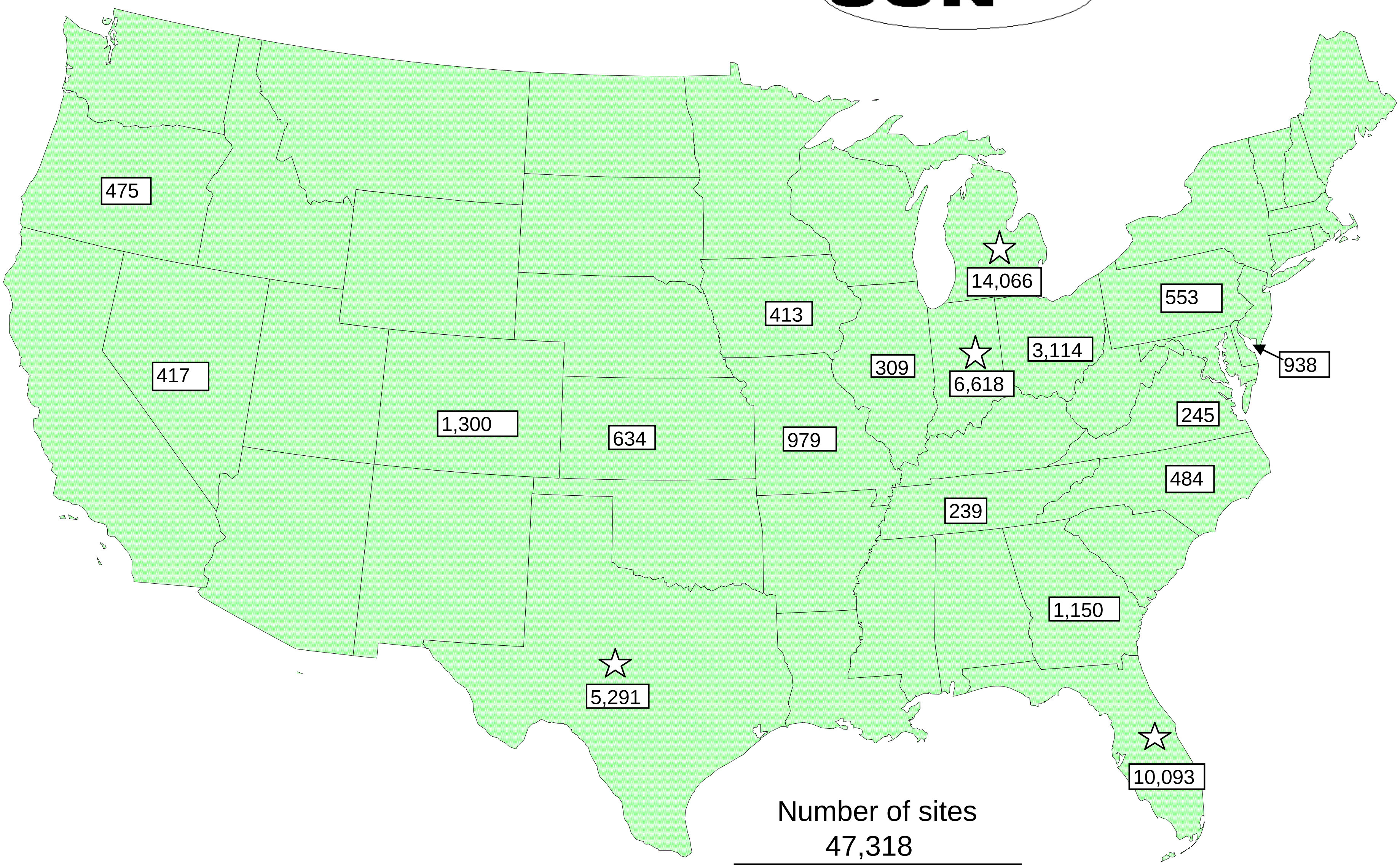
# Sun Communities, Inc.

