



Sun Communities, Inc.

Supplemental Operating and Financial Data

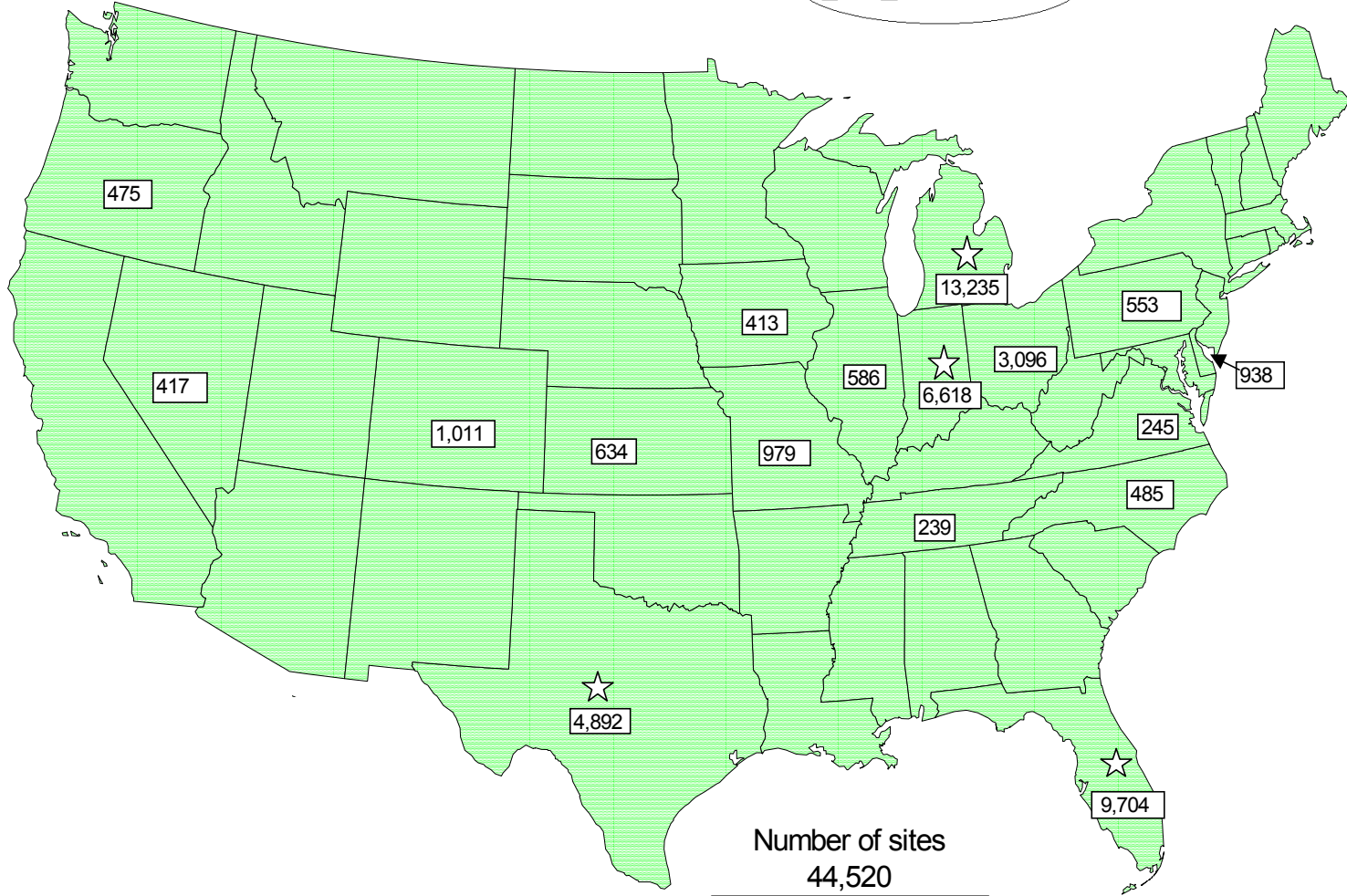
For the Quarter Ended June 30, 2003



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

Portfolio Overview

SUN



Number of sites
44,520
Management Offices
★

SUN COMMUNITIES, INC.
SUPPLEMENTAL INFORMATION
2nd QUARTER 2003

INDEX

| | <u>Pages</u> |
|---|--------------|
| Press Release | 1-7 |
| Investor Information | 8 |
| Company Overview | 9 |
| Financial Statements (see note A below) | |
| Balance Sheet | 10 |
| Debt Analysis | 11 |
| Statement of Operations | 12 |
| Reconciliation of Net Income to Funds From Operations | 13 |
| Statement of Operations as a Percentage of Total Revenues | 14 |
| Statement of Operations Per Share | 15 |
| Selected Financial Information | |
| Return on Equity / Net Asset Value | 16 |
| Statement of Operations - Same Property | 17 |
| Statement of Operations - Same Property - Percentage Growth | 18 |
| Other Information | |
| Capital Improvements, Development, and Acquisitions | 19 |
| Property Summary | 20-21 |
| Development Summary | 22 |
| Summary of Acquisition Activity | 23 |
| Operating Statistics | 24 |
| Development Model | 25(a-d) |
| Footnotes to Supplemental Data | 26 |

(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.

FOR FURTHER INFORMATION:

AT THE COMPANY:

Jeffrey P. Jorissen
Chief Financial Officer
(248) 208-2500

FOR IMMEDIATE RELEASE

**SUN COMMUNITIES, INC. REPORTS SECOND QUARTER 2003
RESULTS AND ANNOUNCES "HOME BUYING MADE EASY" PROGRAM**

Southfield, MI, July 31, 2003 - Sun Communities, Inc. (NYSE: SUI), a real estate investment trust (REIT) that owns and operates manufactured housing communities, today reported second quarter results.

For the second quarter ended June 30, 2003, total revenues increased 7.5 percent to \$43.2 million, compared with \$40.2 million in the second quarter of 2002. Funds from operations (FFO)⁽¹⁾ was \$17.3 million in both periods. On a diluted per share basis, FFO was \$0.84 compared to \$0.85 for the same period in the prior year. Net income for the second quarter of 2003 was \$4.5 million or \$0.25 per diluted common share, compared with \$7.0 million, or \$0.39 per diluted common share for the same period in the prior year.

For 109 communities owned throughout both years, total revenues increased 3.0 percent for the six months ended June 30, 2003 and expenses increased 10.2 percent, which caused net operating income ⁽²⁾ to increase by 0.6 percent. Same property occupancy in the manufactured housing sites decreased from 91.4 percent at March 31, 2003 to 91.0 percent at June 30, 2003.

"Same site NOI growth has remained somewhat flat and below our expectations for the quarter," said Gary A. Shiffman, Chairman and CEO. "Year over year revenue for the first six months was up only 2.5 percent as a result, in large part, of the Conseco and other repossessions becoming nonrevenue producing. On the expense side, increases of \$100,000 a quarter on real estate taxes remain constant while repair and maintenance expenses were somewhat above budget and accelerated to prepare for the rollout of our "Home Buying Made Easy program," Shiffman added.

During the second quarter, the Company leased 58 sites in its new community development portfolio while losing 164 sites in its stabilized portfolio for a net loss of 106 revenue producing sites or a loss of 0.3 percent. In addition, the Company sold 144 homes and brokered 166 sales.

The Company has raised \$24.3 million of equity through the issuance of common stock at an average price of \$39.64 per share. The dilutive effect of the issuance requires an adjustment of earnings guidance for 2003 FFO per share growth to a range of 1.0 percent to 3.0 percent.

