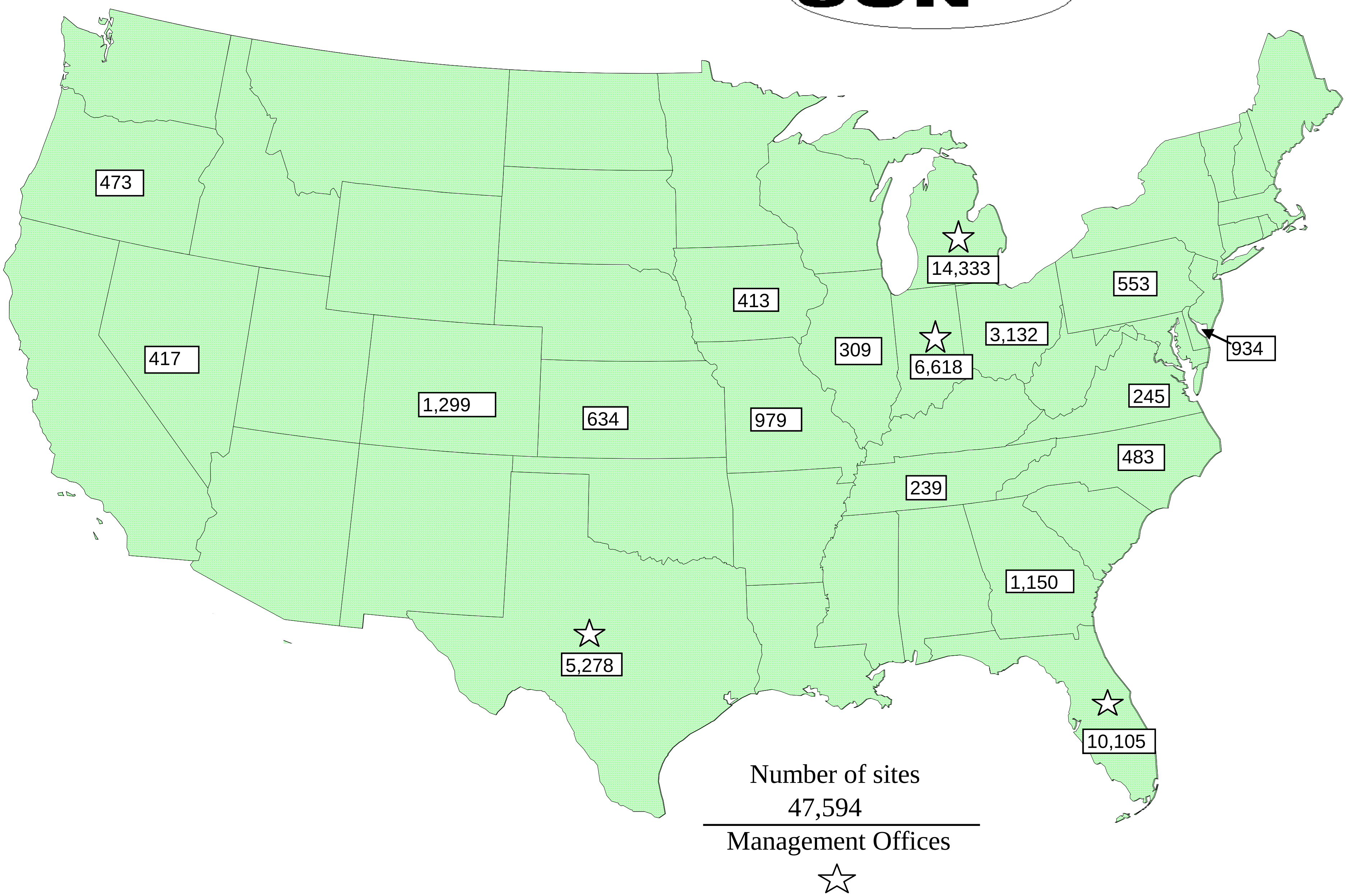
Sun Communities, Inc.

