Sun Communities, Inc.

Supplemental Operating and Financial Data

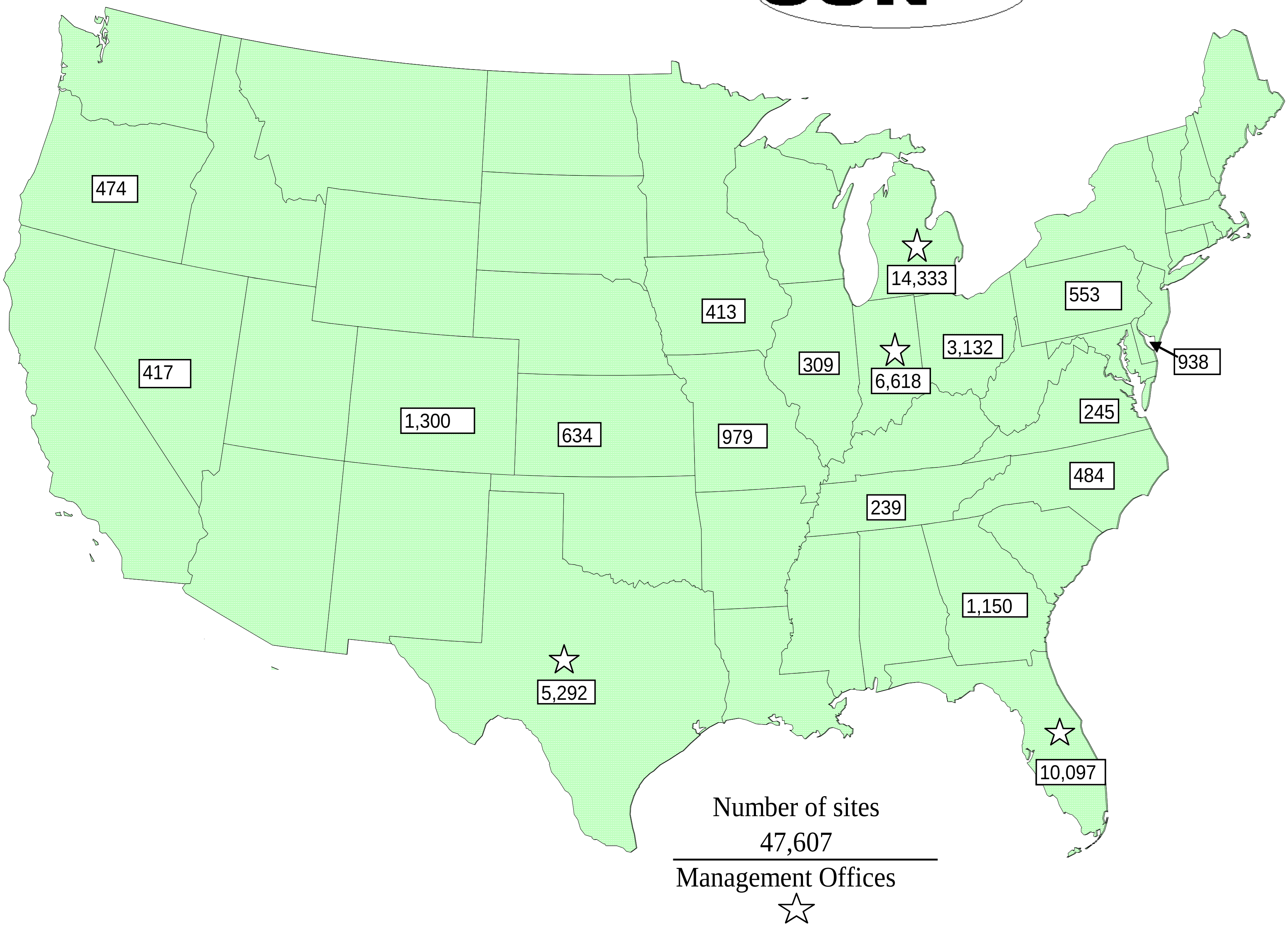
For the Quarter Ended December 31, 2007

SUN

This Supplemental Operating and Financial Data is not an offer to sell or a solicitation to buy any of the securities of the Company. Any offers to sell or solicitations to buy any of the Company securities of the Company shall be made by means of a prospectus.