Sun Communities also announced its "Home Buying Made Easy" program, designed to attract traditional and upscale buyers of homes to its properties. This new financing program addresses several of the problems of the current credit markets for manufactured housing. The key features of this new program are:

- *Loans require a minimum down payment of ten percent.* New homes may be financed for no more than twenty years, previously owned homes for no more than fifteen years. These features result in the buyer's equity increasing to twenty to thirty percent of cost in the fifth year. This equity factor should reduce the delinquency and default rates that have been caused, at least in part, by a lack of initial equity and slow equity buildup.
- *Interest rates range from 4.99 percent to 5.99 percent.* These rates should put manufactured housing financing in better competitive position, relative to other housing financing options. Lower rates will attract more sophisticated buyers who are attuned to financing alternatives, and will be more economical, which in turn, should result in fewer delinquencies and fewer defaults.
- *Home sales will be made by the Company's affiliate, Sun Home Services, and all homes financed under the program will remain in a Sun community.* Sale by Sun Home Services allows the Company to control the soft costs of the transaction to ensure that the new owner is acquiring a value-priced home.
- *Origen Financial, LLC will underwrite and service the loans.*

"We are very optimistic about the program," said Shiffman. " We have eleven applicants for the sale of homes in communities where we have tested the program with no advertising or promotion whatsoever. The average downpayment is fifteen percent and the terms are fifteen years exceeding or achieving all of the program goals. But the most amazing thing is that eight of the FICO scores range from 732 to 789, dramatically above current industry experience and suggesting that this program is reaching a new customer. We anticipate that this program will benefit the manufactured housing industry in two ways. First, the more rapid loan amortization will increase the likelihood that the owner will generate proceeds upon the future home sale in excess of the loan balance thus creating value. Secondly, repossessed homes acquired by Sun at deep discounts which are passed on to the resident, will create the best value for homeowners while logically improving future recoveries on any bad loans, further stabilizing the value of the home.

The Company intends to roll the program out throughout its portfolio beginning with the Grand Rapids, Michigan and South Bend, Indiana markets. The promotion will include print and radio advertising which will direct interest to an 800 number for more information.

Sun currently has approximately 4,800 sites available for occupancy in its communities. An additional 6,000 undeveloped sites are located primarily in new communities which could be developed to meet demand. Weighted average monthly site rent approximates \$325. Sun expects the economics of the "Home Buying Made Easy" program to result in a return on equity of approximately seventeen percent. This is based on income from rent and interest and after a reserve for loan losses and does not include any profit from home sales. It is also assumed that the program is financed equally with six percent term debt and equity.

A conference call to discuss second quarter operating results will be held on July 31, 2003 at 11:00 A.M. EST. To participate, call toll-free 877-679-9049. Callers outside the United States or Canada can access the call at 952-556-2803. A replay will be available following the call until August 14, 2003 and can be accessed by dialing 888-211-2648 from the U.S. or 703-925-2474 outside the United States or Canada. The ID number for the replay is 189687. The conference call will be available live on Sun Communities website www.suncommunities.com. Replay will also be available on the website.

Sun Communities, Inc. is a real estate investment trust (REIT) that currently owns and operates a portfolio of 130 communities comprising 44,520 developed sites and approximately 7,050 sites suitable for development, mainly in the Midwest and Southeast United States.

- (1) Funds From Operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as "net income (computed in accordance with GAAP), excluding gains (or losses) from sales of property, plus rental property depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures." Industry analysts consider FFO to be an appropriate supplemental measure of the operating performance of an equity REIT primarily because the computation of FFO excludes historical cost depreciation as an expense and thereby facilitates the comparison of REITs, which have different cost bases on their assets. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time, whereas real estate values have instead historically risen or fallen based upon market conditions. FFO 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. A reconciliation of net income to FFO is provided in the financial statement section of this press release.
- (2) Investors in and analysts following the real estate industry utilize net operating income ("NOI") as a supplemental performance measure. 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. NOI is defined as income from property of the Company, minus property expenses such as real estate taxes, repairs and maintenance, property management, utilities, insurance and other expenses. NOI does not represent cash generated from operating activities in accordance with GAAP and is not necessarily indicative of cash available to fund cash needs, including the repayment of principal on debt and payment of dividends and distributions. NOI should not be considered as a substitute 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.

July 31, 2003

Page 4

**For more information about Sun Communities, Inc.,
visit our website at www.suncommunities.com
-FINANCIAL TABLES FOLLOW-**

This press release contains various “forward-looking statements” within the meaning of the Securities Act of 1933 and the Securities Exchange Act of 1934, and the Company intends that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this press release that relate to prospective events or developments (including our 2003 guidance) are deemed to be forward-looking statements. Words such as “believes,” “forecasts,” “anticipates,” “plans,” “expects,” “will” and similar expressions are intended to identify forward-looking statements. These forward-looking statements reflect the Company’s 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 press release. These risks and uncertainties may cause the actual results of the Company to be materially different from any future results expressed or implied by such forward looking statements. Such risks and uncertainties include the national, regional and local economic climates, the ability to maintain rental rates and occupancy levels, competitive market forces, changes in market rates of interest, the ability of manufactured home buyers to obtain financing, the level of repossessions by manufactured home lenders and those referenced under the headings entitled “Factors That May Affect Future Results” or “Risk Factors” contained in the Company’s filings with the Securities and Exchange Commission. The forward-looking statements contained in this press release speak only as of the date hereof and the Company expressly disclaims any obligation to provide public updates, revisions or amendments to any forward-looking statements made herein to reflect changes in the Company’s expectations of future events.

SUN COMMUNITIES, INC.
FINANCIAL RESULTS
THREE MONTHS AND SIX MONTHS ENDED JUNE 30, 2003 AND 2002
(Amounts in thousands, except per share amounts) (Unaudited)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|--------------------------------|-----------------|------------------------------|------------------|
| | 2003 | 2002 | 2003 | 2002 |
| Income from property | \$ 40,121 | \$ 38,060 | \$ 81,876 | \$ 76,740 |
| Other income | 3,035 | 2,189 | 5,977 | 4,599 |
| Total revenues | <u>43,156</u> | <u>40,249</u> | <u>87,853</u> | <u>81,339</u> |
| Property operating and maintenance | 9,603 | 7,940 | 19,820 | 16,291 |
| Real estate taxes | 3,020 | 2,582 | 6,046 | 5,134 |
| Property management | 703 | 557 | 1,457 | 1,315 |
| General and administrative | 1,801 | 1,151 | 3,420 | 2,470 |
| Depreciation and amortization | 10,996 | 9,355 | 21,765 | 18,468 |
| Interest | 10,447 | 7,722 | 19,207 | 15,568 |
| Total expenses | <u>36,570</u> | <u>29,307</u> | <u>71,715</u> | <u>59,246</u> |
| Income before equity income (loss) from affiliates, minority interests and discontinued operations | 6,586 | 10,942 | 16,138 | 22,093 |
| Equity income (loss) from affiliates | <u>736</u> | <u>(960)</u> | <u>565</u> | <u>(1,182)</u> |
| Income before minority interests and discontinued operations | 7,322 | 9,982 | 16,703 | 20,911 |
| Less income allocated to minority interests: | | | | |
| Preferred OP Units | 2,133 | 1,947 | 4,261 | 3,866 |
| Common OP Units and others | <u>650</u> | <u>1,033</u> | <u>1,560</u> | <u>2,209</u> |
| Income from continuing operations | 4,539 | 7,002 | 10,882 | 14,836 |
| Income (loss) from discontinued operations | - | - | - | 280 |
| Net income | <u>\$ 4,539</u> | <u>\$ 7,002</u> | <u>\$ 10,882</u> | <u>\$ 15,116</u> |
| Weighted average common shares outstanding: | | | | |
| Basic | <u>17,897</u> | <u>17,544</u> | <u>17,843</u> | <u>17,433</u> |
| Diluted | <u>18,118</u> | <u>17,788</u> | <u>17,997</u> | <u>17,661</u> |
| Basic earnings per share: | | | | |
| Continuing operations | \$ 0.25 | \$ 0.40 | \$ 0.61 | \$ 0.85 |
| Discontinued operations | - | - | - | 0.02 |
| Net income | <u>\$ 0.25</u> | <u>\$ 0.40</u> | <u>\$ 0.61</u> | <u>\$ 0.87</u> |
| Diluted earnings per share: | | | | |
| Continuing operations | \$ 0.25 | \$ 0.39 | \$ 0.60 | \$ 0.84 |
| Discontinued operations | - | - | - | 0.02 |
| Net income | <u>\$ 0.25</u> | <u>\$ 0.39</u> | <u>\$ 0.60</u> | <u>\$ 0.86</u> |