Supplemental Operating and Financial Data

For the Quarter Ended June 30, 2009

Portfolio Overview



SUN COMMUNITIES, INC.
SUPPLEMENTAL INFORMATION
SECOND QUARTER 2009

INDEX

(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

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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 our investor relations department.

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SUN COMMUNITIES

BALANCE SHEETS

(in thousands)

	Quarter Ended June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
ASSETS:					
Real Estate					
Land	$ 116,279	$ 116,289	$ 116,292	$ 117,116	$ 117,116
Land improvements and buildings	1,182,359	1,179,703	1,177,362	1,187,192	1,184,568
Furniture, fixtures and equipment	34,230	34,094	34,050	33,563	33,281
Rental homes and improvements	198,233	197,689	194,649	186,137	182,806
Land held for future development	26,986	26,986	26,986	27,986	28,036
Gross investment property	1,558,087	1,554,761	1,549,339	1,551,994	1,545,807
Less: Accumulated depreciation	(477,114)	(464,176)	(450,319)	(441,433)	(428,205)
Net investment property	1,080,973	1,090,585	1,099,020	1,110,561	1,117,602
Cash and cash equivalents	4,625	6,588	6,162	6,824	4,313
Notes and other receivables	28,406	27,590	31,322	26,036	46,159
Collateralized receivables[2]	36,412	32,498	26,159	25,023	-
Inventory of manufactured homes	3,426	3,217	3,342	3,345	4,022
Investment in affiliate	3,282	3,799	3,772	6,464	7,450
Other assets	35,106	33,250	37,152	39,308	37,032
Discontinued operations assets	19	68	70	4,294	4,435
Total assets	$ 1,192,249	$ 1,197,595	$ 1,206,999	$ 1,221,855	$ 1,221,013
LIABILITIES AND EQUITY:					
Liabilities					
Lines of credit	$ 84,322	$ 88,447	$ 90,419	$ 71,876	$ 75,498
Secured borrowing[2]	36,541	32,592	26,211	25,023	-
Mortgage loans payable	1,064,710	1,060,372	1,063,494	1,066,560	1,069,460
Preferred operating units	48,947	48,947	49,447	49,447	49,447
Other liabilities	39,276	35,904	37,240	37,105	37,259
Discontinued operations liabilities	78	78	70	81	77
Total liabilities	1,273,874	1,266,340	1,266,881	1,250,092	1,231,741
Stockholders' Deficit					
Common stock	204	204	203	202	202
Paid in capital	461,441	460,164	459,847	459,598	459,430
Officer's notes	(5,296)	(5,427)	(8,334)	(8,439)	(8,543)
Unrealized loss on interest rate swaps	(1,666)	(2,855)	(2,851)	(920)	(924)
Distributions in excess of accumulated earnings	(469,928)	(455,957)	(445,147)	(415,078)	(398,017)
Treasury stock at cost	(63,600)	(63,600)	(63,600)	(63,600)	(63,600)
Total SUI stockholders' deficit	(78,845)	(67,471)	(59,882)	(28,237)	(11,452)
Noncontrolling interest	(2,780)	(1,274)	-	-	724
Total stockholders' deficit	(81,625)	(68,745)	(59,882)	(28,237)	(10,728)
Total liabilities and stockholders' deficit	$ 1,192,249	$ 1,197,595	$ 1,206,999	$ 1,221,855	$ 1,221,013
Common OP units outstanding	2,186	2,187	2,187	2,287	2,301
Number of shares outstanding	18,608	18,620	18,511	18,411	18,404

[2] The Company completed a transaction involving its installment note portfolio. The notes were valued at par with certain recourse provisions requiring the Company to purchase the underlying homes securing the installment notes upon the event of default of an installment note and subsequent repossession of the home. The Company has recorded the transaction as a transfer of financial assets. The transferred assets have been classified as collateralized receivables and the cash received from this transaction has been classified as a secured borrowing.

