83.7%	84.4%	83.7%	84.4%
WEIGHTED AVERAGE RENT [4]	366	352	366	352
SITES AVAILABLE FOR DEVELOPMENT	6,322	6,480	6,322	6,480
SITES IN DEVELOPMENT	5	112	5	112

(3) Includes MH and RV Sites

(4) Includes MH sites only

STATEMENT OF OPERATIONS
SAME PROPERTY -- PERCENTAGE GROWTH

	Quarter Ended	9 months ended	
	September 30, 2006	September 30, 2006	September 30, 2005
NUMBER OF COMMUNITIES	133	133	121
REVENUES			
Income from property	3.3%	3.6%	2.9%
EXPENSES			
Real estate taxes	5.5%	3.1%	6.0%
Payroll	7.5%	4.6%	1.8%
Repairs and maintenance	-3.9%	-6.3%	5.5%
Utilities, net	6.2%	11.3%	-1.2%
Other	10.6%	-9.2%	4.9%
Total expenses	4.9%	2.4%	3.3%
NET OPERATING INCOME ("NOI") [1]	2.6%	4.0%	2.8%

SUN COMMUNITIES

RENTAL PROGRAM SUMMARY
(in thousands)

	Three Months Ended September 30, 2006	Three Months Ended September 30, 2005	Nine Months Ended September 30, 2006	Nine Months Ended September 30, 2005
Revenue				
Rental program revenue	$ 3,965	$ 2,549	$ 11,107	$ 6,181
Site rent included in Income from rental Property	4,957	3,383	13,839	8,482
Rental program revenue	$ 8,922	$ 5,932	$ 24,946	$ 14,663
Expenses				
Payroll and commissions	503	388	1,525	1,214
Repairs and refurbishment	1,324	955	3,315	2,105
Taxes and insurance	642	176	1,860	724
Other	496	370	1,443	811
Rental program operating and maintenance	2,965	1,889	8,143	4,854
NET OPERATING INCOME ("NOI") (1)	$ 5,957	$ 4,043	$ 16,803	$ 9,809

Occupied rental homes information at September 30, 2006 and 2005 (in thousands except for *):

	2006	2005
Number of occupied rentals, end of period *	4,659	3,438
Cost of occupied rental homes	$ 138,053	$ 97,827
Weighted average monthly rental rate *	$ 678	$ 634

CAPITAL IMPROVEMENTS, DEVELOPMENT AND ACQUISITIONS

(in thousands)

	Recurring Capital Expenditures Average/Site	Recurring Capital Expenditures [5]	Lot Modifications [6]	Acquisitions [7]	Expansion & Development [8]	Revenue Producing [9]
2004	$147	$6,594	$3,996	$120,086	$9,743	$883
2005	$163	$7,702	$4,342	$9,759	$3,633	$891
thru 09/2006	$109	$5,164	$2,742	$8,012	$2,403	$760

(5) 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. Minimum capitalizable amount or project is five hundred dollars. Excludes software conversion costs of $ 0.44 million in 2004. In addition, $2.1 million for refurbishment costs related to leased homes has been expensed in 2006.

(6) Includes capital expenditures which improve the asset quality of the community. These costs are incurred when an existing older home (usually a smaller single-sectional home) moves out, and the site is prepared for a larger 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. The new home will be in the community for 30 to 40 years and these costs are depreciated over a 30 year life.

(7) 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 mailing 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 as acquisition costs and while identified during due diligence, it sometimes requires six to twelve months after closing to complete.

(8) The Company has invested approximately $2.4 million in its development communities consisting primarily of costs necessary to complete home site improvements such as driveways, sidewalks, piers, pads and runners.

(9) These are capital costs related to revenue generating activities, consisting primarily of cable TV, garages, sheds, and sub-metering of water and sewer. Occasionally, a special capital project requested by residents and accompanied by an extra rental increase will be classified as revenue producing. Capitalized revenue generating expenditures made by Sun Home Services, Inc. are excluded from this amount.

SUN COMMUNITIES

PROPERTY SUMMARY

	Quarter Ended				
	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005
STABILIZED COMMUNITIES					
MICHIGAN					
Communities	44	44	44	43	43
Sites for Development	293	293	293	293	332
Developed Sites	13,720	13,720	13,720	13,493	13,454
Occupied	11,639	11,800	11,790	11,563	11,675
Occupancy %	84.8%	86.0%	85.9%	85.7%	86.8%
FLORIDA					
Communities	15	15	15	15	15
Sites for Development	330	336	346	329	358
Developed Sites	5,716	5,706	5,692	5,707	5,672
Occupied	5,666	5,644	5,630	5,614	5,599
Occupancy %	99.1%	98.9%	98.9%	98.4%	98.7%
INDIANA					
Communities	17	17	17	17	17
Sites for Development	422	422	422	422	422
Developed Sites	6,360	6,360	6,360	6,360	6,360
Occupied	4,644	4,718	4,751	4,741	4,776
Occupancy %	73.0%	74.2%	74.7%	74.5%	75.1%
OHIO					
Communities	10	10	10	10	10
Sites for Development	-	-	-	-	-
Developed Sites	2,917	2,917	2,917	2,917	2,917
Occupied	2,548	2,584	2,584	2,589	2,608
Occupancy %	87.4%	88.6%	88.6%	88.8%	89.4%
TEXAS					
Communities	6	6	6	6	6
Sites for Development	-	-	-	-	-
Developed Sites	1,503	1,502	1,501	1,501	1,500
Occupied	1,339	1,341	1,326	1,328	1,284
Occupancy %	89.1%	89.3%	88.3%	88.5%	85.6%
OTHER STATES					
Communities	17	17	17	17	17
Sites for Development	69	69	69	69	69
Developed Sites	6,687	6,687	6,687	6,687	6,687
Occupied	5,916	5,944	5,926	5,908	5,943
Occupancy %	88.5%	88.9%	88.6%	88.4%	88.9%