SUN COMMUNITIES, INC.
RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS
(Amounts in thousands, except per share/OP unit amounts) (Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|
| | June 30, | | June 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| Net Income | \$ 4,539 | \$ 7,002 | \$ 10,882 | \$ 15,116 |
| Adjustments: | | | | |
| Depreciation of rental property | 10,600 | 9,283 | 21,109 | 18,324 |
| Valuation adjustment ⁽¹⁾ | 461 | | 675 | |
| Allocation of SunChamp losses ⁽²⁾ | 1,087 | | 1,937 | |
| Income allocated to Minority Interest | 650 | 1,033 | 1,560 | 2,209 |
| (Gain) on sale of properties | | - | - | (269) |
| FFO | <u>\$ 17,337</u> | <u>\$ 17,318</u> | <u>\$ 36,163</u> | <u>\$ 35,380</u> |
| Weighted average common shares/OP Units outstanding: | | | | |
| Basic | 20,427 | 20,133 | 20,384 | 20,027 |
| Diluted | 20,648 | 20,377 | 20,538 | 20,255 |
| FFO per weighted average Common Share/OP Unit - Basic | \$ 0.85 | \$ 0.86 | \$ 1.77 | \$ 1.77 |
| FFO per weighted average Common Share/OP Unit - Diluted | \$ 0.84 | \$ 0.85 | \$ 1.76 | \$ 1.75 |

⁽¹⁾ 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 imperfections related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments are excluded from Funds From Operations. The valuation adjustment is included in interest expense.

⁽²⁾ 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 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 under generally accepted accounting principles are effectively reallocated to the note for purposes of calculating Funds from Operations.

SUN COMMUNITIES, INC.
SELECTED BALANCE SHEET DATA
(Amounts in thousands) (Unaudited)

| | <u>June 30,</u> <u>2003</u> | <u>December 31,</u> <u>2002</u> |
|---|--------------------------------|------------------------------------|
| Investment in rental property before accumulated depreciation | \$ 1,188,895 | \$ 1,174,837 |
| Total assets | \$ 1,181,076 | \$ 1,163,976 |
| Total debt | \$ 687,272 | \$ 667,373 |
| Total minority interests and stockholders' equity | \$ 468,207 | \$ 472,022 |

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in thousands) (Unaudited)

| | <u>First Quarter Ended</u> <u>June 30,</u> | | <u>Six Months Ended</u> <u>June 30,</u> | |
|--|---|-----------------|--|------------------|
| | <u>2003</u> | <u>2002</u> | <u>2003</u> | <u>2002</u> |
| Net Income | \$ 4,539 | \$ 7,002 | \$ 10,882 | \$ 15,116 |
| Unrealized losses on interest rate swaps | (1,942) | - | (2,381) | - |
| Comprehensive Income | <u>\$ 2,597</u> | <u>\$ 7,002</u> | <u>\$ 8,501</u> | <u>\$ 15,116</u> |

RESEARCH COVERAGE

| | |
|--------------------------------|------------------------------------|
| AG EDWARDS | ART HAVENER (314) 955-3436 |
| DEUTSCHE BANK SECURITIES, INC. | LOUIS TAYLOR (212) 469-4912 |
| | SCOTT O'SHEA (212) 469-7190 |
| CREDIT SUISSE FIRST BOSTON | THIERRY PERREIN (212) 538-8618 |
| LEHMAN BROTHERS | DAVID SHULMAN (212) 526-3413 |
| MAXCOR | RICHARD ANDERSON (646) 346-7077 |
| RBC CAPITAL MARKETS | JAY LEUPP (415) 633-8585 |
| | DAVID RONCO (415) 633-8566 |
| SALOMON SMITH BARNEY | JORDAN SADLER (212) 816-0438 |

EARNINGS ANNOUNCEMENTS

| | <u>2nd Quarter</u> | <u>3rd Quarter</u> | <u>4th Quarter</u> |
|------------------------|-------------------------------|-------------------------------|-------------------------------|
| EARNINGS ANNOUNCEMENTS | 07/31/03 | 10/30/03 | 02/26/04 |
| DIVIDEND DECLARATIONS | 07/01/03 | 10/01/03 | 01/01/04 |

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 OUT WEBSITE | → | www.suncommunities.com |
| BY PHONE | → | (248) 208-2500 |
| BY FACSIMILE | → | (248) 208-2641 |
| BY MAIL | → | Sun Communities Investor Relations The American Center 27777 Franklin Road, Suite 200 Southfield, Michigan 48034 |
| BY E-MAIL | → | cpeterse@suncommunities.com |

COMPANY OVERVIEW AND INVESTOR INFORMATION FOR THE QUARTER ENDED MARCH 31, 2003

COMPANY OVERVIEW

Sun Communities, Inc. is a national real estate company that owns and operates 129 manufactured housing communities in 17 states. A manufactured housing community consists of sites which the company leases to residents who acquire homes and place them on the sites. The residents pay a monthly land rental and lease their site generally on a month to month basis. The resident is responsible for the maintenance of their home and site while the Company maintains the common areas and amenity package which may include a clubhouse, swimming pool, playground, golf course, tennis court, etc. The Company's portfolio totals 44,125 developed sites as well as 7,463 sites suitable for development. The Company is headquartered in Southfield, Michigan.

STRUCTURE OF THE COMPANY

The Company is qualified as a real estate investment trust ("REIT"). As a REIT the Company does not pay federal income tax. The Company's operations are conducted through an operating partnership of which it is the sole general partner owning approximately an 88% interest, excluding preferred OP Units. The operating partnership units are referred to as OP Units and are convertible into shares of common stock. This structure is known as an Upreit. The operating partnership owns a 95% economic interest in Sun Home Services whose primary activities are the sale and rental of homes in the Company's communities. Sun Home Services has elected to be taxed as a taxable REIT Subsidiary ("TRS").

GROWTH STRATEGIES

The Company seeks to maximize shareholder value through a combination of internal and external growth of its funds from operations ("FFO") and cash flow. Internal growth results from increases in rental rates, leasing vacant sites, selling new homes, brokering the resale of existing homes, and expanding communities through the development of additional sites on parcels of land contiguous to existing communities. External growth comes from acquisitions which are annually targeted at between \$60 and \$100 million and from the development of new communities.

SUN COMMUNITIES

BALANCE SHEETS

(in thousands)