DEBT ANALYSIS

(in thousands)

	Quarter Ended June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
DEBT OUTSTANDING					
Lines of credit	$ 84,322	$ 88,447	$ 90,419	$ 71,876	$ 75,498
Mortgage loans payable	1,064,710	1,060,372	1,063,494	1,066,560	1,069,460
Preferred operating units	48,947	48,947	49,447	49,447	49,447
Secured borrowing(3)	36,541	32,592	26,211	25,023	-
Total debt	$ 1,234,520	$ 1,230,358	$ 1,229,571	$ 1,212,906	$ 1,194,405
% FIXED/FLOATING					
Fixed	83.09%	84.20%	80.37%	81.63%	81.04%
Floating	16.91%	15.80%	19.63%	18.37%	18.96%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
WEIGHTED AVERAGE INTEREST RATES					
Lines of credit	2.19%	2.49%	2.78%	5.27%	4.19%
Mortgage loans payable	4.90%	4.76%	5.05%	4.97%	4.93%
Preferred operating units	6.84%	6.84%	6.83%	6.83%	6.83%
Average before secured borrowing	4.79%	4.68%	4.95%	4.99%	4.97%
Secured borrowing(3)	10.69%	10.43%	10.16%	10.03%	-
Total average	4.96%	4.83%	5.07%	5.17%	4.97%
DEBT RATIOS					
Debt/Total Capitalization	81.2%	83.3%	80.9%	74.7%	76.0%
Debt/Gross Assets	74.0%	74.0%	74.2%	72.9%	72.4%
COVERAGE RATIOS					
EBITDA/ Mortgage Interest (4)	2.0	2.4	2.1	2.0	2.2
EBITDA/Mortgage Interest + Pref. Distributions (4)	1.9	2.2	2.0	1.9	2.1

MATURITIES/PRINCIPAL AMORTIZATION NEXT FIVE YEARS

	Jul 2009 – Dec 2009	2010	2011	2012	2013
Lines of credit	$ -	$ 3,140	$ 81,182	$ -	$ -
Mortgage loans payable:					
Maturities	-	-	103,708	31,623	26,788
Principal amortization	6,595	14,053	13,859	13,024	13,228
Preferred operating units	470	825	-	4,300	3,345
Secured borrowing(3)	710	1,528	1,681	1,849	1,958
Total	$ 7,775	$ 19,546	$ 200,430	$ 50,796	$ 45,319

(3) See page footnote 2 on page 2

(4) The June 2008, September 2008, and December 2008 coverage ratios have been adjusted to exclude $7.7M, $1.5M, and $2.4M respectively, of equity loss from affiliate related to our investment in Origen Financial, Inc.

SUN COMMUNITIES

STATEMENTS OF OPERATIONS

(in thousands)

