

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: February 24, 2020
(Date of earliest event reported)

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

Maryland
(State of Incorporation)
27777 Franklin Rd. Suite 200, Southfield, Michigan
(Address of Principal Executive Offices)

1-12616
Commission file number

38-2730780
(I.R.S. Employer Identification No.)

48034
(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 7.01**Regulation FD Disclosure**

Attached as Exhibit 99.1, and incorporated by reference, to this report is an investor presentation of Sun Communities, Inc. that will be made available to investors beginning on February 24, 2020. The presentation also will be posted on Sun Communities, Inc.'s website, www.suncommunities.com, on February 24, 2020.

The information contained in this Item 7.01 on Current Report on Form 8-K, including Exhibit 99.1 attached hereto, is being furnished and shall not be deemed to be "filed" for purposes of the Securities Exchange Act of 1934, as amended.

This report 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 we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this filing that relate to expectations, beliefs, projections, future plans and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements. Words such as "forecasts," "intends," "intend," "intended," "goal," "estimate," "estimates," "expects," "expect," "expected," "project," "projected," "projections," "plans," "predicts," "potential," "seeks," "anticipates," "anticipated," "should," "could," "may," "will," "designed to," "foreseeable future," "believe," "believes," "scheduled," "guidance" and similar expressions are intended to identify forward-looking statements, although not all forward looking statements contain these words. These forward-looking statements reflect our current views with respect to future events and financial performance, but involve known and unknown risks and uncertainties, both general and specific to the matters discussed in this filing. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks disclosed under "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2019 and our other filings with the SEC from time to time, such risks and uncertainties include but are not limited to:

- changes in general economic conditions, the real estate industry and the markets in which we operate;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;
- our liquidity and refinancing demands;
- our ability to obtain or refinance maturing debt;
- our ability to maintain compliance with covenants contained in our debt facilities;
- availability of capital;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian and Australian dollars;
- our ability to maintain rental rates and occupancy levels;
- our 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 manufactured home buyers 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 filing, whether as a result of new information, future events, changes in our expectations or otherwise, except as required by law.

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

Item 9.01 **Financial Statements and Exhibits**

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	Investor Presentation
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)



RIVER RUN – GRANBY, CO
FIRST PHASE OPENED IN JULY 2019

INVESTOR PRESENTATION

FEBRUARY 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.

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- changes in general economic conditions, the real estate industry and the markets in which we operate;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;
- our liquidity and refinancing demands;
- our ability to obtain or refinance maturing debt;
- our ability to maintain compliance with covenants contained in our debt facilities;
- availability of capital;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian and Australian dollars;
- our ability to maintain rental rates and occupancy levels;
- our 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;
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- the ability of manufactured home buyers to obtain financing; and
- the level of repossessions by manufactured home lenders.

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COMPANY HIGHLIGHTS

Leading owner and operator of manufactured housing (“MH”) and recreational vehicle (“RV”) communities

Favorable demand drivers combined with supply constraints

Consistent organic growth enhanced with embedded expansion opportunities

Industry consolidator with proven value creation from acquisitions

Cycle-tested growth driven by attractive value proposition for customers

Focus on exceptional service supported by culture of accountability

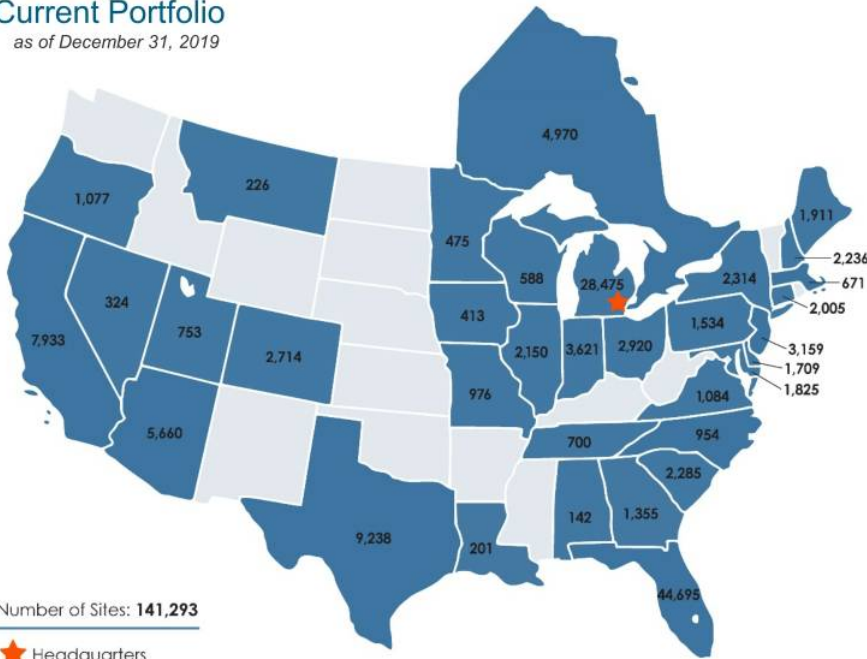
Proven executive management team with over 100 combined years of industry experience



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information.

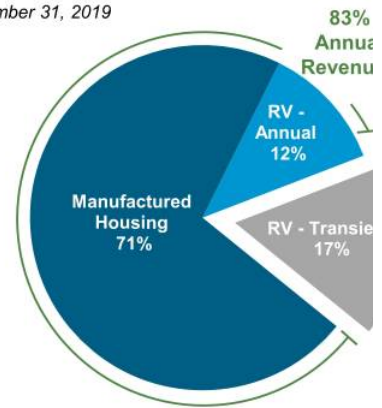
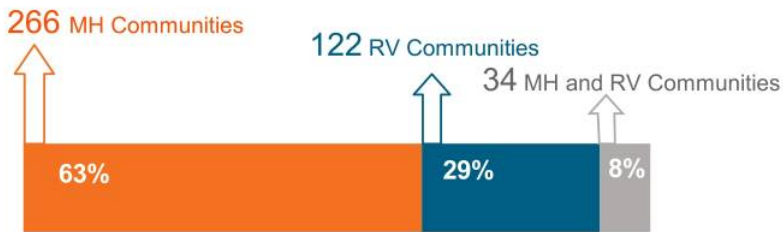
SUN COMMUNITIES, INC. OVERVIEW (NYSE: SUI)

Current Portfolio as of December 31, 2019



422 communities
consisting of over
141,000 sites across
33 states and Ontario
Canada

Trailing Twelve Months Rental Revenue as of December 31, 2019



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information.