Portfolio Overview

SUN



SUN COMMUNITIES, INC.
SUPPLEMENTAL INFORMATION
FOURTH QUARTER 2007

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(A) The statements of operations provided in this supplemental information package present 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.

SUN COMMUNITIES

RESEARCH COVERAGE

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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				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
ASSETS:					
Real Estate					
Land	$ 117,310	$ 117,309	$ 117,565	$ 117,564	$ 117,563
Land improvements and buildings	1,184,257	1,181,939	1,179,334	1,177,391	1,175,045
Furniture, fixtures and equipment	36,433	36,234	36,724	36,571	37,229
Rental homes and improvements	170,227	161,873	157,632	154,960	151,843
Land held for future development	30,199	30,199	31,082	31,082	31,082
Gross investment property	1,538,426	1,527,554	1,522,337	1,517,568	1,512,762
Less: Accumulated depreciation	(404,222)	(390,370)	(377,592)	(364,061)	(351,113)
Net investment property	1,134,204	1,137,184	1,144,745	1,153,507	1,161,649
Cash and cash equivalents	5,415	3,809	2,814	4,335	3,183
Notes and other receivables	36,846	39,191	34,344	29,906	41,407
Inventory of manufactured homes	12,082	13,230	8,330	8,830	12,082
Investment in affiliate	20,000	29,850	29,667	29,626	29,319
Other assets	37,276	37,840	42,439	41,581	42,099
Total assets	$ 1,245,823	$ 1,261,104	$ 1,262,339	$ 1,267,785	$ 1,289,739
LIABILITIES AND EQUITY:					
Liabilities					
Lines of credit	$ 85,703	$ 76,016	$ 56,136	$ 48,600	$ 86,400
Mortgage loans payable	1,052,525	1,053,133	1,055,872	1,059,609	1,026,503
Preferred operating units	49,447	49,447	49,447	49,447	53,947
Accounts payable, deposits and accrued liabilities	32,102	33,069	33,475	30,098	31,301
Total liabilities	1,219,777	1,211,665	1,194,930	1,187,754	1,198,151
Minority interest - Common OP units and others	4,999	6,203	8,212	9,940	12,391
	4,999	6,203	8,212	9,940	12,391
Stockholders' Equity					
Common stock	202	201	201	201	200
Paid in capital	458,487	458,099	457,268	455,302	452,882
Officer's notes	(8,740)	(8,826)	(8,913)	(8,999)	(9,083)
Unrealized (income) on interest rate swaps	(856)	180	1,222	566	820
Distributions in excess of net income	(364,446)	(342,818)	(326,981)	(313,379)	(302,022)
Treasury stock at cost	(63,600)	(63,600)	(63,600)	(63,600)	(63,600)
Total stockholders' equity	21,047	43,236	59,197	70,091	79,197
Total liabilities and stockholders' equity	$ 1,245,823	$ 1,261,104	$ 1,262,339	$ 1,267,785	$ 1,289,739
Common OP units outstanding	2,302	2,302	2,302	2,302	2,302
Number of shares outstanding	18,426	18,343	18,328	18,276	18,226

SUN COMMUNITIES

DEBT ANALYSIS
(in thousands)