	Quarter Ended June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
REVENUES:					
Income from real property	$ 48,497	$ 50,999	$ 49,657	$ 47,788	$ 47,655
Gross profit from home sales	2,374	2,038	1,880	1,860	1,787
Rental revenues, net	1,165	663	1,108	1,051	1,171
Other income (loss)	853	1,651	(1,605)	(1,138)	(3,996)
Total revenues	52,889	55,351	51,040	49,561	46,617
EXPENSES:					
Property operating and maintenance	12,787	12,605	12,389	12,469	12,314
Real estate taxes	4,118	4,184	3,799	3,844	4,170
General and administrative	6,716	5,992	5,548	5,367	6,412
Total expenses	23,621	22,781	21,736	21,680	22,896
EBITDA (1)	29,268	32,570	29,304	27,881	23,721
Interest expense and preferred distributions	(15,574)	(15,080)	(16,311)	(16,208)	(15,414)
Depreciation and amortization	(15,915)	(16,204)	(16,329)	(16,025)	(16,211)
Benefit for state income tax	(146)	(133)	(302)	(141)	(128)
Asset impairment charge	-	-	(9,087)	-	-
Income (loss) from continuing operations	(2,367)	1,153	(12,725)	(4,493)	(8,032)
Loss from discontinued operations	(160)	(172)	(4,326)	(274)	(270)
NET INCOME (LOSS)	(2,527)	981	(17,051)	(4,767)	(8,302)
Noncontrolling allocation	268	(104)	(1,441)	(726)	934
NET INCOME (LOSS) ATTRIBUTABLE TO SUI	(2,259)	877	(18,492)	(5,493)	(7,368)
Depreciation and amortization	16,414	16,621	16,962	16,667	16,814
Provision (benefit) for state income tax	-	(13)	3	(7)	(9)
Gain on sale of land/properties/assets	(1,368)	(1,328)	(542)	(569)	(3,727)
Noncontrolling allocation	(268)	104	1,441	726	(934)
FUNDS FROM OPERATIONS (1) (5)	12,519	16,261	(628)	11,324	4,776
Less: Recurring capital expenditures	(2,020)	(1,339)	(1,954)	(2,791)	(1,705)
FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") (1)	$ 10,499	$ 14,922	$ (2,582)	$ 8,533	$ 3,071
FFO PER SHARE/UNIT (1)	$0.60	$0.79	($0.03)	$0.55	$0.23
DILUTED FFO PER SHARE/UNIT	$0.60	$0.79	($0.03)	$0.55	$0.23
FAD PER SHARE/UNIT (1)	$0.50	$0.72	($0.13)	$0.42	$0.15
DISTRIBUTION PER SHARE/UNIT	$0.63	$0.63	$0.63	$0.63	$0.63
PAYOUT RATIO (6)	124.8%	87.4%	100.2%	130.0%	121.0%
WEIGHTED AVERAGE SHARES/UNITS-BASIC	20,806	20,698	20,507	20,504	20,463
WEIGHTED AVERAGE SHARES/UNITS-DILUTED	20,806	20,698	20,507	20,571	20,514

(5) See page 5

(6) The June 2008, September 2008, and December 2008 Payout Ratios have been adjusted to exclude $7.7M, $1.5M, and $2.4M respectively, of equity loss from affiliate related to our investment in Origen Financial, Inc. A $13.2M asset impairment charge has been adjusted as well for the December 2008 Payout Ratio.

SUN COMMUNITIES

RECONCILIATION OF NET LOSS TO FUNDS FROM OPERATIONS
FOR THE PERIODS ENDED JUNE 30, 2009 AND 2008
(Amounts in thousands except for per share data)

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net loss	$ (2,527)	$ (8,302)	$ (1,546)	$ (11,791)
Adjustments:				
Depreciation and amortization	16,414	16,814	33,035	33,263
Benefit for state income taxes(7)	-	(9)	(13)	(398)
Gain on disposition of assets, net	(1,368)	(3,727)	(2,696)	(5,269)
Funds from operations (FFO)(1)	$ 12,519	$ 4,776	$ 28,780	$ 15,805
Weighted average Common Shares/OP Units outstanding:				
Basic	20,806	20,463	20,752	20,421
Diluted	20,806	20,514	20,752	20,473
FFO(1) per weighted average Common Share/OP Unit - Basic	$ 0.60	$ 0.23	$ 1.39	$ 0.77
FFO(1) per weighted average Common Share/OP Unit - Diluted	$ 0.60	$ 0.23	$ 1.39	$ 0.77

The table below adjusts 2008 FFO to exclude equity loss from affiliate (Origen) and severance charges, in thousands.

	Three Months Ended June 30, 2009	Three Months Ended June 30, 2008	Six Months Ended June 30, 2009	Six Months Ended June 30, 2008
Net loss as reported	$ (2,527)	$ (8,302)	$ (1,546)	$ (11,791)
Equity affiliate adjustment	474	7,720	375	12,550
Severance charges	-	888	-	888
Adjusted net income (loss)	$ (2,053)	$ 306	$ (1,171)	$ 1,647
Depreciation and amortization	16,414	16,814	33,035	33,263
Benefit for state income taxes	-	(9)	(13)	(398)
Gain on disposition of assets, net	(1,368)	(3,727)	(2,696)	(5,269)
Adjusted funds from operations (FFO)(1)	$ 12,993	$ 13,384	$ 29,155	$ 29,243
Adjusted FFO(1) per weighted avg. Common Share/OP Unit - Diluted	$ 0.62	$ 0.65	$ 1.40	$ 1.43

(7) The tax benefit for the periods ended June 30, 2009 and 2008 represents the reversal of a tax provision for potential taxes payable on the sale of company assets related to the enactment of the Michigan Business Tax. These taxes do not impact Funds from Operations and would be payable from prospective proceeds of such sales.