| | Quarter Ended | | | | |
|---|---------------------|---------------------|----------------------|-----------------------|---------------------|
| | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 | June 30, 2002 |
| ASSETS | | | | | |
| Real Estate | | | | | |
| Land | \$ 104,816 | \$ 103,590 | \$ 101,926 | \$ 87,256 | \$ 86,602 |
| Land Improvements and Buildings | 1,022,560 | 1,006,500 | 999,540 | 892,466 | 880,097 |
| Furniture, Fixtures and Equipment | 26,800 | 26,517 | 26,277 | 24,254 | 23,299 |
| Land Held for Future Development | 32,103 | 33,343 | 34,573 | 16,953 | 16,941 |
| Property Under Development | 2,616 | 11,595 | 12,521 | 30,041 | 29,007 |
| Gross Real Estate Investment | 1,188,895 | 1,181,545 | 1,174,837 | 1,050,970 | 1,035,946 |
| Less Accumulated Depreciation | (193,475) | (184,352) | (175,477) | (163,172) | (155,258) |
| Net Real Estate Investment | 995,420 | 997,193 | 999,360 | 887,798 | 880,688 |
| Cash and Cash Equivalents | 1,703 | 3,339 | 2,664 | 1,948 | 11,080 |
| Notes and Other Receivables | 57,127 | 56,768 | 56,329 | 121,434 | 67,097 |
| Investments in and Advances to Affiliates | 88,719 | 72,405 | 67,719 | 75,635 | 65,222 |
| Other Assets | 38,107 | 37,336 | 37,904 | 27,250 | 33,071 |
| Total Assets | <u>\$ 1,181,076</u> | <u>\$ 1,167,041</u> | <u>\$ 1,163,976</u> | <u>\$ 1,114,065</u> | <u>\$ 1,057,158</u> |
| LIABILITIES AND EQUITY | | | | | |
| <i>Liabilities</i> | | | | | |
| Line of Credit | \$ 75,000 | \$ 76,500 | \$ 63,000 | \$ 75,000 | \$ 48,000 |
| Mortgage Loans Payable | 252,533 | 253,028 | 254,935 | 222,448 | 185,374 |
| Senior Unsecured Notes | 350,000 | 285,000 | 285,000 | 285,000 | 285,000 |
| Bridge Note | - | 48,000 | 48,000 | - | - |
| Collateralized Lease Obligations | 9,739 | 9,805 | 16,438 | 25,575 | 25,735 |
| Accounts Payable and Accrued Liabilities | 16,888 | 13,809 | 16,120 | 17,945 | 18,337 |
| Deposits and Other Liabilities | 8,709 | 9,801 | 8,461 | 7,206 | 8,495 |
| Total Liabilities | <u>712,869</u> | <u>695,943</u> | <u>691,954</u> | <u>633,174</u> | <u>570,941</u> |
| Minority Interests- Preferred OP Units | 108,148 | 108,148 | 103,978 | 98,458 | 98,458 |
| Minority Interests - Common OP Units and others | 46,512 | 47,709 | 48,512 | 47,696 | 48,353 |
| | 154,660 | 155,857 | 152,490 | 146,154 | 146,811 |
| <i>Stockholders' Equity</i> | | | | | |
| Preferred Stock | - | - | - | - | - |
| Common Stock | 186 | 183 | 183 | 183 | 182 |
| Paid in Capital | 427,027 | 420,599 | 420,683 | 417,367 | 413,674 |
| Officers' Notes | (10,612) | (10,632) | (10,703) | (10,775) | (10,846) |
| Deferred Compensation | (7,980) | (8,301) | (8,622) | (8,942) | (6,483) |
| Unrealized (losses) on interest rate swaps | (4,231) | (2,290) | (1,851) | (1,344) | - |
| Distributions in Excess of Net Income | (84,459) | (77,934) | (73,774) | (55,368) | (50,737) |
| Treasury Stock at Cost | (6,384) | (6,384) | (6,384) | (6,384) | (6,384) |
| Total Stockholders' Equity | <u>313,547</u> | <u>315,241</u> | <u>319,532</u> | <u>334,737</u> | <u>339,406</u> |
| Total Liabilities and Stockholders' Equity | <u>\$ 1,181,076</u> | <u>\$ 1,167,041</u> | <u>\$ 1,163,976</u> | <u>\$ 1,114,065</u> | <u>\$ 1,057,158</u> |
| Common OP Units Outstanding | 2,498 | 2,552 | 2,552 | 2,583 | 2,590 |

SUN COMMUNITIES

DEBT ANALYSIS

(in thousands)

| | Quarter Ended | | | | |
|---|-------------------|-------------------|----------------------|-----------------------|-------------------|
| | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 | June 30, 2002 |
| DEBT OUTSTANDING | | | | | |
| Line of Credit | \$ 75,000 | \$ 76,500 | \$ 63,000 | \$ 75,000 | \$ 48,000 |
| Mortgage Loans Payable | 252,533 | 253,028 | 254,935 | 222,448 | 185,374 |
| Senior Unsecured Notes | 350,000 | 285,000 | 285,000 | 285,000 | 285,000 |
| Bridge Note | - | 48,000 | 48,000 | - | - |
| Collateralized Lease Obligations (note a) | 9,739 | 9,805 | 16,438 | 25,575 | 25,735 |
| Total Debt | <u>\$ 687,272</u> | <u>\$ 672,333</u> | <u>\$ 667,373</u> | <u>\$ 608,023</u> | <u>\$ 544,109</u> |
| % FIXED/FLOATING | | | | | |
| Fixed | 74.86% | 55.77% | 57.23% | 64.73% | 72.48% |
| Floating | <u>25.14%</u> | <u>44.23%</u> | <u>42.77%</u> | <u>35.27%</u> | <u>27.52%</u> |
| Total | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> | <u>100.00%</u> |
| AVERAGE INTEREST RATES | | | | | |
| Line of Credit | 2.29% | 2.14% | 2.27% | 2.66% | 2.84% |
| Mortgage Loans Payable | 3.88% | 3.89% | 4.47% | 4.12% | 4.50% |
| Senior Unsecured Notes | 6.76% | 7.55% | 7.55% | 7.55% | 7.55% |
| Bridge Note | | 4.23% | 2.62% | | |
| Collateralized Lease Obligations (note a) | <u>5.51%</u> | <u>5.51%</u> | <u>5.74%</u> | <u>5.87%</u> | <u>5.87%</u> |
| Total Average | <u>5.34%</u> | <u>5.29%</u> | <u>5.48%</u> | <u>5.62%</u> | <u>6.19%</u> |
| DEBT RATIOS | | | | | |
| Debt/Total Market Cap | 42.5% | 44.1% | 43.6% | 41.4% | 35.8% |
| Debt/Gross Assets | 50% | 50% | 50% | 47% | 44% |
| COVERAGE RATIOS | | | | | |
| EBITDA/Interest | 2.9 | 3.3 | 3.0 | 3.1 | 3.1 |
| EBITDA/Interest + Preferred Distributions | 2.4 | 2.6 | 2.4 | 2.5 | 2.6 |
| MATURITIES | | | | | |
| | <u>30-Jun-04</u> | <u>30-Jun-05</u> | <u>30-Jun-06</u> | <u>30-Jun-07</u> | <u>30-Jun-08</u> |
| Line of Credit | \$ - | \$ - | \$ 75,000 | \$ - | \$ - |
| Mortgage Loans Payable | 10,001 | 14,519 | 7,942 | 3,358 | 39,725 |
| Senior Unsecured Notes | - | 65,000 | - | - | 35,000 |
| Bridge Note | - | - | - | - | - |
| Collateralized Lease Obligations (note a) | 9,739 | - | - | - | - |
| Total | <u>\$ 19,740</u> | <u>\$ 79,519</u> | <u>\$ 82,942</u> | <u>\$ 3,358</u> | <u>\$ 74,725</u> |

Note:

- (a) Of the collateralized lease obligations at June, 2003, \$9,500,000 are convertible into Series B Parity Preferred Sun Communities Operating Limited Partnership (SPOP) Units at Holder's election at the end of the lease terms at \$100 Par Amount for each SPOP per unit. SPOP Units will be entitled to distributions ranging from 7.5% to 8.0% per annum for up to 15 years and are not convertible into Common Operating Partnership Units.

SUN COMMUNITIES

STATEMENT OF OPERATIONS

(in thousands)

| | Quarter Ended | | | | |
|---|------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 | June 30, 2002 |
| REVENUES | | | | | |
| Income from property | \$ 40,121 | \$ 41,755 | \$ 37,655 | \$ 38,484 | \$ 38,060 |
| Equity earnings (loss) from affiliates | 736 | (171) | (107) | (1,457) | (960) |
| Other income | <u>3,035</u> | <u>2,942</u> | <u>3,100</u> | <u>2,595</u> | <u>2,189</u> |
| Total revenues | <u>43,892</u> | <u>44,526</u> | <u>40,648</u> | <u>39,622</u> | <u>39,289</u> |
| EXPENSES | | | | | |
| Property operating and maintenance | 9,603 | 10,217 | 9,110 | 8,843 | 7,940 |
| Real estate taxes | 3,020 | 3,026 | 2,846 | 2,582 | 2,582 |
| Property management | 703 | 754 | 646 | 541 | 557 |
| General and administrative | <u>1,801</u> | <u>1,619</u> | <u>1,620</u> | <u>1,130</u> | <u>1,151</u> |
| Total expenses | <u>15,127</u> | <u>15,616</u> | <u>14,222</u> | <u>13,096</u> | <u>12,230</u> |
| EBITDA (1) | | | | | |
| | 28,765 | 28,910 | 26,426 | 26,526 | 27,059 |
| Interest expense | (10,447) | (8,760) | (8,541) | (8,266) | (7,722) |
| Preferred distributions | (2,133) | (2,128) | (1,986) | (1,951) | (1,947) |
| Other adjustments, net (see Note A) | <u>1,152</u> | <u>804</u> | <u>1,230</u> | <u>415</u> | <u>(72)</u> |
| NOTE: See FFO reconciliation on following page | | | | | |
| FUNDS FROM OPERATIONS ("FFO") (1) | | | | | |
| | 17,337 | 18,826 | 17,129 | 16,724 | 17,318 |
| Depreciation and amortization | (10,600) | (10,509) | (10,443) | (9,733) | (9,283) |
| Reduction in book value of equity investment | | | (13,881) | - | - |
| Other adjustments, net (see Note A) | (1,548) | (1,064) | (1,277) | (487) | - |
| Minority interests | <u>(650)</u> | <u>(910)</u> | <u>1,052</u> | <u>(846)</u> | <u>(1,033)</u> |
| NET INCOME (LOSS) | | | | | |
| | 4,539 | 6,343 | (7,420) | 5,658 | 7,002 |
| FUNDS FROM OPERATIONS (1) | | | | | |
| | 17,337 | 18,826 | 17,129 | 16,724 | 17,318 |
| Less recurring capital expenditures | <u>(1,737)</u> | <u>(990)</u> | <u>(2,214)</u> | <u>(2,335)</u> | <u>(1,541)</u> |
| FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") (1) | | | | | |
| | 15,600 | 17,836 | 14,915 | 14,389 | 15,777 |
| FFO PER SHARE/UNIT (see note page 15) (1) | | | | | |
| | \$0.85 | \$0.93 | \$0.84 | \$0.82 | \$0.86 |
| FAD PER SHARE/UNIT (1) | | | | | |
| | \$0.76 | \$0.88 | \$0.73 | \$0.71 | \$0.78 |
| DISTRIBUTION PER SHARE/UNIT | | | | | |
| | \$0.61 | \$0.61 | \$0.58 | \$0.58 | \$0.58 |
| DILUTED FFO PER SHARE/UNIT (see note pg 15) | | | | | |
| | \$0.84 | \$0.92 | \$0.84 | \$0.82 | \$0.85 |
| PAYOUT RATIO | | | | | |
| | 71.8% | 65.6% | 69.0% | 70.7% | 67.4% |
| WEIGHTED AVERAGE SHARES/UNITS | | | | | |
| | 20,648 | 20,342 | 20,329 | 20,323 | 20,133 |