	Quarter Ended December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
DEBT OUTSTANDING					
Lines of credit	$ 85,703	$ 76,016	$ 56,136	$ 48,600	$ 86,400
Mortgage loans payable	1,052,525	1,053,133	1,055,872	1,059,609	1,026,503
Preferred operating units	49,447	49,447	49,447	49,447	53,947
Total debt	$ 1,187,675	$ 1,178,596	$ 1,161,455	$ 1,157,656	$ 1,166,850
% FIXED/FLOATING					
Fixed	82.35%	83.23%	86.85%	87.37%	84.23%
Floating	17.65%	16.77%	13.15%	12.63%	15.77%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
WEIGHTED AVERAGE INTEREST RATES					
Lines of credit	6.55%	6.90%	7.00%	7.17%	7.74%
Mortgage loans payable	5.23%	5.28%	5.24%	5.24%	5.22%
Preferred operating units	7.24%	7.23%	7.23%	7.23%	6.92%
Total average	5.41%	5.47%	5.41%	5.41%	5.49%
DEBT RATIOS					
Debt/Total Capitalization	73.1%	65.5%	64.7%	64.5%	63.7%
Debt/Gross Assets	72.0%	71.4%	71.2%	70.9%	71.1%
COVERAGE RATIOS					
EBITDA/ Mortgage Interest (2)	2.0	1.8	2.0	2.1	1.9
EBITDA/Mortgage Interest + Pref. Distributions (2)	1.9	1.7	1.8	2.0	1.8

MATURITIES/PRINCIPAL AMORTIZATION NEXT FIVE YEARS

	31-Dec-08	31-Dec-09	31-Dec-10	31-Dec-11	31-Dec-12
Lines of credit	$ -	$ 303	$ 85,400	$ -	$ -
Mortgage loans payable: .					
Maturities	4,257	11,200	-	103,708	14,438
Principal amortization	11,737	12,301	12,962	12,701	12,140
Preferred operating units	-	4,770	4,170	4,725	-
Total	$ 15,994	$ 28,574	$ 102,532	$ 121,134	$ 26,578

(2) December 2007 EBITDA has been adjusted to exclude $1.9M of loss recorded from the reduction in book value of our Investment in Affiliate (Origen) and $8.0M of equity loss from affilate related to certain impairment items reported by Origen. December 2006 EBITDA has been adjusted to exclude the $18M reduction in book value of Origen.

SUN COMMUNITIES

STATEMENT OF OPERATIONS

(in thousands)

	Quarter Ended				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
REVENUES:					
Income from real property	$ 48,509	$ 46,818	$ 46,634	$ 49,466	$ 47,338
Gross profit from home sales	1,041	1,084	1,373	1,226	1,166
Rental revenues, net	1,079	1,235	1,397	1,299	778
Other income	(8,587)	841	952	1,609	(16,416)
Total revenues	42,042	49,978	50,356	53,600	32,866
EXPENSES:					
Property operating and maintenance	12,195	12,845	11,907	11,946	11,820
Real estate taxes	3,997	4,174	4,097	4,098	4,032
General and administrative	4,407	5,171	5,082	6,043	5,218
Total expenses	20,599	22,190	21,086	22,087	21,070
EBITDA [1]	21,443	27,788	29,270	31,513	11,796
Interest expense and preferred distributions	(16,671)	(16,679)	(16,104)	(16,086)	(16,510)
Extinguishment of debt and related costs	-	-	-	-	(720)
Depreciation and amortization	(16,034)	(15,512)	(15,582)	(15,350)	(15,465)
Provision for state income tax	(193)	(525)	(25)	(25)	-
Minority interest	1,297	560	278	(6)	2,397
NET INCOME/(LOSS)	(10,158)	(4,368)	(2,163)	46	(18,502)
Depreciation and amortization	16,555	15,921	16,252	15,887	16,561
Valuation adjustment	2	1	(129)	(122)	(114)
Provision for state income tax	85	500	-	-	-
(Gain)/loss on sale of land/properties/assets	(724)	278	22	(317)	(509)
Minority interest	(1,297)	(560)	(278)	6	(2,397)
FUNDS FROM OPERATIONS [1] [3]	4,463	11,772	13,704	15,500	(4,961)
Less: Recurring capital expenditures	(1,727)	(2,538)	(1,798)	(1,206)	(1,767)
FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") [1]	$ 2,736	$ 9,234	$ 11,906	$ 14,294	$ (6,728)
FFO PER SHARE/UNIT [1]	$0.22	$0.58	$0.68	$0.77	($0.25)
FAD PER SHARE/UNIT [1]	$0.13	$0.46	$0.59	$0.71	($0.34)
DISTRIBUTION PER SHARE/UNIT	$0.63	$0.63	$0.63	$0.63	$0.63
DILUTED FFO PER SHARE/UNIT	$0.22	$0.58	$0.68	$0.76	($0.25)
PAYOUT RATIO [4]	90.7%	135.2%	94.7%	77.8%	104.5%
WEIGHTED AVERAGE SHARES/UNITS	20,328	20,264	20,225	20,143	20,064

