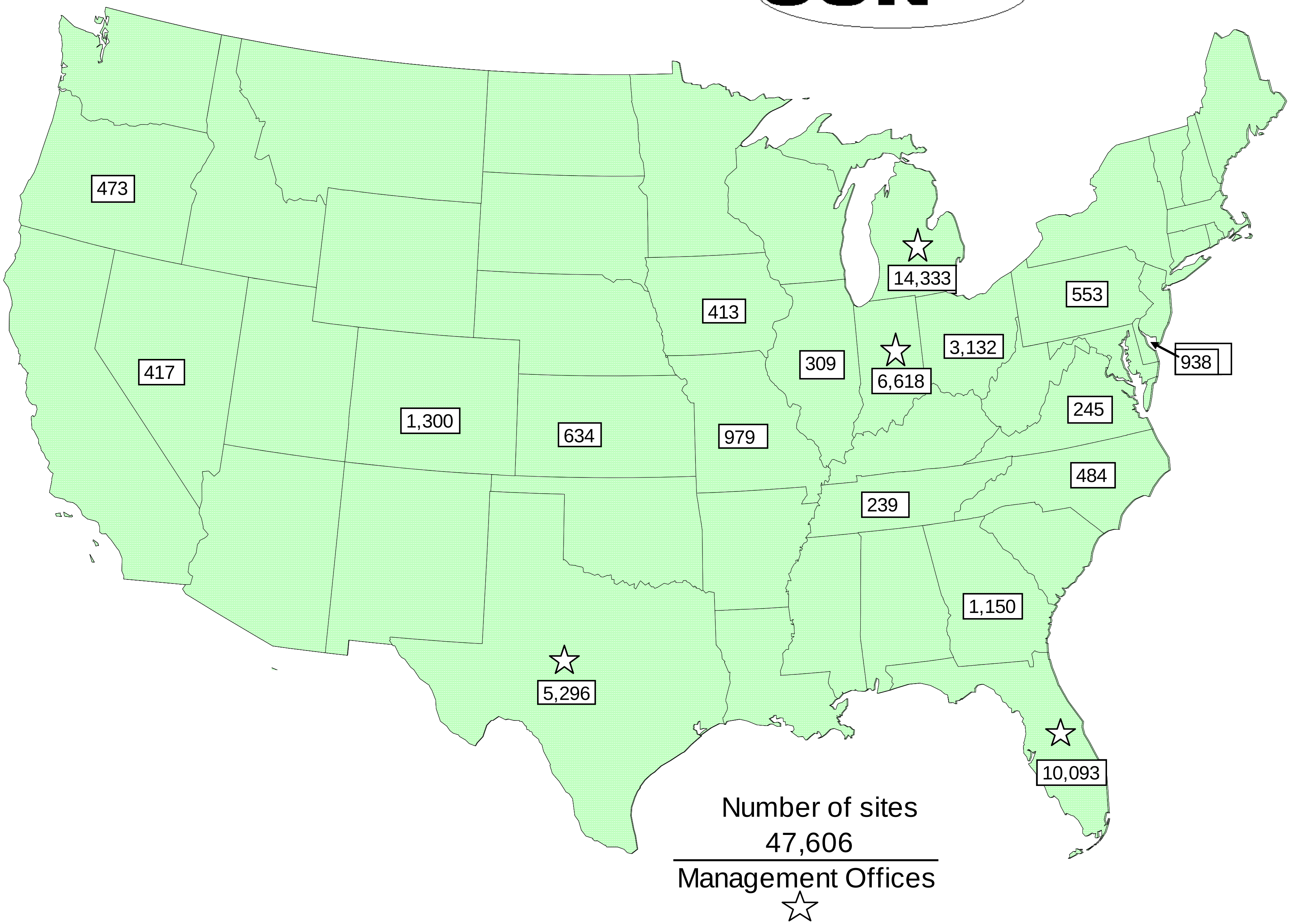
Sun Communities, Inc.