2020 FINANCIAL AND OPERATING GUIDANCE

Guidance 2020

	Net Income	Core FFO
First quarter 2020, per fully diluted share	\$0.34 - \$0.37	\$1.18 - \$1.21
Full year 2020, per fully diluted share	\$1.79 - \$1.91	\$5.20 - \$5.30

Same Community Portfolio

Number of Communities: 367	2020E Change %
Income from real property (excluding transient revenue)	6.3% - 6.5%
Transient revenue	2.4% - 3.0%
Income from real property¹	5.7% - 6.0%
Property and operating maintenance ^{1,2}	3.6% - 4.6%
Real estate taxes	7.2% - 8.0%
Total property operating expenses	4.4% - 5.3%
Net operating income³	6.0% - 6.8%
	2020E
Weighted average monthly rent increase	4.0%

Additional Information

	2020E
Increase in revenue producing sites	2,500 – 2,700
Vacant expansion site deliveries	1,000 – 1,200
Vacant ground-up development site deliveries	550 – 750
New home sales volume	650 – 700
Pre-owned home sales volume	2,550 – 2,750



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information regarding non-GAAP financial measures in the attached Appendix.

Note: The estimates and assumptions presented on this page represent a range of possible outcomes and may differ materially from actual results. Guidance estimates include acquisitions completed through February 19, 2020 and any prospective acquisitions or capital markets activity. The estimates and assumptions are forward looking based on the Company's current assessment of economic and market conditions, as well as other risks outlined above caption "Forward Looking Statements."

¹ Water and sewer utility revenue of \$36.2 million has been reclassified from Income from real property to net against the related expense in Property operating maintenance.

² 2019 actual property operating and maintenance expense excludes \$0.7 million of expenses incurred for recently acquired properties to bring the properties up to the Company's operating standards that do not meet the Core capitalization policy.

³ Certain securities that are dilutive to the computation of Core FFO per fully diluted share in the table above have been excluded from the computation of net income per fully diluted share, as inclusion of these securities would be anti-dilutive to net income per fully diluted share.

POWERING SUN'S GROWTH ENGINE - INTERNAL

- Sun is the premier owner and operator of MH and RV communities
- Strong cycle-tested record of operating, expanding and acquiring MH and RV communities dating back to 197

INTERNAL LEVERS

Contractual Rent Increases

Annual historical
2% - 4%
weighted average monthly rental
rate increase supported by continual reinvestment into
communities

Expansions

~1,230
2019 vacant site deliveries

7,850
sites available for expansion 2020 and beyond

12% – 14%
expansion IRRs²

MH Occupancy Gains

95.5%
2019 year end MH Occupancy

70%
of MH communities at 98%+

250bps+
existing MH occupancy upside

Transient RV Site Conversions

~21,400
Current transient RV sites

~1,100
average yearly converted sites¹

40% – 60%
1st year revenue uplift once converted



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information. Refer to information regarding non-GAAP financial measures in the attached Appendix.

¹ 2017-2019 average

² Expected 5-year unlevered internal rates of return based on certain assumptions

POWERING SUN'S GROWTH ENGINE - EXTERNAL

EXTERNAL LEVERS

Acquisitions

\$815mm

investment in 46 communities in 2019

3.1x increase

in communities since year end 12/31/10

High degree of visibility into MH and RV acquisition pipeline

Development

Targeting 3-4

new development project starts / year

7% – 9%

ground-up development IRRs¹

~1,100

2019 ground-up site deliveries

CIDER MILL CROSSINGS – FENTON, MI



CAVA ROBLES – PASO ROBLES, CA
GROUND-UP DEVELOPMENT OPENED IN JUNE 2018



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information. Refer to information regarding non-GAAP financial measures in the attached Appendix.

¹ Expected 5-year unlevered internal rates of return based on certain assumptions.

FINANCIAL HIGHLIGHTS

Financial Performance

	Quarter Ended December 31,			YTD Ended December 31,		
	2019	2018	% Change	2019	2018	% Change
Total Revenue	\$301.8mm	\$274.0mm	10.2%	\$1,264.0mm	\$1,126.8mm	12.0%
Total NOI	\$167.6mm	\$150.0mm	11.7%	\$700.0mm	\$622.4mm	12.0%
Same Community Revenue	\$196.1mm	\$184.4mm	6.4%	\$806.0mm	\$758.9mm	6.5%
Same Community NOI	\$139.3mm	\$129.5mm	7.6%	\$558.3mm	\$520.3mm	7.3%
EPS¹	\$0.31	\$0.11	181.8%	\$1.80	\$1.29	39.5%
Core FFO / Share^{1,2}	\$1.10	\$1.03	6.8%	\$4.92	\$4.58	7.4%



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information. Refer to information regarding non-GAAP financial measures in the attached Appendix.

¹ Company information. Diluted.

² Based on fully diluted shares of 95.463 million and 90.066 million for three months ended December 31, 2019 and December 31, 2018, respectively; and 92.817 million and 86.141 million for the year ended December 31, 2019 and December 31, 2018, respectively.