[3] See page 5, footnote 5

[4] December 2007 Payout Ratio has been adjusted to exclude $1.9M of loss recorded from the reduction in book value of our Investment in Affiliate (Origen) and $8.0M of equity loss from affilate related to certain impairment items reported by Origen. December 2006 Payout Ratio has been adjusted to exclude the $18M reduction in book value of Origen.

RECONCILIATION OF NET LOSS TO FUNDS FROM OPERATIONS
FOR THE PERIODS ENDED DECEMBER 31, 2007 AND 2006
(Amounts in thousands except for per share data)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	**2006**	**2007**	**2006**
Net loss[5]	$ (10,158)	$ (18,502)	$ (16,643)	$ (24,968)
Adjustments:				
Depreciation and amortization	16,555	16,561	64,615	62,837
Valuation adjustment[6]	2	(114)	(248)	(280)
(Gain) loss on disposition of assets, net	(724)	(509)	(741)	219
Provision for state income tax[7]	85	-	585	-
Loss allocated to minority interest	(1,297)	(2,397)	(2,129)	(3,248)
Funds from operations (FFO)	$ 4,463	$ (4,961)	$ 45,439	$ 34,560
Weighted average common shares/OP Units outstanding:				
Basic	20,328	20,064	20,240	19,958
Diluted	20,426	20,064	20,346	20,129
FFO per weighted average Common Share/OP Unit - Basic	$ 0.22	$ (0.25)	$ 2.25	$ 1.74
FFO per weighted average Common Share/OP Unit - Diluted	$ 0.22	$ (0.25)	$ 2.24	$ 1.72

[5] Net loss for the years ended December 31, 2007 and 2006 includes a $1.9 million and $18.0 million reduction in the carrying value of the Company's investment in affiliate (Origen), respectively. Also, included in equity loss from affiliate in 2007 is an $8.0 million loss attributable to the Company's portion of Origen's goodwill and investment impairment charges of $32.3 million and $9.2 million, respectively. The table below is adjusted to exclude the above mentioned amounts:

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2007	**2006**	**2007**	**2006**
Net loss as reported	$ (10,158)	$ (18,502)	$ (16,643)	$ (24,968)
Equity loss from affiliate adjustments - Sun:				
Investment in Origen other than temporary impairment	1,870	18,000	1,870	18,000
Equity loss from affiliate adjustments - Origen:				
Goodwill impairment	6,197	-	6,197	-
Investment impairment	1,762	-	1,762	-
Adjustment to loss allocated to common minority interest	(1,113)	(2,065)	(1,113)	(2,065)
Adjusted net loss	$ (1,442)	$ (2,567)	$ (7,927)	$ (9,033)
Depreciation and amortization	16,555	16,561	64,615	62,837
Valuation adjustment	2	(114)	(248)	(280)
(Gain) loss on disposition of assets, net	(724)	(509)	(741)	219
Provision for state income tax	85	-	585	-
Loss allocated to minority interest	(184)	(332)	(1,016)	(1,183)
Adjusted Funds from operations (FFO)	$ 14,292	$ 13,039	$ 55,268	$ 52,560
Adjusted FFO per weighted avg. Common Share/OP Unit - Diluted	$ 0.70	$ 0.65	$ 2.72	$ 2.61

[6] The Company currently has two interest rate swaps and an interest rate cap agreement. The valuation adjustment reflects the theoretical noncash 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 noncash 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.

[7] This tax provision represents potential future taxes payable on sale of company assets. It does not impact Funds From Operations and would be payable from prospective proceeds of such sales.