SUN COMMUNITIES

STATEMENT OF OPERATIONS
SAME PROPERTY

	Quarter Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
	(in thousands)		(in thousands)	
REVENUES:				
Income from real property	$ 45,863	$ 45,173	$ 94,012	$ 92,829
PROPERTY OPERATING EXPENSES:				
Real estate taxes	4,119	4,170	8,303	8,339
Payroll and benefits	3,761	3,719	7,455	7,440
Repairs and maintenance	2,058	2,054	3,252	3,199
Utilities, net	3,001	2,819	6,509	6,207
Other	1,340	1,230	2,690	2,348
Property operating expenses	14,279	13,992	28,209	27,533
NET OPERATING INCOME ("NOI") (1)	$ 31,584	$ 31,181	$ 65,803	$ 65,296
Number of properties (8)	136	136		
Developed sites (8)	47,594	47,606		
Occupied sites (8)	38,000	37,883		
Occupancy % (9)	82.4%	82.4%		
Average monthly rent per site (9)	$ 399	$ 388		
Sites available for development	5,583	5,688		

(8) Includes MH and RV Communities/Sites
(9) Includes MH sites only

SUN COMMUNITIES

STATEMENT OF OPERATIONS
SAME PROPERTY PERCENTAGE GROWTH

	Quarter Ended June 30, 2009	Six Months Ended June 30, 2009
NUMBER OF COMMUNITIES	136	136
REVENUES:		
Income from real property	1.5%	1.3%
PROPERTY OPERATING EXPENSES:		
Real estate taxes	-1.2%	-0.4%
Payroll and benefits	1.1%	0.2%
Repairs and maintenance	0.2%	1.7%
Utilities, net	6.5%	4.9%
Other	8.9%	14.6%
Property operating expenses	2.1%	2.5%
NET OPERATING INCOME ("NOI") (1)	1.3%	0.8%

SUN COMMUNITIES

RENTAL PROGRAM SUMMARY
(in thousands except for *)

	Quarter Ended		Six Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
REVENUES:				
Rental home revenue	$ 5,187	$ 5,136	$ 10,387	$ 10,132
Site rent included in income from real property	6,673	6,147	13,123	12,128
Rental program revenue	$ 11,860	$ 11,283	$ 23,510	$ 22,260
EXPENSES:				
Payroll and commissions	596	554	1,379	1,077
Repairs and refurbishment	1,977	1,846	3,968	3,369
Taxes and insurance	776	702	1,546	1,393
Other	673	863	1,666	1,592
Rental program operating and maintenance	4,022	3,965	8,559	7,431
NET OPERATING INCOME ("NOI") (1)	$ 7,838	$ 7,318	$ 14,951	$ 14,829

Occupied rental home information at June 30, 2009 and 2008:

	2009	2008
Number of occupied rentals, end of period*	5,780	5,480
Cost of occupied rental homes	$ 180,967	$ 167,304
Number of sold rental homes*	346	292
Weighted average monthly rental rate*	$ 726	$ 727

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]
2007	$153	$7,269	$3,156	$789	$857	$515
2008	$162	$7,707	$3,435	$0	$1,292	$825
As of 6/2009	$71	$3,359	$1,270	$0	$419	$461

(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, $2.6 million and $4.9 million for refurbishment costs related to leased homes has been expensed for the six months ended June 30, 2009 and the twelve months ended December 31, 2008, respectively.