2019 ACQUISITION & DEVELOPMENT ACTIVITY

Investment Activity Summary

Acquisitions



\$815mm purchase price,
46 communities

~10,300 sites added

Ground-up & Redevelopments



\$183mm spend

~1,100 site
deliveries in 2019

Expansions



\$99mm spend

~1,230 site
deliveries in 2019

Closed on 31 MH
property Jensen portfolio

Continued construction
on our San Diego bay front
RV resort

Pursuing additional land
inventory purchases



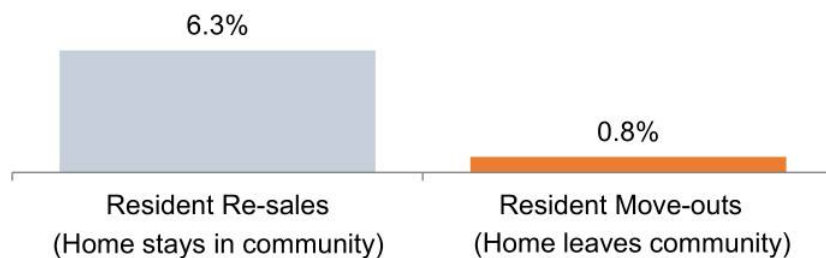
Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information. Refer to information regarding non-GAAP financial measures in the attached Appendix.

SUN'S FAVORABLE REVENUE DRIVERS

- Yearly home move-outs in Sun's MH communities are less than 1%
- Tenure of residents in Sun's MH communities is approximately 14¹ years

MH Resident Move-out Trends

(3 Year Average)



ROYAL PALM VILLAGE – HAINES CITY



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information regarding non-GAAP financial measures in the attached Appendix.

1. Annual average (2017 - 2019 annualized).

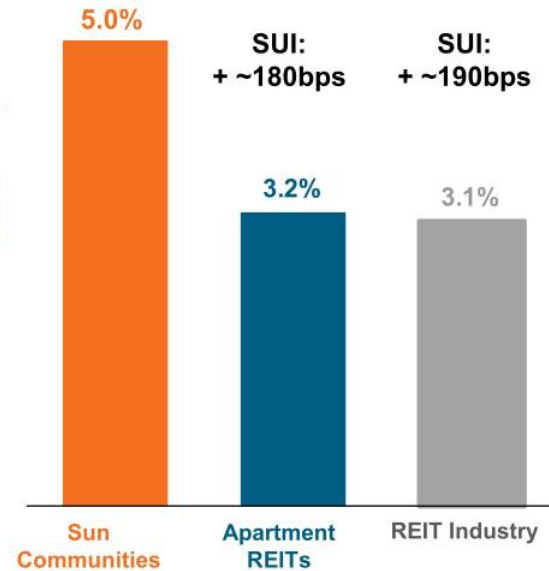
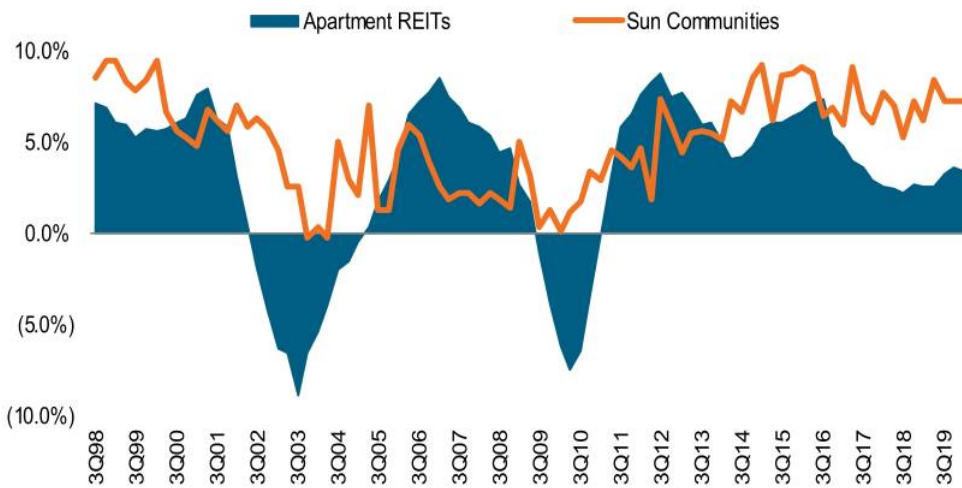
CONSISTENT AND CYCLE TESTED INTERNAL GROWTH

- Sun's average same community NOI growth has exceeded REIT industry average by **~190 bps** and the apartment sector's average by **~180 bps** since 1998
- Since 1998, every individual year or rolling 4-quarter period has had positive same community NOI growth