Supplemental Operating and Financial Data

For the Quarter Ended June 30, 2008

Portfolio Overview

SUN



SUN COMMUNITIES, INC.
SUPPLEMENTAL INFORMATION
SECOND QUARTER 2008

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

RESEARCH COVERAGE

BMO CAPITAL MARKETS	PAUL ADORNATO (212) 885-4170 paul.adornato@bmo.com
CREDIT SUISSE	JOHN STEWART (212) 538-3183 john.stewart@credit-suisse.com
CITIGROUP	MICHAEL BILERMAN (212) 816-0231 michael.bilerman@citi.com
GREEN STREET ADVISORS	CRAIG LEUPOLD (949) 640-8780 cleupold@greenst.com
GABELLI & COMPANY, INC.	WILLIAM RICHARDS (914) 921-5130 wrichards@gabelli.com
KEEFE, BRUYETTE & WOODS	BILL CARRIER (212) 887-3810 bcarrier@kbw.com
LEHMAN BROTHERS	DAVID HARRIS (212) 526-1790 dharris4@lehman.com

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) 208-2645
BY MAIL	→	SUN COMMUNITIES, INC. Investor Relations The American Center 27777 Franklin Rd., Suite 200 Southfield, MI 48034
BY EMAIL	→	investorrelations@suncommunities.com

SUN COMMUNITIES

BALANCE SHEETS

(in thousands)

	Quarter Ended June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
ASSETS:					
Real Estate					
Land	$ 117,116	$ 117,116	$ 117,310	$ 117,309	$ 117,565
Land improvements and buildings	1,188,674	1,186,499	1,184,257	1,181,939	1,179,334
Furniture, fixtures and equipment	36,577	36,043	36,433	36,234	36,724
Rental homes and improvements	177,576	174,646	170,227	161,873	157,632
Land held for future development	28,036	29,094	30,199	30,199	31,082
Gross investment property	1,547,979	1,543,398	1,538,426	1,527,554	1,522,337
Less: Accumulated depreciation	(431,270)	(417,892)	(404,222)	(390,370)	(377,592)
Net investment property	1,116,709	1,125,506	1,134,204	1,137,184	1,144,745
Cash and cash equivalents	4,313	4,953	5,415	3,809	2,814
Notes and other receivables	46,173	40,572	36,846	39,191	34,344
Inventory of manufactured homes	9,252	10,259	12,082	13,230	8,330
Investment in affiliate	7,450	15,170	20,000	29,850	29,667
Other assets	37,116	36,737	37,276	37,840	42,439
Total assets	$ 1,221,013	$ 1,233,197	$ 1,245,823	$ 1,261,104	$ 1,262,339
LIABILITIES AND EQUITY:					
Liabilities					
Lines of credit	$ 75,498	$ 92,567	$ 85,703	$ 76,016	$ 56,136
Mortgage loans payable	1,069,460	1,049,621	1,052,525	1,053,133	1,055,872
Preferred operating units	49,447	49,447	49,447	49,447	49,447
Accounts payable, deposits and accrued liabilities	37,336	33,031	32,102	33,069	33,475
Total liabilities	1,231,741	1,224,666	1,219,777	1,211,665	1,194,930
Minority interest - Common OP units	724	3,108	4,999	6,203	8,212
	724	3,108	4,999	6,203	8,212
Stockholders' Equity					
Common stock	202	202	202	201	201
Paid in capital	459,430	458,809	458,487	458,099	457,268
Officer's notes	(8,543)	(8,647)	(8,740)	(8,826)	(8,913)
Unrealized (income) on interest rate swaps	(924)	(2,272)	(856)	180	1,222
Distributions in excess of net income	(398,017)	(379,069)	(364,446)	(342,818)	(326,981)
Treasury stock at cost	(63,600)	(63,600)	(63,600)	(63,600)	(63,600)
Total stockholders' equity (deficit)	(11,452)	5,423	21,047	43,236	59,197
Total liabilities and stockholders' equity (deficit)	$ 1,221,013	$ 1,233,197	$ 1,245,823	$ 1,261,104	$ 1,262,339
Common OP units outstanding	2,301	2,301	2,302	2,302	2,302
Number of shares outstanding	18,404	18,417	18,426	18,343	18,328

SUN COMMUNITIES

DEBT ANALYSIS

(in thousands)