PROPERTY SUMMARY (continued)

	Quarter Ended				
	September 30, 2006	June 30, 2006	March 31, 2006	December 31, 2005	September 30, 2005
TOTAL--MH STABILIZED PORTFOLIO					
Communities	109	109	109	108	108
Sites for development	1,114	1,120	1,130	1,113	1,181
Developed sites	36,903	36,892	36,877	36,665	36,590
Occupied	31,752	32,031	32,007	31,743	31,885
Occupancy %	86.0%	86.8%	86.8%	86.6%	87.1%
NEW COMMUNITY DEVELOPMENT					
Communities	24	24	24	24	24
Sites for development	5,706	5,706	5,727	5,829	5,899
Developed sites	5,332	5,329	5,308	5,311	5,311
Occupied	3,544	3,528	3,494	3,406	3,391
Occupancy %	66.5%	66.2%	65.8%	64.1%	63.8%
RV PORTFOLIO SUMMARY					
Communities	12	12	12	12	12
Sites	5,368	5,377	5,399	5,409	5,425
Permanent	3,075	3,075	3,059	3,062	3,069
Seasonal	2293	2,302	2,340	2,347	2,356
States					
Florida	4,375	4,382	4,404	4,414	4,429
Texas	836	838	838	838	839
Delaware	157	157	157	157	157

Notes: Communities as listed above, include only those communities which are open for occupancy while Sites for development include additional communities for development which do not currently have available sites.

Communities total to more than 136 because certain communities have manufactured home and recreational vehicle components and are counted in each category and certain communities have both stabilized and development components.

SUN COMMUNITIES

OPERATING STATISTICS
YEAR TO DATE

MARKETS	***RESIDENT MOVE OUTS***	***NET LEASED SITES***	***NEW HOME SALES***	***PRE-OWNED HOME SALES***	***BROKERED RESALES***
Michigan	370	(130)	4	76	66
Florida	10	52	62	3	251
Indiana	223	(91)	-	35	19
Ohio	65	(39)	2	29	9
Texas	52	101	4	40	5
Other States	152	38	9	90	43
RV Communities	n/m	n/m	11	1	38
Through September 30, 2006	872	(69)	92	274	431
For the Year					
2005	1,171	99	179	246	593
2004	1,118	(709)	180	357	683
2003	1,328	(849)	257	283	626
2002	1,256	(172)	286	174	592
2001	1,108	214	438	327	584
2000	720	366	416	182	863
1999	974	756	648	152	766
1998	883	998	682	188	642
1997	702	798	584	118	555

	MOVE OUTS	**RESALES**
Thru 9/30/2006	3.2%	8.3%
2005	3.3%	8.4%
2004	3.3%	8.0%
2003	3.9%	7.4%
2002	3.8%	7.1%
2001	3.2%	7.4%
2000	2.4%	8.6%
1999	3.1%	8.5%
1998	3.0%	8.6%
1997	2.8%	8.5%
1996	2.8%	8.9%

Note: 2004-2006 move outs exclude move outs by finance companies.

SUN COMMUNITIES, INC.
FOOTNOTES TO SUPPLEMENTAL DATA

(1) 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. While the Company believes net income (as defined by GAAP) is the most appropriate measure, it considers FFO, NOI, EBITDA and FAD, given their wide use by and relevance to investors and analysts, appropriate supplemental measures. 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 a further tool to evaluate 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 (computed in accordance with generally accepted accounting principles), 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 the Company's 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 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. 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.

Because FFO excludes significant economic components of net income including depreciation and amortization, FFO should be used as an adjunct to net income and not as an alternative to net income. 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 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, cash flow from operating activities, investing activities and financing activities, provide investors with an indication of the Company's ability to service debt and to fund acquisitions and other expenditures. Other REITS may use different methods for calculating FFO and, accordingly, the Company's FFO may not be comparable to other REITs.

NOI is derived from revenues (determined in accordance with GAAP) minus property operating expenses and real estate taxes (determined in accordance with GAAP). 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 (determined in accordance with GAAP) as an indication of the Company's financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity; nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. The Company believes that net income is the most directly comparable GAAP measurement to net operating income. Because of the inclusion of items such as interest, depreciation and amortization, the use of net income 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. The Company believes that net operating income 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. The Company uses NOI as a key management 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 substitutes for net income (calculated in accordance with GAAP) as a measure of results of operations or cash flows (calculated in accordance with GAAP) as a measure of liquidity. FFO, NOI, EBITDA and FAD as calculated by the Company may not be comparable to similarly titled, but differently calculated, measures of other REITs or to the definition of FFO published by NAREIT.