(11) Includes capital expenditures which improve the asset quality of the community. These costs are incurred when an existing older home moves out, and the site is prepared for a new home, more often than not, a multi-sectional home. These activities which are mandated by strict manufacturer's installation requirements and State building code include new foundations, driveways, and utility upgrades. 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 $0.4 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 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				
	June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
COMMUNITIES					
MICHIGAN					
Communities	47	47	47	47	47
Sites for Development	1,153	1,153	1,153	1,217	1,217
Developed Sites	14,333	14,333	14,333	14,333	14,333
Occupied	11,365	11,337	11,284	11,371	11,443
Occupancy %	79.3%	79.1%	78.7%	79.3%	79.8%
FLORIDA					
Communities	15	15	15	15	15
Sites for Development	250	250	250	344	305
Developed Sites	5,787	5,785	5,780	5,770	5,756
Occupied	5,740	5,740	5,738	5,727	5,718
Occupancy %	99.2%	99.2%	99.3%	99.3%	99.3%
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	4,386	4,373	4,366	4,490	4,551
Occupancy %	66.3%	66.1%	66.0%	67.8%	68.8%
OHIO					
Communities	11	11	11	11	11
Sites for Development	135	135	135	133	133
Developed Sites	3,132	3,132	3,132	3,132	3,132
Occupied	2,709	2,702	2,677	2,694	2,686
Occupancy %	86.5%	86.3%	85.5%	86.0%	85.8%
TEXAS					
Communities	17	17	17	17	17
Sites for Development	3,078	3,078	3,078	3,063	3,063
Developed Sites	4,454	4,454	4,460	4,459	4,464
Occupied	3,850	3,774	3,756	3,703	3,668
Occupancy %	86.4%	84.7%	84.2%	83.0%	82.2%
COLORADO					
Communities	4	4	4	4	4
Sites for Development	588	588	588	587	587
Developed Sites	1,299	1,299	1,300	1,300	1,300
Occupied	1,072	1,052	1,042	1,030	1,023
Occupancy %	82.5%	81.0%	80.2%	79.2%	78.7%

PROPERTY SUMMARY (continued)

	Quarter Ended June 30, 2009	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008
OTHER STATES					
Communities	20	20	20	20	20
Sites for Development	359	359	359	363	363
Developed Sites	6,677	6,676	6,676	6,677	6,677
Occupied	5,746	5,770	5,774	5,760	5,734
Occupancy %	86.1%	86.4%	86.5%	86.3%	85.9%
TOTAL--MH PORTFOLIO					
Communities	132	132	132	132	132
Sites for development	6,081	6,081	6,081	6,225	6,186
Developed sites	42,300	42,297	42,299	42,289	42,280
Occupied	34,868	34,748	34,637	34,775	34,823
Occupancy %	82.4%	82.2%	81.9%	82.2%	82.4%
RV PORTFOLIO SUMMARY					
Communities	12	12	12	12	12
Sites	5,294	5,308	5,314	5,319	5,326
Permanent	3,153	3,150	3,107	3,093	3,081
Seasonal	2,141	2,158	2,207	2,226	2,245
States					
Florida	4,318	4,323	4,327	4,329	4,337
Texas	824	828	830	833	832
Delaware	152	157	157	157	157

Note:
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
(Includes Manufactured Homes and Permanent RV's for 2009 and 2008)

MARKETS	***RESIDENT MOVE OUTS***	***NET LEASED SITES***	***NEW HOME SALES***	***PRE-OWNED HOME SALES***	***BROKERED RESALES***
Michigan	213	81	4	138	22
Florida	27	41	22	14	128
Indiana	87	20	-	60	6
Ohio	45	32	-	43	2
Texas	42	115	3	117	2
Other States	90	0	5	112	21
Through June 30, 2009	504	289	34	484	181
For the Year					
2008	1,018	(47)	122	843	341
2007	1,115	(132)	76	636	394
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**
6/30/2009	2.7%	5.1%
2008	2.7%	5.8%
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: 2004-2009 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.