STATEMENT OF OPERATIONS
SAME PROPERTY

	Quarter Ended		Twelve Months Ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
	(in thousands)		(in thousands)	
REVENUES:				
Income from real property	$ 46,287	$ 45,373	$ 182,826	$ 179,342
PROPERTY OPERATING EXPENSES:				
Real estate taxes	3,973	4,012	16,272	15,781
Payroll	3,435	3,266	14,030	14,000
Repairs and maintenance	1,477	1,579	6,671	6,930
Utilities, net	2,800	2,816	11,168	11,189
Other	1,467	1,289	5,490	4,863
Property operating expenses	13,152	12,962	53,631	52,763
NET OPERATING INCOME ("NOI") (1)	$ 33,135	$ 32,411	$ 129,195	$ 126,579

Same property occupancy, site, rent information at December 31, 2007 and 2006:

	2007	2006
Number of properties (8)	135	135
Developed sites (8)	47,465	47,464
Occupied sites (8)	37,733	37,879
Occupancy % (9)	82.4%	82.7%
Weighted average monthly rent per site (9)	$ 382	$ 368
Sites available for development	6,090	6,315
Sites planned for development in next year	10	25

(8) Includes MH and RV Sites

(9) Includes MH sites only

SUN COMMUNITIES

STATEMENT OF OPERATIONS
SAME PROPERTY -- PERCENTAGE GROWTH

	Quarter Ended December 31, 2007	Twelve Months Ended December 31, 2007
NUMBER OF COMMUNITIES	135	135
REVENUES:		
Income from real property	2.0%	1.9%
PROPERTY OPERATING EXPENSES:		
Real estate taxes	1.0%	3.1%
Payroll	5.2%	0.2%
Repairs and maintenance	(6.4%)	(3.7%)
Utilities, net	(0.6%)	(0.2%)
Other	20.2%	12.9%
Property operating expenses	1.5%	1.6%
NET OPERATING INCOME ("NOI") (1)	2.2%	2.1%

SUN COMMUNITIES

RENTAL PROGRAM SUMMARY
(in thousands)

	Quarter Ended		Twelve Months Ended	
	December 31, 2007	December 31, 2006	December 31, 2007	December 31, 2006
REVENUES:				
Rental home revenue	$ 4,907	$ 4,063	$ 18,840	$ 14,849
Site rent included in Income from real property	5,713	4,980	21,704	18,819
Rental program revenue	$ 10,620	$ 9,043	$ 40,544	$ 33,668
EXPENSES:				
Payroll and commissions	871	459	2,459	1,804
Repairs and refurbishment	1,706	1,623	6,526	4,938
Taxes and insurance	600	646	2,366	2,506
Other	651	557	2,479	1,679
Rental program operating and maintenance	3,828	3,285	13,830	10,927
NET OPERATING INCOME ("NOI") (1)	$ 6,792	$ 5,758	$ 26,714	$ 22,741

Occupied rental homes information at December 31, 2007 and 2006 (in thousands except for *):

	2007	2006
Number of occupied rentals, end of period *	5,328	4,576
Cost of occupied rental homes	$ 161,057	$ 135,861
Weighted average monthly rental rate *	$ 718	$ 686

CAPITAL IMPROVEMENTS, DEVELOPMENT AND ACQUISITIONS

(in thousands)

	Recurring Capital Expenditures Average/Site	Recurring Capital Expenditures [10]	Lot Modifications [11]	Acquisitions [12]	Expansion & Development [13]	Revenue Producing [14]
2005	\$163	\$7,702	\$4,342	\$9,759	\$3,633	\$891
2006	\$146	\$6,931	\$3,510	\$8,012	\$3,052	\$967
2007	\$153	\$7,269	\$3,156	\$789	\$857	\$515

(10) 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. In addition, \$4.3 million and \$3.2 million for refurbishment costs related to leased homes has been expensed for the twelve months ended December 31, 2007 and 2006, respectively.

(11) 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.

(12) 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.

(13) The Company has invested approximately \$0.9 million in its development communities consisting primarily of costs necessary to complete home site improvements such as driveways, sidewalks, piers, pads and runners.