Note A: Other adjustments, net include losses related to acquiring an equity interest of another investor in SunChamp, a valuation adjustment related to interest rate swaps and an interest rate cap agreement, and non-real estate related depreciation.

SUN COMMUNITIES, INC.
RECONCILIATION OF NET INCOME TO FUNDS FROM OPERATIONS
(Amounts in thousands, except per share/OP unit amounts) (Unaudited)

| | Three Months Ended | | Six Months Ended | |
|---|--------------------|------------------|------------------|------------------|
| | June 30, | | June 30, | |
| | 2003 | 2002 | 2003 | 2002 |
| Net Income | \$ 4,539 | \$ 7,002 | \$ 10,882 | \$ 15,116 |
| Adjustments: | | | | |
| Depreciation of rental property | 10,600 | 9,283 | 21,109 | 18,324 |
| Valuation adjustment ⁽¹⁾ | 461 | | 675 | |
| Allocation of SunChamp losses ⁽²⁾ | 1,087 | | 1,937 | |
| Income allocated to Minority Interest | 650 | 1,033 | 1,560 | 2,209 |
| (Gain) on sale of properties | | - | - | (269) |
| FFO | <u>\$ 17,337</u> | <u>\$ 17,318</u> | <u>\$ 36,163</u> | <u>\$ 35,380</u> |
| Weighted average common shares/OP Units outstanding: | | | | |
| Basic | 20,427 | 20,133 | 20,384 | 20,027 |
| Diluted | 20,648 | 20,377 | 20,538 | 20,255 |
| FFO per weighted average Common Share/OP Unit - Basic | \$ 0.85 | \$ 0.86 | \$ 1.77 | \$ 1.77 |
| FFO per weighted average Common Share/OP Unit - Diluted | \$ 0.84 | \$ 0.85 | \$ 1.76 | \$ 1.75 |

⁽¹⁾ 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 imperfections related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments are excluded from Funds From Operations. The valuation adjustment is included in interest expense.

⁽²⁾ 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 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 under generally accepted accounting principles are effectively reallocated to the note for purposes of calculating Funds from Operations.

SUN COMMUNITIES

**STATEMENT OF OPERATIONS
AS A % OF TOTAL REVENUES**

| | Quarter Ended | | | | |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 | June 30, 2002 |
| REVENUES | | | | | |
| Income from property | 91.4% | 93.8% | 92.6% | 97.1% | 96.9% |
| Equity earnings (loss) from affiliates | 1.7% | -0.4% | -0.2% | -3.6% | -2.4% |
| Other income | <u>6.9%</u> | <u>6.6%</u> | <u>7.6%</u> | <u>6.5%</u> | <u>5.6%</u> |
| Total revenues | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> | <u>100.0%</u> |
| EXPENSES | | | | | |
| Property operating and maintenance | 21.9% | 22.9% | 22.4% | 22.3% | 20.2% |
| Real estate taxes | 6.9% | 6.8% | 7.0% | 6.5% | 6.6% |
| Property management | 1.6% | 1.7% | 1.6% | 1.4% | 1.4% |
| General and administrative | <u>4.1%</u> | <u>3.7%</u> | <u>4.0%</u> | <u>2.9%</u> | <u>2.9%</u> |
| Total expenses | <u>34.5%</u> | <u>35.1%</u> | <u>35.0%</u> | <u>33.1%</u> | <u>31.1%</u> |
| EBITDA (1) | | | | | |
| Interest expense | -23.8% | -19.7% | -21.0% | -20.9% | -19.7% |
| Preferred distributions | -4.8% | -4.8% | -4.9% | -4.9% | -5.0% |
| Other FFO adjustments (see page 13) | <u>2.6%</u> | <u>1.8%</u> | <u>3.0%</u> | <u>1.1%</u> | <u>-0.2%</u> |
| FUNDS FROM OPERATIONS (1) | | | | | |
| Depreciation and amortization | -24.2% | -23.6% | -25.5% | -24.2% | -23.6% |
| Reduction in book value of equity investment | 0.0% | 0.0% | -34.1% | 0.0% | 0.0% |
| Other adjustments, net (see page 13) | -3.5% | -2.4% | -3.1% | -1.2% | 0.0% |
| Minority interests | <u>-1.5%</u> | <u>-2.0%</u> | <u>2.6%</u> | <u>-2.1%</u> | <u>-2.6%</u> |
| NET INCOME (LOSS) | <u>10.3%</u> | <u>14.2%</u> | <u>-18.0%</u> | <u>14.7%</u> | <u>17.8%</u> |

SUN COMMUNITIES

**STATEMENT OF OPERATIONS
PER SHARE**

| | Quarter Ended | | | | |
|--|------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 | June 30, 2002 |
| REVENUES | | | | | |
| Income from property | \$ 1.94 | \$ 2.05 | \$ 1.85 | \$ 1.89 | \$ 1.89 |
| Equity earnings (loss) from affiliates | 0.04 | - | - | (0.07) | (0.05) |
| Other income | 0.15 | 0.14 | 0.15 | 0.13 | 0.11 |
| Total revenues | <u>2.13</u> | <u>2.19</u> | <u>2.00</u> | <u>1.95</u> | <u>1.95</u> |
| EXPENSES | | | | | |
| Property operating and maintenance | 0.47 | 0.50 | 0.45 | 0.43 | 0.39 |
| Real estate taxes | 0.15 | 0.15 | 0.14 | 0.13 | 0.13 |
| Property management | 0.03 | 0.04 | 0.03 | 0.03 | 0.03 |
| General and administrative | 0.09 | 0.08 | 0.08 | 0.05 | 0.06 |
| Total expenses | <u>0.74</u> | <u>0.77</u> | <u>0.70</u> | <u>0.64</u> | <u>0.61</u> |
| EBITDA (1) | 1.39 | 1.42 | 1.30 | 1.31 | 1.34 |
| Interest expense | (0.51) | (0.43) | (0.42) | (0.41) | (0.38) |
| Preferred distributions | (0.10) | (0.10) | (0.10) | (0.10) | (0.10) |
| Other FFO adjustments (see page 13) | 0.06 | 0.04 | 0.06 | 0.02 | - |
| FUNDS FROM OPERATIONS ("FFO") (1) | 0.84 | 0.93 | 0.84 | 0.82 | 0.86 |
| Depreciation and amortization | (0.52) | (0.52) | (0.51) | (0.47) | (0.46) |
| Reduction in book value of equity investment | - | - | (0.68) | - | - |
| Other adjustments, net (see page 13) | (0.07) | (0.05) | (0.06) | - | - |
| Minority Interests | (0.03) | (0.05) | 0.05 | (0.04) | (0.05) |
| NET INCOME (LOSS) | <u>\$ 0.22</u> | <u>\$ 0.31</u> | <u>\$ (0.36)</u> | <u>\$ 0.29</u> | <u>\$ 0.35</u> |
| WEIGHTED AVERAGE SHARES/UNITS | 20,648 | 20,342 | 20,329 | 20,323 | 20,133 |

NOTE:

$$\text{Basic FFO Per Share/Unit: } \frac{\text{FFO}}{\text{Wtd Avg. Shrs + Units}} = \frac{17,337}{20,427} = \$0.85$$

$$\text{Diluted FFO Per Share/Unit: } \frac{\text{FFO}}{\text{Wtd Avg. Shrs/Units+Net Shrs from Stk Options+Deferred Comp}} = \frac{17,337}{(20,427 + 186 + 35) = 20,648} = \$0.84$$

Preferred Units Conversion: Certain Preferred Operating Units (POP) are convertible to common shares at \$68 per share.