Same Community NOI Growth

Annual Growth Since 1998

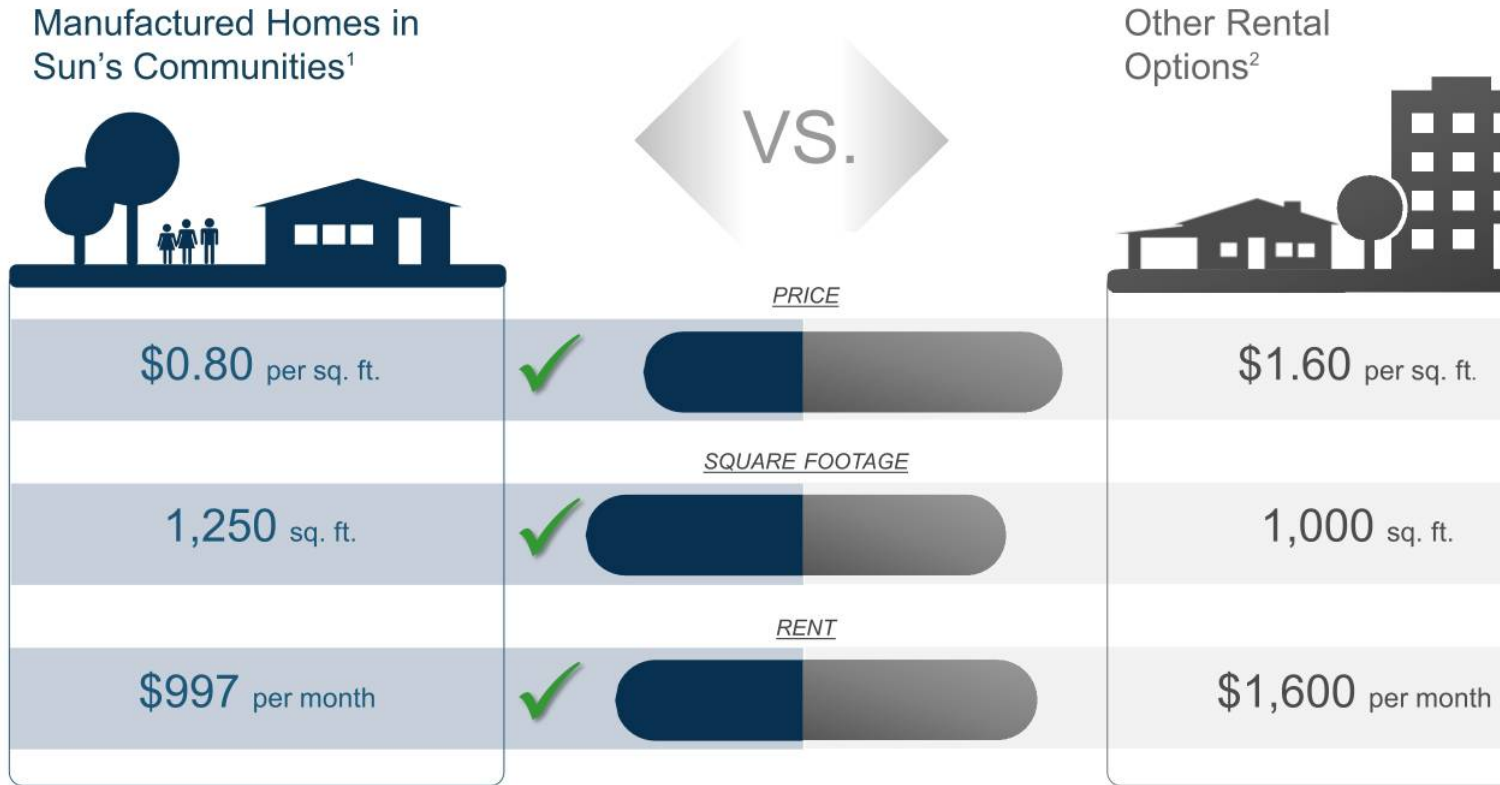
Average Annual Growth Since 1998



Source: Citi Investment research, September 2019. "REIT Industry Average" includes an index of REITs across a variety of asset classes including: self storage; mixed office; regional malls; shopping centers; apartments; student housing; manufactured homes and specialty. Refer to information regarding non-GAAP financial measures in the attached Appendix.

RENTING - MH VS. OTHER RENTAL OPTIONS

- Manufactured homes in Sun's communities provide **25%** more space at **50%** less cost per square foot



¹ Source: Company information.

² Source: Zillow - U.S. Median Monthly Rent (Zillow rent index, December 2019). Includes multifamily, single family and duplex 2-bedroom rentals

HOMEOWNERSHIP – MH VS SINGLE FAMILY

- Sun's communities offer affordable options in attractive locations

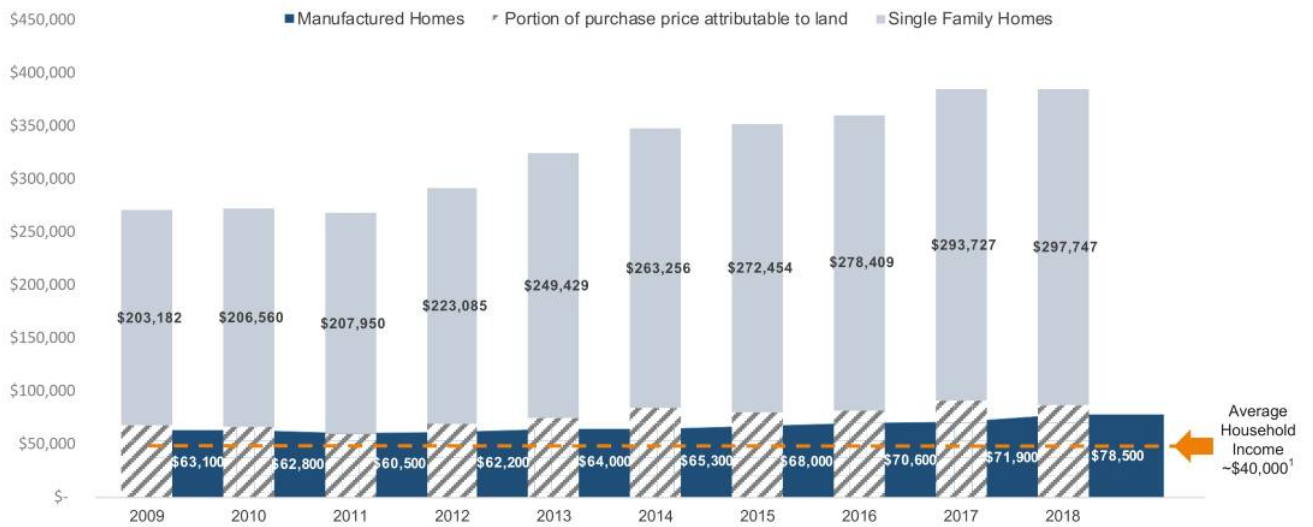
Manufactured Homes

Single Family Homes



✓ Average cost of a new *Manufactured Home* is **\$78,500** or roughly 2 years median income

✓ Average cost of *Single Family* is **\$297,747** or roughly 7 years median income



Source: U.S. Department of Census, Cost & Size Comparisons of New Manufactured & New Single-Family Site-Built Homes (2009-2018)
 1 Average of 2018 primary applicant household income for SU's manufactured housing communities

EXPANSIONS PROVIDE ATTRACTIVE RETURNS

- Investment in expansion sites boosts growth in highly accretive manner
- Sun expands in communities and resorts with high occupancies and continued strong demand

12 – 24 months
average lease-up for 100-site expansion

\$40k - \$45k
typical per site construction cost

Target 12% - 14% IRRs¹

~1,230
2019 vacant expansion site deliveries



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information. Refer to information regarding non-GAAP financial measures in the attached Appendix.