## Supplemental Operating and Financial Data

For the Quarter Ended June 30, 2005

SUN

# Portfolio Overview




Number of sites
47,318

Management Offices
☆

**SUN COMMUNITIES, INC.**
**SUPPLEMENTAL INFORMATION**
**2nd QUARTER 2005**

INDEX



(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) for a definition of these supplemental performance measures.

## RESEARCH COVERAGE

| | |
|---|---|
| AG EDWARDS | ART HAVENER<br>(314) 955-3436 |
| GREEN STREET | CRAIG LEUPOLD<br>(949) 640-8780 |
| KEYBANC CAPITAL MARKETS | DAVID B. RODGERS<br>(216) 263-4785 |
| LEHMAN BROTHERS | DAVID HARRIS<br>(212) 526-3413 |
| RBC CAPITAL MARKETS | JAY LEUPP<br>(415) 633-8588 |
| | DAVID RONCO<br>(415) 633-8566 |
| MAXCOR FINANCIAL | PAUL ADORNATO<br>(646) 346-7327 |
| SALOMON SMITH BARNEY | JORDAN SADLER<br>(212) 816-0438 |

**EARNINGS ANNOUNCEMENTS**

| | 3rd Quarter | 4th Quarter | 1st Quarter |
|---|---|---|---|
| EARNINGS ANNOUNCEMENTS | 10/27/05 | 02/16/06 | 04/20/06 |
| DIVIDEND DECLARATIONS | 10/03/05 | 01/02/06 | 04/03/06 |

## 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.

| | |
|---|---|
| AT OUR WEBSITE → | www.suncommunities.com |
| BY PHONE → | (248) 208-2500 |
| BY FACSIMILE → | (248) 208-2641 |
| BY MAIL → | SUN COMMUNITIES<br>Investor Relations<br>The American Center<br>27777 Franklin Rd., Suite 200<br>Southfield, MI 48034 |
| BY E MAIL → | CPETERSE@SUNCOMMUNITIES.COM |

## SUN COMMUNITIES

## BALANCE SHEETS

(in thousands)

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2005 | March 31, 2005 | December 31, 2004 | September 30, 2004 | June 30, 2004 |
| **ASSETS** | | | | | |
| Real Estate | | | | | |
| Land | $ 116,567 | $ 116,192 | $ 116,187 | $ 111,513 | $ 110,354 |
| Land Improvements and Buildings | 1,156,283 | 1,156,333 | 1,145,131 | 1,103,410 | 1,088,202 |
| Furniture, Fixtures and Equipment | 34,157 | 34,623 | 36,990 | 33,683 | 32,670 |
| Rental Homes | 91,190 | 71,928 | 51,540 | 41,520 | 37,319 |
| Land Held for Future Development | 30,711 | 31,652 | 31,652 | 34,318 | 34,318 |
| Property Under Development | 1,245 | 1,118 | 1,041 | 2,141 | 1,960 |
| Gross Real Estate Investment | 1,430,153 | 1,411,846 | 1,382,541 | 1,326,585 | 1,304,823 |
| Less Accumulated Depreciation | (270,945) | (260,169) | (248,668) | (237,615) | (227,939) |
| Net Real Estate Investment | 1,159,208 | 1,151,677 | 1,133,873 | 1,088,970 | 1,076,884 |
| Cash and Cash Equivalents | 3,392 | 17,783 | 97,561 | 69,181 | 106,117 |
| Notes and Other Receivables | 43,562 | 44,205 | 45,037 | 44,940 | 41,586 |
| Inventory | 21,480 | 19,954 | 25,964 | 21,352 | 18,599 |
| Investments in and Advances to Affiliates | 47,965 | 48,243 | 48,360 | 50,810 | 50,160 |
| Other Assets | 51,202 | 50,685 | 52,372 | 56,105 | 51,837 |
| Total Assets | $ 1,326,809 | $ 1,332,547 | $ 1,403,167 | $ 1,331,358 | $ 1,345,183 |
| **LIABILITIES AND EQUITY** | | | | | |
| *Liabilities* | | | | | |
| Line of Credit | $ 23,900 | $ - | $ - | $ - | $ - |
| Mortgage Loans Payable | 1,000,665 | 1,006,682 | 1,011,302 | 932,653 | 908,926 |
| Senior Unsecured Notes | - | 5,017 | 5,017 | 5,017 | 5,017 |
| Preferred Operating Units | 62,123 | 62,123 | 62,123 | 62,123 | 62,873 |
| Accounts Payable, Deposits and Accrued Liabilities | 30,504 | 42,312 | 31,936 | 30,015 | 26,207 |
| Total Liabilities | 1,117,192 | 1,116,134 | 1,110,378 | 1,029,808 | 1,003,023 |
| Minority Interests- Preferred OP Units | - | - | 50,000 | 50,000 | 50,000 |
| Minority Interests - Common OP Units and others | 26,225 | 28,050 | 31,043 | 35,311 | 36,871 |
| | 26,225 | 28,050 | 81,043 | 85,311 | 86,871 |
| *Stockholders' Equity* | | | | | |
| Preferred Stock | - | - | - | - | - |
| Common Stock | 196 | 196 | 196 | 195 | 195 |
| Paid in Capital | 462,299 | 461,834 | 462,522 | 455,248 | 454,734 |
| Officer's Notes | (9,617) | (9,711) | (9,798) | (9,884) | (10,136) |
| Deferred Compensation | (14,155) | (14,734) | (15,557) | (13,104) | (13,717) |
| Unrealized (losses) on interest rate swaps | (1,035) | 215 | (959) | (1,536) | 80 |
| Distributions in Excess of Net Income | (203,635) | (203,417) | (181,073) | (171,214) | (160,196) |
| Treasury Stock at Cost | (50,661) | (46,020) | (43,585) | (43,466) | (15,671) |
| Total Stockholders' Equity | 183,392 | 188,363 | 211,746 | 216,239 | 255,289 |
| Total Liabilities and Stockholders' Equity | $ 1,326,809 | $ 1,332,547 | $ 1,403,167 | $ 1,331,358 | $ 1,345,183 |