	Quarter Ended				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
DEBT OUTSTANDING					
Lines of credit	$ 75,498	$ 92,567	$ 85,703	$ 76,016	$ 56,136
Mortgage loans payable	1,069,460	1,049,621	1,052,525	1,053,133	1,055,872
Preferred operating units	49,447	49,447	49,447	49,447	49,447
Total debt	$ 1,194,405	$ 1,191,635	$ 1,187,675	$ 1,178,596	$ 1,161,455
% FIXED/FLOATING					
Fixed	81.04%	81.83%	82.35%	83.23%	86.85%
Floating	18.96%	18.17%	17.65%	16.77%	13.15%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
WEIGHTED AVERAGE INTEREST RATES					
Lines of credit	4.19%	4.37%	6.55%	6.90%	7.00%
Mortgage loans payable	4.93%	5.19%	5.23%	5.28%	5.24%
Preferred operating units	6.83%	6.83%	7.24%	7.23%	7.23%
Total average	4.97%	5.20%	5.41%	5.47%	5.41%
DEBT RATIOS					
Debt/Total Capitalization	76.0%	73.7%	73.1%	65.5%	64.7%
Debt/Gross Assets	72.3%	72.2%	72.0%	71.4%	71.2%
COVERAGE RATIOS					
EBITDA/ Mortgage Interest (2)	2.2	2.2	2.0	1.8	2.0
EBITDA/Mortgage Interest + Pref. Distributions (2)	2.1	2.1	1.9	1.7	1.8

MATURITIES/PRINCIPAL AMORTIZATION NEXT FIVE YEARS

	30-Jun-09	30-Jun-10	30-Jun-11	29-Jun-12	30-Jun-13
Lines of credit	$ 4,698	$ -	$ 70,800	$ -	$ -
Mortgage loans payable: .					
Maturities	11,200	-	26,232	117,973	-
Principal amortization	12,091	12,960	13,820	11,970	12,554
Preferred operating units	-	8,940	4,725	-	-
Total	$ 27,989	$ 21,900	$ 115,577	$ 129,943	$ 12,554

(2) December 2007 EBITDA has been adjusted to exclude $1.9M of loss recorded from the reduction in book value of our Investment in Affiliate (Origen) and $8.0M of equity loss from affiliate related to certain impairment items reported by Origen. March 2008 EBITDA has been adjusted to exclude $4.8M of loss from affiliates. June 2008 EBITDA has been adjusted to exclude $0.9M of equity loss from affiliate and $6.8M of loss recorded from the reduction in book value of or investment in Origen.

SUN COMMUNITIES

STATEMENTS OF OPERATIONS

(in thousands)

	Quarter Ended				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
REVENUES:					
Income from real property	$ 47,846	$ 50,553	$ 48,509	$ 46,818	$ 46,634
Gross profit from home sales	1,787	1,664	1,041	1,084	1,373
Rental revenues, net	1,171	1,530	1,079	1,235	1,397
Other income	(3,996)	(2,928)	(8,587)	841	952
Total revenues	46,808	50,819	42,042	49,978	50,356
EXPENSES:					
Property operating and maintenance	12,615	12,361	12,195	12,845	11,907
Real estate taxes	4,170	4,169	3,997	4,174	4,097
General and administrative	6,428	5,784	4,407	5,171	5,082
Total expenses	23,213	22,314	20,599	22,190	21,086
EBITDA [1]	23,595	28,505	21,443	27,788	29,270
Interest expense and preferred distributions	(15,414)	(16,224)	(16,671)	(16,679)	(16,104)
Depreciation and amortization	(16,355)	(16,005)	(16,034)	(15,512)	(15,582)
Provision for state income tax	(128)	235	(193)	(525)	(25)
Minority interest	934	394	1,297	560	278
NET INCOME/(LOSS)	(7,368)	(3,095)	(10,158)	(4,368)	(2,163)
Depreciation and amortization	16,814	16,449	16,555	15,921	16,252
Valuation adjustment	-	-	2	1	(129)
Provision for state income tax	(9)	(389)	85	500	-
(Gain)/loss on sale of land/properties/assets	(3,727)	(1,542)	(724)	278	22
Minority interest	(934)	(394)	(1,297)	(560)	(278)
FUNDS FROM OPERATIONS [1] [3]	4,776	11,029	4,463	11,772	13,704
Less: Recurring capital expenditures	(1,705)	(1,257)	(1,727)	(2,538)	(1,798)
FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") [1]	$ 3,071	$ 9,772	$ 2,736	$ 9,234	$ 11,906
FFO PER SHARE/UNIT [1]	$0.23	$0.54	$0.22	$0.58	$0.68
DILUTED FFO PER SHARE/UNIT	$0.23	$0.54	$0.22	$0.58	$0.68
FAD PER SHARE/UNIT [1]	$0.15	$0.48	$0.13	$0.46	$0.59
DISTRIBUTION PER SHARE/UNIT	$0.63	$0.63	$0.63	$0.63	$0.63
PAYOUT RATIO [4]	121.0%	89.0%	90.7%	135.2%	94.7%
WEIGHTED AVERAGE SHARES/UNITS-BASIC	20,463	20,379	20,328	20,264	20,225
WEIGHTED AVERAGE SHARES/UNITS-DILUTED	20,514	20,436	20,426	20,374	20,345