¹ Expected 5-year unlevered internal rates of return based on certain assumptions

MAXIMIZING VALUE FROM STRATEGIC ACQUISITION

Professional Operational Management

Home Sales & Rental Program

Skilled Expense Management

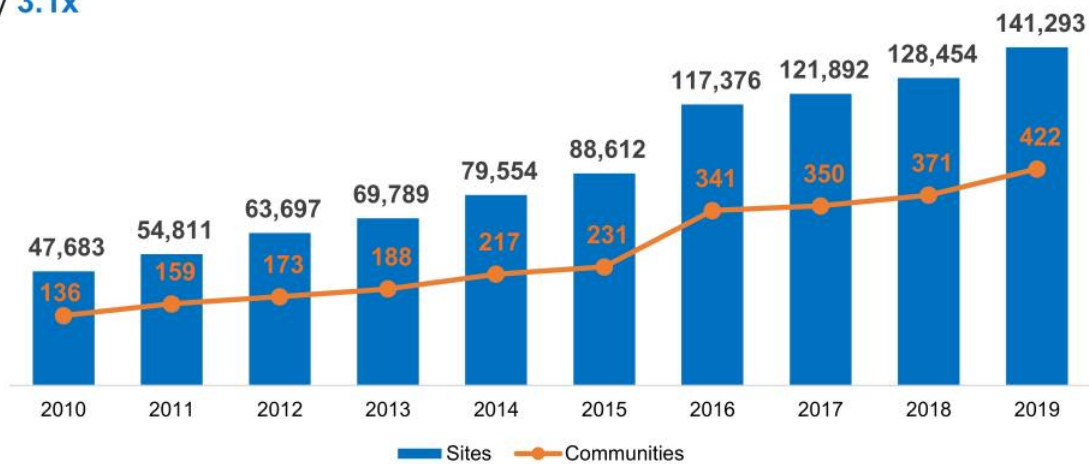
Adding Value with Expansions

Call Center & Digital Marketing Outrea

Repositioning with Additional Capex

Year-end Communities and Sites

- Since 2010, Sun has acquired communities valued **in excess of \$5.6 billion**, increasing its number of communities by **3.1x**



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information. Refer to information regarding non-GAAP financial measures in the attached Appendix.

STRATEGIC BALANCE SHEET

- Balance sheet supports growth strategy
- Sun's annual mortgage maturities in the years 2020 - 2024 average 4.7% of total mortgage debt outstanding

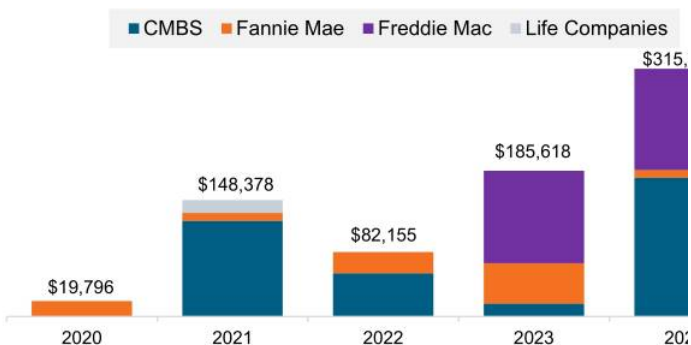
Mortgage Debt Outstanding

principal amounts in thousands

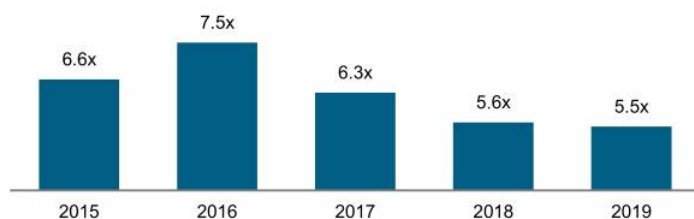
	Quarter Ended December 31, 2019	
	Principal Outstanding ¹	WA Interest Rates
CMBS	\$397,868	5.10%
Fannie Mae	\$697,589	3.66%
Life Companies	\$1,710,408	4.00%
Freddie Mac	\$374,727	3.86%
Total	\$3,180,592	4.05%

Mortgage Debt 5-Year Maturity Ladder

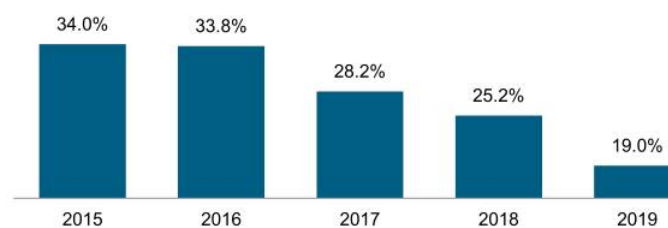
amounts in thousands



Net Debt / EBITDA²



Net Debt / TEV³



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information. Refer to information regarding non-GAAP financial measures in the attached Appendix.

¹ Includes premium / discount on debt and financing costs.

² The debt ratios are calculated using trailing 12 months recurring EBITDA for the period ended December 31, 2019.

³ Total Enterprise Value includes common shares outstanding (per Supplemental), Common OP Units and Preferred OP Units, as converted, outstanding at the end of each respective period.



SUN COMMUNITIES' ESG INITIATIVES

- Sun published its inaugural ESG report in late 2019
- We are committed to sustainable business practices to benefit all stakeholders: team members, residents and guests, shareholders and the broader communities where we operate
- In 2020, we will continue to enhance Sun's sustainability program through the formal adoption of additional environmental policies, establishing a data baseline for utility usage and expanding the ESG team

ESG Highlights¹

Environmental	Social	Governance
25% of communities and resorts retrofitted with LED lighting (\$9mm of spend once completed)	Sun Unity social responsibility program	BoD's Nominating and Corporate Governance Committee formally oversees all ESG initiatives
200+ water meters replaced with auto-read, real-time systems	100% of Sun employees received safety training	BoD composition is 29% female and 71% independent
Launched due diligence process for solar energy program in California communities	Team members throughout the organization volunteered ~3,500 hours	Enterprise Risk Management Committee identifies, monitors and mitigates risks across the organization
Installing smart irrigation systems and native flora in all new ground-up developments	SunFit Program promotes employee, resident and guest wellness	Comprehensive policies and procedures foster sound corporate governance



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information regarding non-GAAP financial measures in the attached Appendix.