SUN COMMUNITIES
RETURN ON EQUITY AND NET ASSET VALUE

RETURN ON EQUITY
2001 THROUGH 06/30/2003
(in thousands)

| | YEAR ENDED | | |
|---------------------------|---------------------|---------------------|---------------------|
| | <u>12/31/2001</u> | <u>12/31/2002</u> | <u>06/30/2003</u> |
| Funds From Operations (1) | \$ 68,086 | \$ 69,233 | \$ 70,016 |
| Average Annual Equity: | | | |
| Common | \$ 391,401 | \$ 404,440 | \$ 413,669 |
| Minority Interests | 51,122 | 48,484 | 47,756 |
| Cash Dist. > Income | (42,313) | (54,660) | (68,454) |
| Accumulated Depreciation | 126,741 | 156,464 | 174,347 |
| | <u>\$ 526,951</u> | <u>\$ 554,728</u> | <u>\$ 567,318</u> |
| RETURN ON EQUITY | <u>12.9%</u> | <u>12.5%</u> | <u>12.3%</u> |

NET ASSET VALUE
2001 THROUGH 06/30/2003
(in thousands)

| | PERIOD ENDED | | |
|--|--------------------------|--------------------------|--------------------------|
| | <u>12/31/2001</u> | <u>12/31/2002</u> | <u>06/30/2003</u> |
| Property NOI (1) | \$ 100,344 | \$ 108,340 | \$ 109,806 |
| Add 4% Growth for June 30, 2003 | 6,021 | 6,500 | 4,392 |
| Less Recurring Cap Ex. | (6,400) | (6,600) | (6,600) |
| | <u>\$ 99,965</u> | <u>\$ 108,240</u> | <u>\$ 107,598</u> |
| Cap Rate of 7.5% for June 30, 2003 | \$ 1,249,563 | \$ 1,353,000 | \$ 1,434,640 |
| Fee & Home Sale Income x 5 or Book Value | 12,646 | 67,495 | 88,363 |
| Tangible Assets | 124,489 | 83,186 | 83,220 |
| Property Under Development x 1.10% | 17,355 | 13,773 | 2,878 |
| Vacant Newly Developed Sites @ \$25,000 | 24,275 | 63,600 | 55,350 |
| Future Phase Land @ Cost | 16,810 | 34,573 | 32,103 |
| | 1,445,138 | 1,615,627 | 1,696,554 |
| Less: | | | |
| Liabilities (see note a) | (596,201) | (795,932) | (821,017) |
| NET ASSETS | <u>\$ 848,937</u> | <u>\$ 819,695</u> | <u>\$ 875,537</u> |
| Fully Diluted Shares/Units | 20,419 | 20,459 | 20,775 |
| NAV Per Share/Unit | <u>\$ 41.58</u> | <u>\$ 40.07</u> | <u>\$ 42.14</u> |

Note (a): Includes preferred OP Units of \$108,148 for 2003, \$103,978 for 2002 and \$93,957 for 2001.

SUN COMMUNITIES

STATEMENT OF OPERATIONS

SAME PROPERTY

(in thousands)

| | <u>Quarter Ended</u> | | <u>6 Months Ended</u> | |
|---|-------------------------|-------------------------|-------------------------|-------------------------|
| | <u>June</u> | <u>June</u> | <u>June</u> | <u>June</u> |
| | <u>30, 2003</u> | <u>30, 2002</u> | <u>30, 2003</u> | <u>30, 2002</u> |
| REVENUES | | | | |
| Income from Property | <u>\$ 34,196</u> | <u>\$ 33,378</u> | <u>\$ 69,907</u> | <u>\$ 67,877</u> |
| EXPENSES | | | | |
| Real Estate Taxes | 2,734 | 2,495 | 5,467 | 4,990 |
| Payroll | 2,408 | 2,232 | 5,184 | 4,690 |
| Repairs and Maintenance | 1,442 | 1,037 | 2,513 | 1,999 |
| Utilities, Net | 1,608 | 1,579 | 3,611 | 3,624 |
| Other | <u>933</u> | <u>909</u> | <u>2,114</u> | <u>1,837</u> |
| Total Expenses | <u>9,125</u> | <u>8,252</u> | <u>18,889</u> | <u>17,140</u> |
| NET OPERATING INCOME ("NOI") (1) | <u>\$ 25,071</u> | <u>\$ 25,126</u> | <u>\$ 51,018</u> | <u>\$ 50,737</u> |
| NUMBER OF COMMUNITIES | (a) 109 | 109 | 109 | 109 |
| NUMBER OF DEVELOPED SITES | (a) 38,980 | 38,915 | 38,980 | 38,915 |
| NUMBER OF OCCUPIED SITES | (a) 34,844 | 35,667 | 34,844 | 35,667 |
| OCCUPANCY PERCENTAGE | (b) 91.0% | 93.6% | 91.0% | 93.6% |
| WEIGHTED AVERAGE RENT | (b) \$ 324 | \$ 310 | \$ 324 | \$ 310 |
| SITES AVAILABLE FOR DEVELOPMENT | 2,001 | 2,107 | 2,001 | 2,107 |
| SITES IN DEVELOPMENT | 8 | 78 | 8 | 78 |

For periods ending June 2003 and June 2002

(a) Includes MH and RV Sites

(b) Includes MH sites only

SUN COMMUNITIES

STATEMENT OF OPERATIONS SAME PROPERTY -- PERCENTAGE GROWTH

| | Quarter Ended | 6 Months Ended | |
|---|------------------|------------------|------------------|
| | June 30, 2003 | June 30, 2003 | June 30, 2002 |
| NUMBER OF COMMUNITIES | 109 | 109 | 103 |
| REVENUES | | | |
| Income from Property | <u>2.5%</u> | <u>3.0%</u> | <u>4.8%</u> |
| EXPENSES | | | |
| Real Estate Taxes | 9.6% | 9.6% | 6.1% |
| Payroll | 7.9% | 10.6% | 7.1% |
| Repairs and Maintenance | 39.0% | 25.7% | -6.1% |
| Utilities, Net | 1.8% | -0.4% | -8.7% |
| Other | <u>2.7%</u> | <u>15.1%</u> | <u>12.6%</u> |
| Total Expenses | <u>10.6%</u> | <u>10.2%</u> | <u>2.2%</u> |
| NET OPERATING INCOME ("NOI") (1) | <u>-0.2%</u> | <u>0.6%</u> | <u>5.7%</u> |
| | | | |
| Revenue per Occupied Site | 4.9% | 5.4% | 5.2% |
| Expense per Occupied Site | 13.2% | 12.8% | 2.6% |
| NOI per Occupied Site | 2.1% | 2.9% | 6.1% |

NOTE: The difference between the nominal dollar NOI growth percents in the middle of the page and the per occupied site NOI growth at the bottom of the page is primarily attributable to revenues and expenses related to the change in net leased sites during the period.