[3] See page 5, footnote 5

[4] December 2007 Payout Ratio has been adjusted to exclude $1.9M of loss recorded from the reduction in book value of our Investment in Affiliate (Origen) and $8.0M of equity loss from affiliate related to certain impairment items reported by Origen. March 2008 Payout Ratio has been adjusted to exclude $4.8M of equity loss from affiliate. June 2008 Payout Ratio has been adjusted to exclude $0.9M of equity loss from affiliate and $6.8M of loss recorded from the reduction in book value of our investment in Origen.

RECONCILIATION OF NET LOSS TO FUNDS FROM OPERATIONS FOR THE PERIODS ENDED JUNE 30, 2008 AND 2007 (Amounts in thousands except for per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2008	2007	2008	2007
Net loss	$ (7,368) [5]	$ (2,163)	$ (10,463) [5]	$ (2,117)
Adjustments:				
Depreciation and amortization	16,814	15,803	33,263	31,375
Valuation adjustment[6]	-	(129)	-	(251)
Provision for state income tax[7]	(9)	-	(398)	-
(Gain) loss on disposition of assets, net	(1,123)	471	(1,966)	469
Gain on sale of undeveloped land	(2,604)		(3,303)	
Loss allocated to minority interest	(934)	(278)	(1,328)	(272)
Funds from operations (FFO)	$ 4,776	$ 13,704	$ 15,805	$ 29,204
Weighted average common shares/OP Units outstanding:				
Basic	20,463	20,225	20,421	20,184
Diluted	20,514	20,345	20,473	20,312
FFO per weighted average Common Share/OP Unit - Basic	$ 0.23	$ 0.68	$ 0.77	$ 1.45
FFO per weighted average Common Share/OP Unit - Diluted	$ 0.23	$ 0.68	$ 0.77	$ 1.44

(5) Net loss for the three and six months ended June 30, 2008 includes a $7.7 million and $12.6 million equity loss from affiliate (Origen), respectively. The table below is adjusted to exclude this amount:

	Three Months Ended June 30, 2008	Six Months Ended June 30, 2008
Net loss as reported	$ (7,368)	$ (10,463)
Equity loss from affiliate adjustment	7,720	12,550
Adjustment to loss allocated to minority interest	(869)	(1,414)
Adjusted net income(loss)	$ (517)	$ 673
Depreciation and amortization	16,814	33,263
Valuation adjustment[6]	-	-
Provision for state income tax [7]	(9)	(398)
(Gain) loss on disposition of assets, net	(1,123)	(1,966)
Gain on sale of undeveloped land	(2,604)	(3,303)
Income(loss) allocated to minority interests	(64)	87
Adjusted Funds from operations (FFO)	$ 12,497	$ 28,356
Adjusted FFO per weighted avg. Common Share/OP Unit - Diluted	$ 0.61	$ 1.39

(6) The Company had an interest rate swap, which matured in July 2007, which was not eligible for hedge accounting. Accordingly, the valuation adjustment (the theoretical non-cash profit or loss if the swap contract were to be terminated at the balance sheet date) was recorded in interest expense. If held to maturity the net cumulative valuation adjustment would approximate zero. The Company had no intention of terminating the swap prior to maturity and therefore excluded the valuation adjustment from FFO so as not to distort this comparative measure.