(14) 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.

SUN COMMUNITIES

PROPERTY SUMMARY

	Quarter Ended				
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
COMMUNITIES					
MICHIGAN					
Communities	47	47	47	47	47
Sites for Development	1,217	1,217	1,217	1,217	1,217
Developed Sites	14,333	14,333	14,332	14,332	14,332
Occupied	11,492	11,567	11,654	11,727	11,707
Occupancy %	80.2%	80.7%	81.3%	81.8%	81.7%
FLORIDA					
Communities	15	15	15	15	15
Sites for Development	313	315	315	318	323
Developed Sites	5,745	5,745	5,743	5,739	5,730
Occupied	5,704	5,699	5,696	5,692	5,676
Occupancy %	99.3%	99.2%	99.2%	99.2%	99.1%
INDIANA					
Communities	18	18	18	18	18
Sites for Development	518	518	518	518	518
Developed Sites	6,618	6,618	6,618	6,618	6,618
Occupied	4,562	4,610	4,692	4,722	4,712
Occupancy %	68.9%	69.7%	70.9%	71.4%	71.2%
OHIO					
Communities	11	11	11	11	11
Sites for Development	133	133	133	133	133
Developed Sites	3,132	3,132	3,132	3,132	3,132
Occupied	2,698	2,730	2,735	2,725	2,724
Occupancy %	86.1%	87.2%	87.3%	87.0%	87.0%
TEXAS					
Communities	17	17	17	17	17
Sites for Development	3,457	3,457	3,672	3,672	3,672
Developed Sites	4,460	4,459	4,458	4,457	4,456
Occupied	3,537	3,448	3,428	3,395	3,319
Occupancy %	79.3%	77.3%	76.9%	76.2%	74.5%
COLORADO					
Communities	4	4	4	4	4
Sites for Development	587	587	587	587	587
Developed Sites	1,300	1,300	1,300	1,300	1,300
Occupied	999	1,004	1,008	1,003	996
Occupancy %	76.8%	77.2%	77.5%	77.2%	76.6%

PROPERTY SUMMARY (continued)

	Quarter Ended December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006
OTHER STATES					
Communities	20	20	20	20	20
Sites for Development	363	363	363	363	363
Developed Sites	6,678	6,678	6,678	6,678	6,679
Occupied	5,733	5,734	5,739	5,737	5,723
Occupancy %	85.8%	85.9%	85.9%	85.9%	85.7%
TOTAL--MH PORTFOLIO					
Communities	132	132	132	132	132
Sites for development	6,588	6,590	6,805	6,808	6,813
Developed sites	42,266	42,265	42,261	42,256	42,247
Occupied	34,725	34,792	34,952	35,001	34,857
Occupancy %	82.2%	82.3%	82.7%	82.8%	82.5%
RV PORTFOLIO SUMMARY					
Communities	12	12	12	12	12
Sites	5,341	5,343	5,349	5,352	5,359
Permanent	3,056	3,064	3,063	3,073	3,079
Seasonal	2,285	2,279	2,286	2,279	2,280
States					
Florida	4,352	4,353	4,358	4,360	4,366
Texas	832	833	834	835	836
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.

SUN COMMUNITIES

OPERATING STATISTICS
YEAR TO DATE

MARKETS	***RESIDENT MOVE OUTS***	***NET LEASED SITES***	***NEW HOME SALES***	***PRE-OWNED HOME SALES***	***BROKERED RESALES***
Michigan	556	(215)	11	156	72
Florida	6	28	46	10	186
Indiana	267	(150)	1	75	10
Ohio	64	(26)	-	51	7
Texas	64	218	5	190	7
Other States	158	13	9	154	86
RV Communities	n/m	n/m	4	-	26
Through December 31, 2007	1,115	(132)	76	636	394
For the Year					
2006	1,173	(508)	121	371	539
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

	MOVE OUTS	**RESALES**
2007	3.2%	6.5%
2006	3.3%	7.7%
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%

Note: 2004-2007 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.