Sun Communities
Capital Improvements, Development, and Acquisitions
(in thousands)

| Notes | A | B | C | D | E | |
|---|------------------------------|---------------------|-------------|----------------------------------|------------------------------|---------|
| Recurring Cap Ex. Average Per Site | <u>Recurring Cap Ex.</u> | <u>Lot Mods</u> | <u>Acq.</u> | <u>Expansions & Dev.</u> | <u>Revenue Producing</u> | |
| 2001 | \$119 | \$4,824 | \$1,988 | \$62,775 | \$28,970 | \$3,855 |
| 2002 | \$ 168 | \$7,102 | \$2,630 | \$70,653 | \$24,500 | \$7,833 |
| Through 6/30/2003 | \$61 | \$ 2,727 | \$1,045 | \$234 | \$8,309 | \$1,482 |

- 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 generally \$1,000. Excludes \$1,160,000 related to main office move in 2003.
- 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.

SUN COMMUNITIES

PROPERTY SUMMARY

| | Quarter Ended | | | | |
|-------------------------------|--------------------------------|---------------------------------|------------------------------------|-------------------------------------|--------------------------------|
| | <u>June</u> <u>30, 2003</u> | <u>March</u> <u>31, 2003</u> | <u>December</u> <u>31, 2002</u> | <u>September</u> <u>30, 2002</u> | <u>June</u> <u>30, 2002</u> |
| STABILIZED COMMUNITIES | | | | | |
| MICHIGAN | | | | | |
| Communities | 43 | 43 | 43 | 43 | 43 |
| Sites for Development | 332 | 332 | 332 | 404 | 404 |
| Developed Sites | 13,091 | 13,091 | 13,091 | 13,019 | 13,019 |
| Occupied | 11,964 | 12,027 | 12,136 | 12,306 | 12,295 |
| Occupancy % | 91.4% | 91.9% | 92.7% | 94.5% | 94.4% |
| FLORIDA | | | | | |
| Communities | 15 | 15 | 15 | 15 | 15 |
| Sites for Development | 588 | 602 | 605 | 612 | 622 |
| Developed Sites | 5,626 | 5,610 | 5,609 | 5,602 | 5,592 |
| Occupied | 5,493 | 5,473 | 5,467 | 5,461 | 5,451 |
| Occupancy % | 97.6% | 97.6% | 97.5% | 97.5% | 97.5% |
| INDIANA | | | | | |
| Communities | 17 | 17 | 17 | 17 | 17 |
| Sites for Development | 422 | 422 | 422 | 422 | 422 |
| Developed Sites | 6,360 | 6,361 | 6,361 | 6,361 | 6,361 |
| Occupied | 5,403 | 5,464 | 5,498 | 5,663 | 5,672 |
| Occupancy % | 85.0% | 85.9% | 86.4% | 89.0% | 89.2% |
| OHIO | | | | | |
| Communities | 10 | 10 | 10 | 10 | 10 |
| Sites for Development | - | - | - | - | - |
| Developed Sites | 2,917 | 2,917 | 2,917 | 2,917 | 2,917 |
| Occupied | 2,618 | 2,608 | 2,635 | 2,665 | 2,665 |
| Occupancy % | 89.7% | 89.4% | 90.3% | 91.4% | 91.4% |
| TEXAS | | | | | |
| Communities | 6 | 6 | 6 | 6 | 6 |
| Sites for Development | - | - | - | - | - |
| Developed Sites | 1,492 | 1,492 | 1,488 | 1,488 | 1,488 |
| Occupied | 1,431 | 1,444 | 1,446 | 1,462 | 1,469 |
| Occupancy % | 95.9% | 96.8% | 97.2% | 98.3% | 98.7% |
| OTHER STATES | | | | | |
| Communities | 15 | 15 | 15 | 15 | 15 |
| Sites for Development | 106 | 106 | 106 | 106 | 106 |
| Developed Sites | 5,814 | 5,814 | 5,814 | 5,814 | 5,814 |
| Occupied | 5,354 | 5,378 | 5,421 | 5,509 | 5,528 |
| Occupancy % | 92.1% | 92.5% | 93.2% | 94.8% | 95.1% |

PROPERTY SUMMARY (continued)

| | Quarter Ended | | | | |
|---------------------------------------|------------------|-------------------|----------------------|-----------------------|------------------|
| | June 30, 2003 | March 31, 2003 | December 31, 2002 | September 30, 2002 | June 30, 2002 |
| TOTAL--MH STABILIZED PORTFOLIO | | | | | |
| Communities | 106 | 106 | 106 | 106 | 106 |
| Sites for Development | 1,448 | 1,462 | 1,465 | 1,544 | 1,554 |
| Developed Sites | 35,300 | 35,285 | 35,280 | 35,201 | 35,191 |
| Occupied | 32,263 | 32,394 | 32,603 | 33,066 | 33,080 |
| Occupancy % | 91.4% | 91.8% | 92.4% | 93.9% | 94.0% |
| NEW COMMUNITY DEVELOPMENT | | | | | |
| Communities | 20 | 19 | 19 | 7 | 7 |
| Sites for Development | 5,602 | 6,001 | 6,177 | 2,714 | 2,714 |
| Developed Sites | 4,117 | 3,718 | 3,552 | 1,067 | 1,067 |
| Occupied | 2,443 | 2,418 | 2,301 | 722 | 683 |
| Occupancy % | 59.3% | 65.0% | 64.8% | 67.7% | 64.0% |
| RV PORTFOLIO SUMMARY | | | | | |
| Communities | 12 | 12 | 12 | 12 | 12 |
| Sites | 5,103 | 5,122 | 5,127 | 5,126 | 5,147 |
| Permanent | 3,003 | 2,995 | 3,032 | 3,024 | 3,019 |
| Seasonal | 2,100 | 2,127 | 2,095 | 2,102 | 2,128 |
| States | | | | | |
| Florida | 4,078 | 4,097 | 4,098 | 4,097 | 4,118 |
| Texas | 868 | 868 | 872 | 872 | 872 |
| Delaware | 157 | 157 | 157 | 157 | 157 |

Note: "Development Communities" include three communities acquired from Trident and eleven developed communities acquired through the SunChamp transaction during 2002.

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.

Note: Communities total to more than 130 because certain communities have manufactured home recreational vehicle components and are counted in each category and certain communities have both stabilized and development components.

SUN COMMUNITIES
DEVELOPMENT SUMMARY

Summary of 2003 Program

| <u>Community</u> | <u>Sites to be Developed</u> |
|--------------------------|-------------------------------------|
| Water Oak | 8 |
| Total remaining for 2003 | 8 |

Summary of Sites Developed

| <u>Year</u> | <u>Sites Developed</u> |
|-----------------------------|-------------------------------|
| Through 6/30/2003 | 72 |
| 2002 | 1,312 |
| 2001 | 768 |
| 2000 | 751 |
| 1999 | 1,391 |
| 1998 | 1,217 |
| 1997 | 919 |
| Total developed 1997 - 2002 | 6,430 |

SUN COMMUNITIES

**SUMMARY OF ACQUISITION ACTIVITY
FOR THE YEAR 2003**

(PURCHASE PRICE IN MILLIONS)

| <i>COMMUNITY</i> | <i>LOCATION</i> | <i>SITES</i> | <i>Occupancy %</i> | <i>Cap Rate</i> | <i>PURCHASE PRICE</i> |
|-------------------------|------------------------|---------------------|-------------------------------|----------------------------|----------------------------------|
|-------------------------|------------------------|---------------------|-------------------------------|----------------------------|----------------------------------|

FIRST QUARTER 2003

SECOND QUARTER 2003

NO NEW ACQUISITIONS

SUN COMMUNITIES

**OPERATING STATISTICS
YEAR TO DATE**

| <u>MARKETS</u> | <u>GROSS LEASED SITES</u> | <u>MOVE OUTS</u> | <u>NET LEASED SITES</u> | <u>NEW HOME SALES</u> | <u>USED HOME SALES</u> | <u>BROKERED RESALES</u> |
|--------------------------|--|-----------------------------|------------------------------------|--------------------------------------|---------------------------------------|------------------------------------|
| Michigan | 289 | 202 | (152) | 27 | 26 | 74 |
| Florida | 78 | 19 | 26 | 36 | 10 | 191 |
| Indiana | 278 | 157 | (95) | 3 | 25 | 7 |
| Ohio | 78 | 43 | (8) | 8 | 11 | 25 |
| Texas | 263 | 68 | 27 | 52 | - | 5 |
| Other States | 333 | 114 | 4 | 21 | 23 | 21 |
| RV Communities | <u>n/m</u> | <u>n/m</u> | <u>n/m</u> | <u>19</u> | <u>3</u> | <u>18</u> |
| Through 6/30/2003 | <u>1,319</u> | <u>603</u> | <u>(198)</u> | <u>166</u> | <u>98</u> | <u>341</u> |