(7) This tax provision represents the reversal of potential future state taxes payable on sale of company assets added back to FFO in a prior period.

STATEMENT OF OPERATIONS
SAME PROPERTY

	Quarter Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
	(in thousands)		(in thousands)	
REVENUES:				
Income from real property	$ 45,758	$ 44,773	$ 93,986	$ 92,099
PROPERTY OPERATING EXPENSES:				
Real estate taxes	4,149	4,074	8,298	8,148
Payroll and benefits	3,718	3,479	7,437	7,032
Repairs and maintenance	2,047	1,886	3,191	2,994
Utilities, net	2,814	2,753	6,199	5,829
Other	1,227	1,211	2,342	2,630
Property operating expenses	13,955	13,403	27,467	26,633
NET OPERATING INCOME ("NOI") [1]	$ 31,803	$ 31,370	$ 66,519	$ 65,466
Number of properties [8]	135	135		
Developed sites [8]	47,464	47,468		
Occupied sites [8]	37,858	37,957		
Occupancy % [9]	82.6%	82.9%		
Weighted average monthly rent per site [9]	$ 388	$ 376		
Sites available for development	5,688	6,307		

[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, 2008	Six Months Ended June 30, 2008
NUMBER OF COMMUNITIES	135	135
REVENUES:		
Income from real property	2.2%	2.1%
PROPERTY OPERATING EXPENSES:		
Real estate taxes	1.8%	1.8%
Payroll and benefits	6.9%	5.8%
Repairs and maintenance	8.5%	6.6%
Utilities, net	2.3%	6.4%
Other	1.4%	(11)%
Property operating expenses	4.1%	3.1%
NET OPERATING INCOME ("NOI") [1]	1.4%	1.6%

SUN COMMUNITIES

RENTAL PROGRAM SUMMARY
(in thousands)

	Quarter Ended		Six Months Ended	
	June 30, 2008	June 30, 2007	June 30, 2008	June 30, 2007
REVENUES:				
Rental home revenue	$ 5,136	$ 4,696	$ 10,132	$ 9,135
Site rent included in Income from real property	6,147	5,385	12,128	10,450
Rental program revenue	$ 11,283	$ 10,081	$ 22,260	$ 19,585
EXPENSES:				
Payroll and commissions	554	587	1,077	1,080
Repairs and refurbishment	1,846	1,636	3,369	3,068
Taxes and insurance	702	589	1,393	1,170
Other	863	487	1,592	1,121
Rental program operating and maintenance	3,965	3,299	7,431	6,439
NET OPERATING INCOME ("NOI") (1)	$ 7,318	$ 6,782	$ 14,829	$ 13,146

Occupied rental home information at June 30, 2008 and 2007 (in thousands except for *):

	2008	2007
Number of occupied rentals, end of period *	5,480	5,026
Cost of occupied rental homes	$ 167,304	$ 148,786
Weighted average monthly rental rate *	$ 727	$ 708

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]
2006	$146	$6,931	$3,510	$8,012	$3,052	$967
2007	$153	$7,269	$3,156	$789	$857	$515
Thru 06/2008	$62	$2,962	$1,100	$0	$760	$430

(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, $2.2 million and $4.3 million for refurbishment costs related to leased homes has been expensed for the six months ended June 30, 2008 and twelve months ended December 31, 2007, respectively.

(11) Includes capital expenditures which improve the asset quality of the community. These costs are incurred when an existing older home (usually a smaller single-sectional home) moves out, and the site is prepared for a larger new home, more often than not, a multi-sectional home. These activities which are mandated by strict manufacturer's installation requirements and State building code include new foundations, driveways, and utility upgrades. The new home will be in the community for 30 to 40 years and these costs are depreciated over a 30 year life.

(12) Acquisitions represent the purchase price of existing operating communities and land parcels to develop expansions or new communities. Acquisitions also include deferred maintenance identified during due diligence and those capital improvements necessary to bring the community up to Sun's standards. These include upgrading clubhouses, landscaping, new street light systems, new mail delivery systems, pool renovation including larger decks, heaters, and furniture, new maintenance facilities, and new signage including main signs and internal road signs. These are considered acquisition costs and although identified during due diligence, they sometimes require six to twelve months after closing to complete.