¹ Performance and initiatives for the 2018 reporting year are referenced.

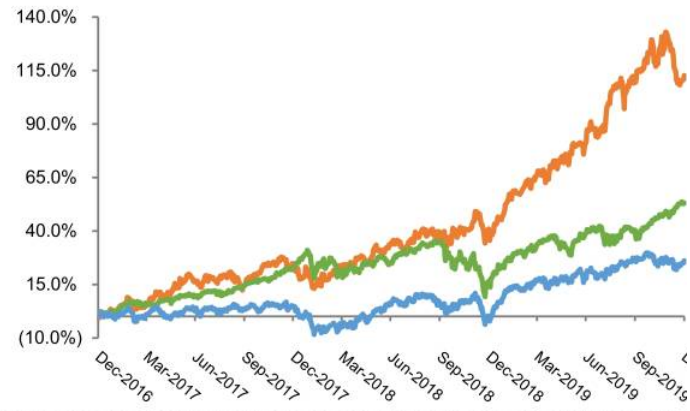
STRATEGY-DRIVEN OUTPERFORMANCE

- Sun has significantly **outperformed** major REIT and broader market indices over the last ten years

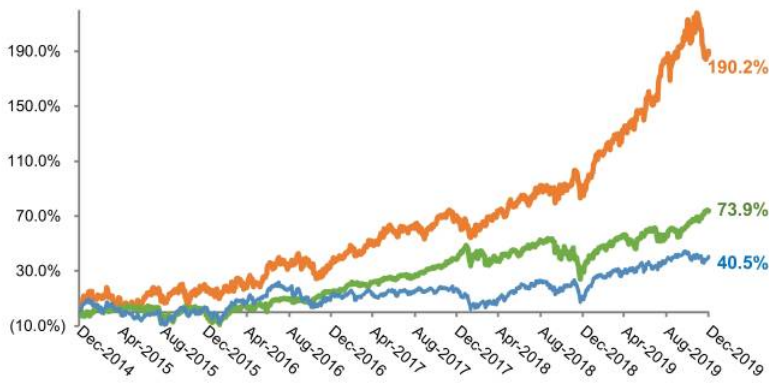
2019 Total Return



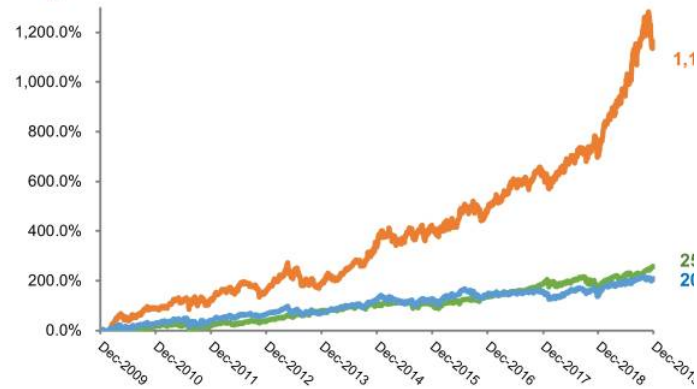
3-year Total Return



5-year Total Return



10-year Total Return



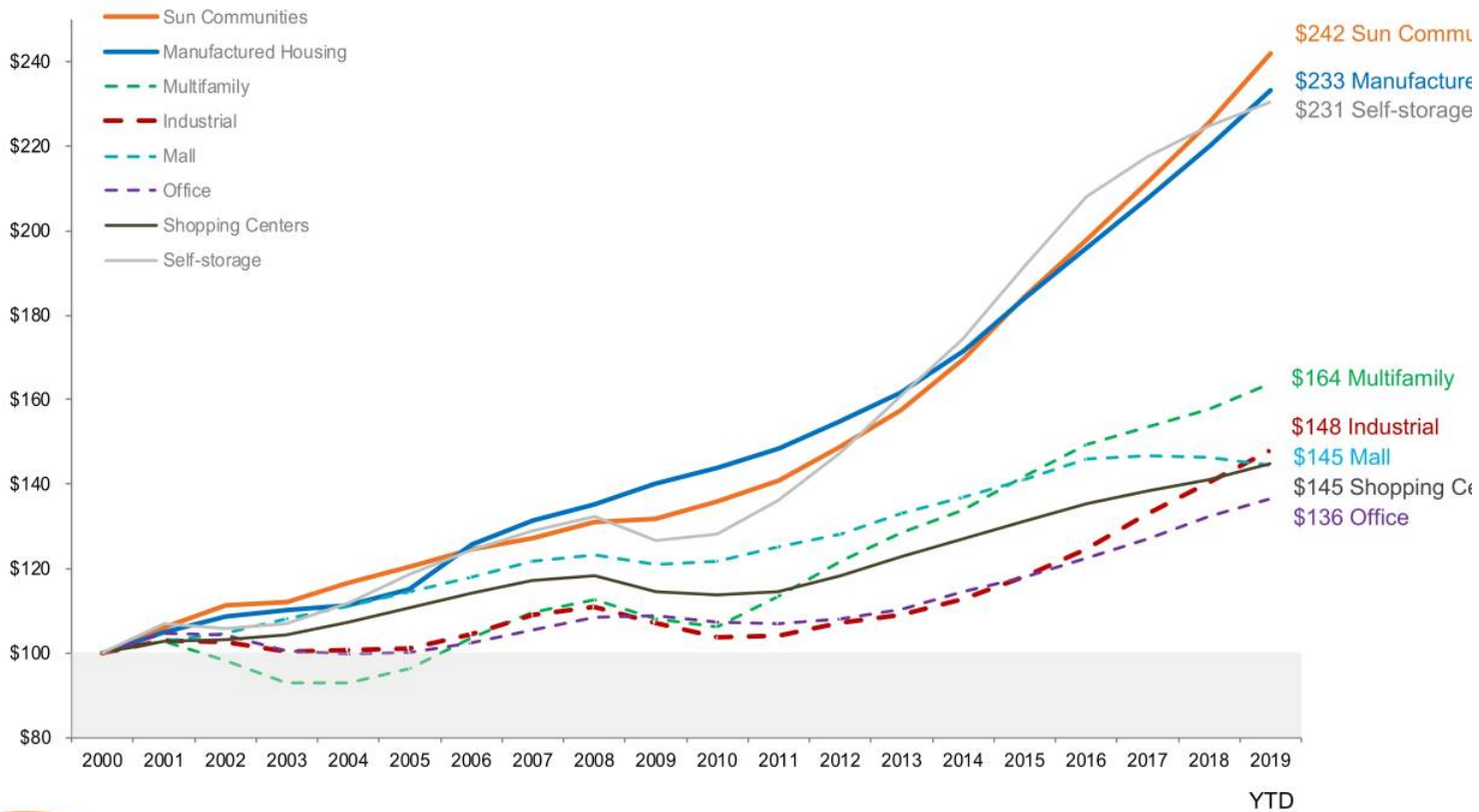
— Sun Communities, Inc. (SU1)
 — S&P 500
 — MSCI US REIT (RMS)