## SUN COMMUNITIES

## DEBT ANALYSIS

(in thousands)

| | Quarter Ended June 30, 2005 | March 31, 2005 | December 31, 2004 | September 30, 2004 | June 30, 2004 |
|---|---|---|---|---|---|
| **DEBT OUTSTANDING** | | | | | |
| Line of Credit | $ 23,900 | $ - | $ - | $ - | $ - |
| Mortgage Loans Payable | 1,000,665 | 1,006,682 | 1,011,302 | 932,653 | 908,926 |
| Senior Unsecured Notes | | 5,017 | 5,017 | 5,017 | 5,017 |
| Preferred Operating Units | 62,123 | 62,123 | 62,123 | 62,123 | 62,873 |
| Total Debt | $ 1,086,688 | $ 1,073,822 | $ 1,078,442 | $ 999,793 | $ 976,816 |
| **% FIXED/FLOATING** | | | | | |
| Fixed | 88.51% | 90.25% | 89.94% | 89.44% | 91.69% |
| Floating | 11.49% | 9.75% | 10.06% | 10.56% | 8.31% |
| Total | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| **AVERAGE INTEREST RATES** | | | | | |
| Line of Credit | 5.11% | | | | |
| Mortgage Loans Payable | 5.07% | 5.03% | 4.97% | 4.88% | 4.87% |
| Senior Unsecured Notes | | 6.77% | 6.77% | 6.77% | 6.77% |
| Preferred Operating Units | 6.98% | 6.92% | 6.80% | 6.80% | 6.80% |
| Total Average | 5.18% | 5.15% | 5.08% | 5.01% | 5.01% |
| **DEBT RATIOS** | | | | | |
| Debt/Total Market Cap | 58.6% | 59.1% | 54.8% | 53.6% | 53.2% |
| Debt/Gross Assets | 68.0% | 67.4% | 65.3% | 63.7% | 62.1% |
| **COVERAGE RATIOS** | | | | | |
| EBITDA/ Mortgage Interest | 2.1 | 2.3 | 2.4 | 2.2 | 2.8 |
| EBITDA/Mortgage Interest + Pref. Distributions | 1.9 | 2.1 | 2.0 | 1.9 | 2.3 |