(13) The Company has invested approximately $0.8 million in its development communities consisting primarily of costs necessary to complete home site improvements such as driveways, sidewalks, piers, pads and runners.

(14) These are capital costs related to revenue generating activities, consisting primarily of cable TV, garages, sheds, and sub-metering of water and sewer. Occasionally, a special capital project requested by residents and accompanied by an extra rental increase will be classified as revenue producing.

SUN COMMUNITIES

PROPERTY SUMMARY

	Quarter Ended				
	June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
COMMUNITIES					
MICHIGAN					
Communities	47	47	47	47	47
Sites for Development	1,217	1,217	1,217	1,217	1,217
Developed Sites	14,333	14,333	14,333	14,333	14,332
Occupied	11,443	11,420	11,492	11,567	11,654
Occupancy %	79.8%	79.7%	80.2%	80.7%	81.3%
FLORIDA					
Communities	15	15	15	15	15
Sites for Development	305	306	313	315	315
Developed Sites	5,756	5,753	5,745	5,745	5,743
Occupied	5,718	5,711	5,704	5,699	5,696
Occupancy %	99.3%	99.3%	99.3%	99.2%	99.2%
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	4,551	4,559	4,562	4,610	4,692
Occupancy %	68.8%	68.9%	68.9%	69.7%	70.9%
OHIO					
Communities	11	11	11	11	11
Sites for Development	133	133	133	133	133
Developed Sites	3,132	3,132	3,132	3,132	3,132
Occupied	2,686	2,697	2,698	2,730	2,735
Occupancy %	85.8%	86.1%	86.1%	87.2%	87.3%
TEXAS					
Communities	17	17	17	17	17
Sites for Development	3,063	3,457	3,457	3,457	3,672
Developed Sites	4,464	4,463	4,460	4,459	4,458
Occupied	3,668	3,573	3,537	3,448	3,428
Occupancy %	82.2%	80.1%	79.3%	77.3%	76.9%
COLORADO					
Communities	4	4	4	4	4
Sites for Development	587	587	587	587	587
Developed Sites	1,300	1,300	1,300	1,300	1,300
Occupied	1,023	1,017	999	1,004	1,008
Occupancy %	78.7%	78.2%	76.8%	77.2%	77.5%

PROPERTY SUMMARY (continued)

	Quarter Ended June 30, 2008	March 31, 2008	December 31, 2007	September 30, 2007	June 30, 2007
OTHER STATES					
Communities	20	20	20	20	20
Sites for Development	363	363	363	363	363
Developed Sites	6,677	6,678	6,678	6,678	6,678
Occupied	5,734	5,754	5,733	5,734	5,739
Occupancy %	85.9%	86.2%	85.8%	85.9%	85.9%
TOTAL--MH PORTFOLIO					
Communities	132	132	132	132	132
Sites for development	6,186	6,581	6,588	6,590	6,805
Developed sites	42,280	42,277	42,266	42,265	42,261
Occupied	34,823	34,731	34,725	34,792	34,952
Occupancy %	82.4%	82.2%	82.2%	82.3%	82.7%
RV PORTFOLIO SUMMARY					
Communities	12	12	12	12	12
Sites	5,326	5,334	5,341	5,343	5,349
Permanent	3,081	3,065	3,056	3,064	3,063
Seasonal	2,245	2,269	2,285	2,279	2,286
States					
Florida	4,337	4,345	4,352	4,353	4,358
Texas	832	832	832	833	834
Delaware	157	157	157	157	157

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

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

SUN COMMUNITIES

OPERATING STATISTICS
YEAR TO DATE

MARKETS	***RESIDENT MOVE OUTS***	***NET LEASED SITES***	***NEW HOME SALES***	***PRE-OWNED HOME SALES***	***BROKERED RESALES***
Michigan	207	(49)	12	106	24
Florida	2	14	24	6	122
Indiana	84	(11)	2	74	2
Ohio	43	(12)	9	33	5
Texas	31	131	4	94	1
Other States	74	25	14	107	31
RV Communities	n/m	n/m	6	-	21
Through June 30, 2008	441	98	71	420	206
For the Year					
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**
Through 6/30/2008	2.5%	6.2%
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: 2004-2008 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.