Source: S&P Global as of December 31, 2019.

CONSISTENT NOI GROWTH

- Manufactured housing is one of the most recession-resistant sectors in real estate and has **consistently outperformed** multifamily and most sectors in same community NOI growth since 2000

Indexed NOI Growth



Source: Citi Investment research, September, 2019. Refer to information regarding non-GAAP financial measures in the attached Appendix.

APPENDIX



SUN
SUN COMMUN

CAROLINA PINES - CONWAY, SC

NON-GAAP TERMS DEFINED

Investors in and analysts following the real estate industry utilize funds from operations ("FFO"), net operating income ("NOI"), and earnings before interest, tax, depreciation and amortization ("EBITDA") supplemental performance measures. The Company believes that FFO, NOI, and EBITDA are appropriate measures given their wide use by and relevance to investors and analysts. Additionally, FFO and EBITDA are commonly used in various ratios, pricing multiples, yields and returns and valuation calculations used to measure financial position, performance and value.

FFO, reflecting the assumption that real estate values rise or fall with market conditions, principally adjusts for the effects of generally accepted accounting principles ("GAAP") depreciation and amortization of real estate assets.

NOI provides a measure of rental operations that does not factor in depreciation, amortization and non-property specific expenses such as general and administrative expenses. EBITDA provides a further measure to evaluate ability to incur and service debt and to fund dividends and other cash needs.

FFO is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as GAAP net income (loss), excluding gains (or losses) from sales of depreciable operating property, plus real estate related depreciation and amortization, 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. By excluding gains and losses related to sales of previously depreciated operating real estate assets, impairment and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO provides a performance measure that, when compared period-over-period, reflects the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing perspective not readily apparent from GAAP net income (loss). Management believes the use of FFO has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful. The Company also uses FFO excluding certain gain and loss items that management considers unrelated to the operational and financial performance of our core business ("Core FFO"). The Company believes Core FFO provides enhanced comparability for investor evaluations of period-over-period results.

The Company believes that GAAP net income (loss) is the most directly comparable measure to FFO. The principal limitation of FFO is that it does not replace GAAP net income (loss) as a performance measure or GAAP cash flow from operations as a liquidity measure. Because FFO excludes significant economic components of GAAP net income (loss) including depreciation and amortization, FFO is used as a supplement to GAAP net income (loss) and not as an alternative to it. Further, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements nor as a measure of working capital. FFO is calculated in accordance with the Company's interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs. The Company interprets the NAREIT definition differently.

NOI is derived from revenues minus property operating expenses and real estate taxes. NOI is a non-GAAP financial measure that the Company believes is helpful to investors as a supplemental measure of operating performance because it is an indicator of the return on property investment, and provides a method of comparing property performance over time. The Company uses NOI as a key measure in evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization, interest expense and non-property specific expenses such as general and administrative expenses, all of which are significant costs. Therefore, NOI is a measure of the operating performance of the properties of the Company rather than of the Company overall.

The Company believes that GAAP net income (loss) is the most directly comparable measure to NOI. NOI should not be considered to be an alternative to GAAP net income (loss) as an indication of the Company's financial performance or GAAP cash flow from operating activities 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. Because of the inclusion of items such as interest, depreciation, and amortization, the use of GAAP net income (loss) as a performance measure is limited as these items may not accurately reflect the actual change in market value of a property, in the case of depreciation and in the case of interest, may not necessarily be linked to the operating performance of a real estate asset, and are often incurred at a parent company level and not at a property level.

EBITDA as defined by NAREIT (referred to as "EBITDAre") is calculated as GAAP net income (loss), plus interest expense, plus income tax expense, plus depreciation and amortization, plus or minus gains on the disposition of depreciated property (including losses or gains on change of control), plus impairment write-downs of depreciated property and of investments in unconsolidated affiliates caused by a decrease in value of depreciated property in the affiliate, and adjustments to reflect the entity's share of EBITDAre of unconsolidated affiliates. EBITDAre is a non-GAAP financial measure that the Company uses to evaluate its ability to incur and service debt, fund dividends and other cash needs and cover fixed costs. Investors utilize EBITDAre as a supplemental measure to evaluate and compare investment quality and enterprise value of REITs. The Company also uses EBITDAre excluding certain gain and loss items that management considers unrelated to measurement of the Company's performance and that is independent of capital structure ("Recurring EBITDA").

The Company believes that GAAP net income (loss) is the most directly comparable measure to EBITDAre. EBITDAre is not intended to be used as a measure of the Company's cash generated by operations or its dividend-paying capacity, and should therefore not replace GAAP net income (loss) as an indication of the Company's financial performance or GAAP cash flow from operating, investing and financing activities as measures of liquidity.