| | 30-Jun-06 | 30-Jun-07 | 30-Jun-08 | 30-Jun-09 | 30-Jun-10 |
|---|---|---|---|---|---|
| **MATURITIES/PRINCIPAL AMORTIZATION** | | | | | |
| Line of Credit | | | $ 23,900 | | |
| Mortgage Loans Payable . | | | | | |
| Maturities | 17,026 | 33,813 | 38,698 | 17,230 | |
| Principal Amortization | 3,874 | 10,326 | 12,652 | 12,699 | 13,139 |
| Preferred Operating Units | - | 12,675 | - | - | 8,940 |
| Total | $ 20,900 | $ 56,814 | $ 75,250 | $ 29,929 | $ 22,079 |

## SUN COMMUNITIES

### STATEMENT OF OPERATIONS

(in thousands)

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | June 31, 2005 | March 31, 2005 | December 31, 2004 | September 30, 2004 | June 30, 2004 |
| **REVENUES** | | | | | |
| Income from property | $ 44,020 | $ 45,781 | $ 43,506 | $ 40,960 | $ 40,501 |
| Gross Profit from Home Sales | 804 | 1,343 | 635 | 1,025 | 945 |
| Gain on sale | 513 | | 3,880 | | |
| Other income | 2,341 | 1,815 | 848 | 3,080 | 2,304 |
| Total revenues | 47,678 | 48,939 | 48,869 | 45,065 | 43,750 |
| **EXPENSES** | | | | | |
| Property operating and maintenance | 11,547 | 11,067 | 10,785 | 10,738 | 10,068 |
| Real estate taxes | 3,808 | 3,788 | 3,778 | 3,520 | 3,353 |
| Selling, general and administrative | 5,112 | 5,048 | 5,547 | 4,586 | 4,271 |
| Hurricane Expenses | (55) | (500) | - | 600 | - |
| Total expenses | 20,412 | 19,403 | 20,110 | 19,444 | 17,692 |
| **EBITDA (1)** | 27,266 | 29,536 | 28,759 | 25,621 | 26,058 |
| Recapitalization costs | | | | | (51,643) |
| Deferred financing costs related to retired debt | | | | | (5,557) |
| Interest expense and Preferred distributions | (14,640) | (14,725) | (13,839) | (12,895) | (11,175) |
| Perpetual Preferred distributions | | (961) | (1,110) | (1,109) | (1,109) |
| Depreciation and amortization | (13,480) | (13,068) | (12,319) | (10,987) | (10,806) |
| Minority interests | 104 | (95) | (182) | (76) | 6,331 |
| **NET INCOME (LOSS)** | (750) | 687 | 1,309 | 554 | (47,901) |
| Depreciation and Amortization | 14,100 | 13,711 | 12,480 | 11,195 | 11,073 |
| Valuation Adjustement | (153) | 359 | 226 | (180) | 889 |
| Gain/Loss on Sale of land/properties | (513) | | (3,880) | | |
| Minority interests | (104) | 95 | 182 | 76 | (6,331) |
| **FUNDS FROM OPERATIONS (1)** | 12,580 | 14,852 | 10,317 | 11,645 | (42,270) |
| Less recurring capital expenditures | (1,951) | (1,396) | (2,774) | (1,926) | (1,894) |
| **FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") (1)** | 10,629 | 13,456 | 7,543 | 9,719 | (44,164) |
| **FFO PER SHARE/UNIT (1)** | $0.62 | $0.73 | $0.51 | $0.57 | ($2.00) |
| **FAD PER SHARE/UNIT (1)** | $0.53 | $0.66 | $0.37 | $0.47 | ($2.09) |
| **DISTRIBUTION PER SHARE/UNIT** | $0.63 | $0.63 | $0.61 | $0.61 | $0.61 |
| **DILUTED FFO PER SHARE/UNIT** | $0.62 | $0.72 | $0.56 | $0.56 | ($2.00) |
| **PAYOUT RATIO** | 101.6% | 86.3% | 119.6% | 107.0% | -30.5% |
| **WEIGHTED AVERAGE SHARES/UNITS** | 20,193 | 20,319 | 20,306 | 20,574 | 21,112 |

## RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS
## FOR THE THREE MONTHS ENDED MARCH 31, 2005 AND 2004
## (Amounts in thousands except for per share data)
## (Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|---|---|---|---|
| | **2005** | **2004** | **2005** | **2004** |
| Net income (loss) | $ (750) | $ (47,901) | $ (63) | $ (42,331) |
| Adjustments: | | | | |
| Depreciation and amortization | 14,100 | 11,073 | 27,764 | 21,914 |
| Valuation adjustment[3] | (153) | 889 | 206 | 482 |
| Allocation of SunChamp losses[4] | - | - | - | 300 |
| Gain on disposition of assets, net | (513) | - | (466) | |
| Income allocated to minority interest | (104) | (6,331) | (9) | (5,622) |
| Funds from operations | $ 12,580 | $ (42,270) | $ 27,432 | $ (25,257) |
| | | | | |
| Weighted average common shares/OP Units outstanding: | | | | |
| Basic | 20,193 | 21,112 | 20,256 | 21,144 |
| Diluted | 20,280 | 21,112 | 20,351 | 21,144 |
| | | | | |
| FFO per weighted average Common Share/OP Unit - Basic | $ 0.62 | $ (2.00) | $ 1.35 | $ (1.19) |
| FFO per weighted average Common Share/OP Unit - Diluted | $ 0.62 | $ (2.00) | $ 1.35 | $ (1.19) |

[3] The Company entered into three 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.

[4] The Company acquired the equity interest of another investor in SunChamp in December 2002. Consideration consisted of a long-term note payable at net book value. Although the adjustment for the allocation of the SunChamp losses (based on SunChamp as a stand-alone entity) is not reflected in the accompanying financial statements, management believes that it is appropriate to provide for this adjustment because the Company's payment obligations with respect to the note are subordinate in all respects to the return of the members' equity (including the gross book value of the acquired equity) plus a preferred return. As a result, the losses that are allocated to the Company from SunChamp as a stand-alone entity under generally accepted accounting principles are effectively reallocated to the note for purposes of calculating FFO. A situation such as this is not contemplated in the NAREIT definition of FFO due to the unique circumstances of the transaction. Although not comparable to the precise NAREIT definition, the Company believes the inclusion of this item in its calculation of FFO to be appropriate as noted above.

## SUN COMMUNITIES

# STATEMENT OF OPERATIONS
# SAME PROPERTY

(in thousands)

| | | Quarter Ended | | 6 Months Ended | |
|---|---|---|---|---|---|
| | | June 30, 2005 | June 30, 2004 | June 30, 2005 | June 31, 2004 |
| **REVENUES** | | | | | |
| Income from Property | | $38,999 | $37,493 | $79,484 | $77,452 |
| **EXPENSES** | | | | | |
| Real Estate Taxes | | 3,336 | 3,110 | 6,672 | 6,209 |
| Payroll | | 2,975 | 2,801 | 5,935 | 5,919 |
| Repairs and Maintenance | | 1,890 | 1,743 | 2,935 | 2,783 |
| Utilities, Net | | 1,974 | 2,034 | 4,555 | 4,641 |
| Other | | 1,265 | 932 | 2,561 | 2,184 |
| Total Expenses | | 11,440 | 10,620 | 22,658 | 21,736 |
| **NET OPERATING INCOME ("NOI") (1)** | | $27,559 | $26,873 | $56,826 | $55,716 |
| **NUMBER OF COMMUNITIES** | (a) | 121 | 121 | 121 | 121 |
| **NUMBER OF DEVELOPED SITES** | (a) | $ 42,859 | 42,863 | $ 42,859 | 42,863 |
| **NUMBER OF OCCUPIED SITES** | (a) | 35,506 | 35,832 | 35,506 | 35,832 |
| **OCCUPANCY PERCENTAGE** | (b) | 85.6% | 86.7% | 85.6% | 86.7% |
| **WEIGHTED AVERAGE RENT** | (b) | 349 | 337 | 349 | 337 |
| **SITES AVAILABLE FOR DEVELOPMENT** | | 5,434 | 5,500 | 5,434 | 5,500 |
| **SITES IN DEVELOPMENT** | | 222 | 61 | 222 | 61 |