NET INCOME TO FFO RECONCILIATION

(amounts in thousands except per share data)

	Three Months Ended December 31,		Year Ended December 31,		
	2019	2018	2019	2018	2017
Net income attributable to Sun Communities, Inc. common stockholders	\$ 28,547	\$ 9,039	\$ 160,265	\$ 105,493	\$ 68,000
Adjustments:					
Depreciation and amortization	98,950	81,314	328,646	288,206	262,000
(Gain) / loss on remeasurement of marketable securities	(17,692)	3,639	(34,240)	3,639	2,000
Amounts attributable to noncontrolling interests	482	15	8,474	7,740	4,000
Preferred return to preferred OP units	519	552	2,610	2,206	2,000
Preferred distribution to Series A-4 preferred stock	-	432	1,288	1,737	2,000
Gain on disposition of assets, net	(5,273)	(6,429)	(26,356)	(23,406)	(16,000)
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities	105,533	88,562	440,687	385,615	320,000
Adjustments:					
Transaction costs	-	-	-	-	5,000
Other acquisition related costs	244	220	1,146	1,001	2,000
Loss on extinguishment of debt	3,027	(65)	16,505	1,190	4,000
Catastrophic weather related charges, net	398	2,079	1,737	92	8,000
Loss of earnings - catastrophic weather related	-	(1,267)	-	(292)	2,000
Other (income) / expense, net	(4,946)	3,239	(3,457)	6,453	(8,000)
Other adjustments	278	(73)	314	310	2,000
Core FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities	104,534	92,695	456,932	394,369	337,000
Weighted average common shares outstanding - basic	91,342	85,481	88,460	81,387	76,000
Weighted average common shares outstanding - fully diluted	95,463	90,066	92,817	86,141	80,000
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share - fully diluted	\$ 1.11	\$ 0.98	\$ 4.75	\$ 4.48	\$ 4.00
Core FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share - fully diluted	\$ 1.10	\$ 1.03	\$ 4.92	\$ 4.58	\$ 4.33



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information.

NET INCOME TO NOI RECONCILIATION

(amounts in thousands)

	Three Months Ended December 31,		Year Ended December 31,		
	2019	2018	2019	2018	2017
Net income attributable to Sun Communities, Inc., common stockholders	\$ 28,547	\$ 9,039	\$ 160,265	\$ 105,493	\$ 65,000
Other revenues	(6,305)	(8,135)	(31,984)	(27,057)	(24,000)
Home selling expenses	3,752	4,403	14,690	15,722	12,000
General and administrative expenses	25,405	20,457	93,964	81,429	83,000
Catastrophic weather related charges, net	435	2,079	1,737	92	8,000
Depreciation and amortization	98,826	81,070	328,067	287,262	261,000
Gain / (loss) on extinguishment of debt	3,027	(65)	16,505	1,190	4,000
Interest expense	34,466	33,378	137,851	134,250	131,000
(Gain) / loss on remeasurement of marketable securities	(17,692)	3,639	(34,240)	3,639	(1,000)
Other (income) / expense, net	(4,946)	3,239	(3,457)	6,453	(8,000)
(Income) / loss from nonconsolidated affiliates	6	(619)	(1,374)	(790)	(1,000)
Current tax (benefit) / expense	189	(17)	1,095	595	(1,000)
Deferred tax (benefit) / expense	(258)	(73)	(222)	(507)	(1,000)
Preferred return to preferred OP units / equity	1,418	1,151	6,058	4,486	4,000
Amounts attributable to noncontrolling interests	720	51	9,768	8,443	5,000
Preferred stock distribution	-	431	1,288	1,736	7,000
NOI / Gross Profit	\$ 167,590	\$ 150,028	\$ 700,011	\$ 622,436	\$ 550,000

	Three Months Ended December 31,		Year Ended December 31,		
	2019	2018	2019	2018	2017
Real Property NOI	\$ 147,452	\$ 132,255	\$ 597,406	\$ 533,321	\$ 479,000
Home Sales NOI / Gross Profit	10,944	11,645	47,579	42,698	32,000
Rental Program NOI	26,682	23,656	104,382	95,968	92,000
Ancillary NOI / Gross Profit	(9)	(1,158)	19,449	16,064	10,000
Site rent from Rental Program (included in Real Property NOI)	(17,479)	(16,370)	(68,805)	(65,615)	(63,000)
NOI / Gross Profit	\$ 167,590	\$ 150,028	\$ 700,011	\$ 622,436	\$ 550,000



Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information.

NET INCOME TO RECURRING EBITDA RECONCILIATION

(amounts in thousands)

	Three Months Ended December 31,		Year Ended December 31,		
	2019	2018	2019	2018	2017
Net income attributable to Sun Communities, Inc., common stockholders	\$ 28,547	\$ 9,039	\$ 160,265	\$ 105,493	\$ 68,000
Adjustments					
Depreciation and amortization	98,826	81,070	328,067	287,262	266,000
(Gain) / loss on extinguishment of debt	3,027	(65)	16,505	1,190	1,000
Interest expense	34,466	33,378	137,851	134,250	133,000
Current tax (benefit) / expense	189	(17)	1,095	595	1,000
Deferred tax benefit	(258)	(73)	(222)	(507)	1,000
(Income) / loss from nonconsolidated affiliates	6	(619)	(1,374)	(790)	1,000
Less: Gain on disposition of assets, net	(5,273)	(6,429)	(26,356)	(23,406)	(1,000)
EBITDAre	\$ 159,530	\$ 116,284	\$ 615,831	\$ 504,087	\$ 448,000
Adjustments:					
Catastrophic weather related charges, net	435	2,079	1,737	92	1,000
(Gain) / loss on remeasurement of marketable securities	(17,692)	3,639	(34,240)	3,639	1,000
Other (income) / expense, net	(4,946)	3,239	(3,457)	6,453	1,000
Preferred return to preferred OP units / equity	1,418	1,151	6,058	4,486	1,000
Amounts attributable to noncontrolling interests	720	51	9,768	8,443	1,000
Preferred stock distribution	—	431	1,288	1,736	1,000
Plus: Gain on dispositions of assets, net	5,273	6,429	26,356	23,406	1,000
Recurring EBITDA	\$ 144,738	\$ 133,303	\$ 623,341	\$ 552,342	\$ 478,000



SUN COMMUNITIES, INC.

Source: Company information. Refer to Sun Communities, Inc. Form 10-K and Supplemental for the year ended December 31, 2019 as well as Press Releases and SEC Filings after December 31, 2019 for additional information.