(a) Includes MH and RV Sites
(b) Includes MH sites only
Note : The occupancy of the same property portfolio on January 1, 2005 was 85%

# SUN COMMUNITIES

## STATEMENT OF OPERATIONS
## SAME PROPERTY -- PERCENTAGE GROWTH

| | Quarter Ended | 6 Months Ended | |
|---|---|---|---|
| | June 30, 2005 | June 30, 2005 | June 30, 2004 |
| **NUMBER OF COMMUNITIES** | 121 | 121 | 108 |
| **REVENUES** | | | |
| Income from Property | 4.0% | 2.6% | 3.5% |
| **EXPENSES** | | | |
| Real Estate Taxes | 7.3% | 7.5% | 5.6% |
| Payroll | 6.2% | 0.3% | 9.0% |
| Repairs and Maintenance | 8.4% | 5.4% | 2.6% |
| Utilities, Net | -2.9% | -1.8% | 5.8% |
| Other | 35.7% | 17.3% | -6.5% |
| Total Expenses | 7.91% | 2.96% | 2.43% |
| **NET OPERATING INCOME ("NOI")** | 2.6% | 2.0% | 4.0% |

# Sun Communities

## Capital Improvements, Development, and Acquisitions
## (in thousands)

| Notes | | A | B | C | D | E |
|---|---|---|---|---|---|---|
| | **Recurring Cap Ex. Average Per Site** | **Recurring Cap Ex.** | **Lot Mods** | **Acq.** | **Expansions & Dev.** | **Revenue Producing** |
| **2003** | $148 | $ 6,491 | $2,343 | $4,514 | $14,426 | $1,897 |
| **2004** | $147 | $ 6,594 | $3,996 | $120,086 | $9,743 | $883 |
| **Thru 06/05** | $71 | $ 3,347 | $ 2,371 | $8,247 | $ 2,098 | $ 315 |

A. 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 $500. Excludes $1,700,000 related to main office move in 2003 and software conversion costs of $3,400,000 and $442,894 in 2003 and 2004 respectively. In addition, $822,900 for refurbishment costs related to leased homes was expensed in 2005.

B. 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.

C. 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.

D. These are the costs of developing expansions and new communities.

E. 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 | | | | |
|---|---|---|---|---|---|
| | June 30, 2005 | March 31, 2005 | December 31, 2004 | September 30, 2004 | June 30, 2004 |
| **STABILIZED COMMUNITIES** | | | | | |
| **MICHIGAN** | | | | | |
| Communities | 43 | 43 | 43 | 43 | 42 |
| Sites for Development | 332 | 332 | 332 | 332 | 332 |
| Developed Sites | 13,454 | 13,454 | 13,454 | 13,454 | 13,062 |
| Occupied | 11,780 | 11,816 | 11,737 | 11,847 | 11,554 |
| Occupancy % | 87.6% | 87.8% | 87.2% | 88.1% | 88.5% |
| **FLORIDA** | | | | | |
| Communities | 15 | 16 | 15 | 15 | 15 |
| Sites for Development | 372 | 515 | 520 | 520 | 528 |
| Developed Sites | 5,651 | 5,727 | 5,685 | 5,680 | 5,675 |
| Occupied | 5,563 | 5,620 | 5,581 | 5,575 | 5,564 |
| Occupancy % | 98.4% | 98.1% | 98.2% | 98.2% | 98.0% |
| **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 | 4,858 | 4,927 | 4,936 | 5,069 | 5,184 |
| Occupancy % | 76.4% | 77.5% | 77.6% | 79.7% | 81.5% |
| **OHIO** | | | | | |
| Communities | 10 | 10 | 10 | 10 | 10 |
| Sites for Development | - | - | - | - | - |
| Developed Sites | 2,917 | 2,917 | 2,917 | 2,917 | 2,917 |
| Occupied | 2,599 | 2,585 | 2,550 | 2,579 | 2,602 |
| Occupancy % | 89.1% | 88.6% | 87.4% | 88.4% | 89.2% |
| **TEXAS** | | | | | |
| Communities | 6 | 6 | 6 | 6 | 6 |
| Sites for Development | - | - | - | - | - |
| Developed Sites | 1,500 | 1,499 | 1,501 | 1,496 | 1,496 |
| Occupied | 1,313 | 1,312 | 1,304 | 1,323 | 1,337 |
| Occupancy % | 87.5% | 87.5% | 86.9% | 88.4% | 89.4% |
| **OTHER STATES** | | | | | |
| Communities | 17 | 17 | 17 | 14 | 14 |
| Sites for Development | 69 | 69 | 69 | 69 | 69 |
| Developed Sites | 6,687 | 6,687 | 6,687 | 5,537 | 5,537 |
| Occupied | 5,974 | 5,940 | 5,912 | 4,969 | 5,039 |
| Occupancy % | 89.3% | 88.8% | 88.4% | 89.7% | 91.0% |

## PROPERTY SUMMARY (continued)

| | Quarter Ended | | | | |
|---|---|---|---|---|---|
| | June 30, 2005 | March 31, 2005 | December 31, 2004 | September 30, 2004 | June 30, 2004 |
| **TOTAL--MH STABILIZED PORTFOLIO** | | | | | |
| Communities | 108 | 109 | 108 | 105 | 104 |
| Sites for Development | 1,195 | 1,338 | 1,343 | 1,343 | 1,351 |
| Developed Sites | 36,569 | 36,644 | 36,604 | 35,444 | 35,047 |
| Occupied | 32,087 | 32,200 | 32,020 | 31,362 | 31,280 |
| Occupancy % | 87.7% | 87.9% | 87.5% | 88.5% | 89.3% |
| **NEW COMMUNITY DEVELOPMENT** | | | | | |
| Communities | 24 | 24 | 24 | 24 | 24 |
| Sites for Development | 5,899 | 5,899 | 5,934 | 6,012 | 6,058 |
| Developed Sites | 5,311 | 5,311 | 5,271 | 5,271 | 5,226 |
| Occupied | 3,357 | 3,212 | 3,074 | 3,137 | 3,133 |
| Occupancy % | 63.2% | 60.5% | 58.3% | 59.5% | 60.0% |
| | | | | | |
| **RV PORTFOLIO SUMMARY** | | | | | |
| Communities | 12 | 13 | 12 | 12 | 12 |
| Sites | 5,438 | 5,662 | 4,981 | 5,011 | 5,029 |
| Permanent | 3,063 | 3,111 | 2,973 | 2,971 | 2,965 |
| Seasonal | 2,375 | 2,551 | 2,008 | 2,040 | 2,064 |
| States | | | | | |
| Florida | 4,442 | 4,657 | 3,977 | 3,994 | 4,014 |
| Texas | 839 | 848 | 847 | 860 | 858 |
| 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 135 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 | 223 | 72 | 8 | 53 | 47 |
| Florida | 7 | 26 | 49 | 7 | 185 |
| Indiana | 126 | (72) | - | 15 | 8 |
| Ohio | 38 | 68 | 2 | 7 | 11 |
| Texas | 43 | 175 | 2 | 12 | 5 |
| Other States | 107 | 125 | 11 | 35 | 41 |
| RV Communities | n/m | n/m | 7 | 2 | 29 |
| **Through June 30, 2005** | 544 | 394 | 79 | 131 | 326 |
| **For the Year** | | | | | |
| **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 6/30/05 | 3.1% | 8.8% |
| 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 and 2005 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

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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, 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.