For the Year

| | | | | | | |
|-------------|-------|-------|-------|-----|-----|-----|
| 2002 | 1,084 | 1,256 | (172) | 286 | 174 | 592 |
| 2001 | 1,322 | 1,108 | 214 | 438 | 327 | 584 |
| 2000 | 1,140 | 720 | 366 | 416 | 182 | 863 |
| 1999 | 2,258 | 974 | 756 | 648 | 152 | 766 |
| 1998 | 1,881 | 883 | 998 | 682 | 188 | 642 |
| 1997 | 1,500 | 702 | 798 | 584 | 118 | 555 |

| | <u>MOVE OUTS</u> | <u>RESALES</u> |
|----------|-----------------------------|-----------------------|
| YTD 2003 | 3.6% | 7.1% |
| 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% |

SUN COMMUNITIES, INC.
DEVELOPMENT MODEL
QUARTERLY IRR CALCULATION
450 SITE DEVELOPMENT

| | DEV PERIOD QTR 1 | DEV PERIOD QTR 2 | DEV PERIOD QTR 3 | DEV PERIOD QTR 4 | QTR 1 | QTR 2 | QTR 3 | QTR 4 | QTR 5 | QTR 6 |
|----------------------------|---------------------|---------------------|---------------------|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|
| AVG SITES-QTR | | | | | 12 | 26 | 38 | 50 | 62 | 74 |
| SITES,EOQ,CUM | | | | | 18 | 30 | 42 | 54 | 66 | 78 |
| RENT | | | | | \$325 | \$325 | \$325 | \$325 | \$338 | \$338 |
| RENTAL REVENUE | | | | | 11,700 | 25,350 | 37,050 | 48,750 | 62,868 | 75,036 |
| OTHER REVENUE | | | | | 720 | 1,560 | 2,280 | 3,000 | 3,720 | 4,440 |
| POM/RET | | | | | (30,000) | (30,000) | (30,000) | (30,000) | (23,306) | (27,817) |
| NOI | | | | | (17,580) | (3,090) | 9,330 | 21,750 | 43,282 | 51,659 |
| SHS | | | | | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| SALES PROCEEDS-8.0% | | | | | | | | | | |
| TOTAL RETURN | | | | | (1,580) | 12,910 | 25,330 | 37,750 | 59,282 | 67,659 |
| CAPITAL OUTLAY | 3,420,000 | 822,500 | 822,500 | 822,500 | 48,000 | 56,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| NET RETURN | (3,420,000) | (822,500) | (822,500) | (822,500) | (49,580) | (43,090) | (22,670) | (10,250) | 11,282 | 19,659 |
| QUARTERLY IRR | 3.247% | | | | | | | | | |
| ANNUALIZED IRR | 12.987% | | | | | | | | | |

DEVELOPMENT COSTS BY QUARTER

| | | | | | | | | | | |
|---------------------|------------------|----------------|----------------|----------------|---------------|---------------|---------------|---------------|---------------|---------------|
| LAND | 1,800,000 | | | | | | | | | |
| PRE-DEVELOPMENT | 225,000 | | | | | | | | | |
| SITE INFRASTRUCTURE | | 556,250 | 556,250 | 556,250 | | | | | | |
| TAP FEES | 1,125,000 | | | | | | | | | |
| AMENITIES | | | | | | | | | | |
| LANDSCAPING | | 85,000 | 85,000 | 85,000 | | | | | | |
| ENGINEERING | 270,000 | | | | | | | | | |
| SITE FINISH | | | | | 48,000 | 56,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| CONSTRUCTION MGMT | | 81,250 | 81,250 | 81,250 | | | | | | |
| CONTINGENCY | | 100,000 | 100,000 | 100,000 | | | | | | |
| TOTAL | 3,420,000 | 822,500 | 822,500 | 822,500 | 48,000 | 56,000 | 48,000 | 48,000 | 48,000 | 48,000 |

DEVELOPMENT MODEL
 QUARTERLY IRR CALCULATION
 450 SITE DEVELOPMENT

| | QTR 7 | QTR 8 | QTR 9 | QTR 10 | QTR 11 | QTR 12 | QTR 13 | QTR 14 | QTR 15 | QTR 16 |
|----------------------------|---------------|---------------|---------------|------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| AVG SITES-QTR | 86 | 98 | 110 | 122 | 134 | 146 | 158 | 170 | 182 | 194 |
| SITES,EOQ,CUM | 90 | 102 | 114 | 126 | 138 | 150 | 162 | 174 | 186 | 198 |
| RENT | \$338 | \$338 | \$352 | \$352 | \$352 | \$352 | \$366 | \$366 | \$366 | \$366 |
| RENTAL REVENUE | 87,204 | 99,372 | 116,002 | 128,656 | 141,311 | 153,966 | 173,285 | 186,446 | 199,607 | 212,768 |
| OTHER REVENUE | 5,160 | 5,880 | 6,600 | 7,320 | 8,040 | 8,760 | 9,480 | 10,200 | 10,920 | 11,640 |
| POMRET | (32,327) | (36,838) | (42,911) | (47,592) | (52,273) | (56,954) | (54,830) | (58,994) | (63,158) | (67,322) |
| NOI | 60,037 | 68,414 | 79,691 | 88,385 | 97,078 | 105,772 | 127,936 | 137,652 | 147,369 | 157,086 |
| SHS | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| SALES PROCEEDS-8.0% | | | | | | | | | | |
| TOTAL RETURN | 76,037 | 84,414 | 95,691 | 104,385 | 113,078 | 121,772 | 143,936 | 153,652 | 163,369 | 173,086 |
| CAPITAL OUTLAY | 48,000 | 48,000 | 48,000 | 1,623,000 | 1,623,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| NET RETURN | 28,037 | 36,414 | 47,691 | (1,518,615) | (1,509,922) | 73,772 | 95,936 | 105,652 | 115,369 | 125,086 |

DEVELOPMENT COSTS BY QUARTER

| | | | | | | | | | | |
|---------------------|--------|--------|--------|-----------|-----------|--------|--------|--------|--------|--------|
| LAND | | | | | | | | | | |
| PRE-DEVELOPMENT | | | | | | | | | | |
| SITE INFRASTRUCTURE | | | | 834,375 | 834,375 | | | | | |
| TAP FEES | | | | | | | | | | |
| AMENITIES | | | | 405,000 | 405,000 | | | | | |
| LANDSCAPING | | | | 63,750 | 63,750 | | | | | |
| ENGINEERING | | | | | | | | | | |
| SITE FINISH | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| CONSTRUCTION MGMT | | | | 121,875 | 121,875 | | | | | |
| CONTINGENCY | | | | 150,000 | 150,000 | | | | | |
| TOTAL | 48,000 | 48,000 | 48,000 | 1,623,000 | 1,623,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |

SUNCOMMUNITIES, INC.
DEVELOPMENT MODEL
QUARTERLY IRR CALCULATION
450 SITE DEVELOPMENT

| | QTR 17 | QTR 18 | QTR 19 | QTR 20 | QTR 21 | QTR 22 | QTR 23 | QTR 24 | QTR 25 | QTR 26 | QTR 27 | QTR 28 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| AVG SITES-QTR | 206 | 218 | 230 | 242 | 254 | 266 | 278 | 290 | 302 | 314 | 326 | 338 |
| SITES,EOQ,CUM | 210 | 222 | 234 | 246 | 258 | 270 | 282 | 294 | 306 | 318 | 330 | 342 |
| RENT | \$380 | \$380 | \$380 | \$380 | \$395 | \$395 | \$395 | \$395 | \$411 | \$411 | \$411 | \$411 |
| RENTAL REVENUE | 234,966 | 248,653 | 262,341 | 276,028 | 301,304 | 315,539 | 329,774 | 344,009 | 372,573 | 387,377 | 402,182 | 416,986 |
| OTHER REVENUE | 12,360 | 13,080 | 13,800 | 14,520 | 15,240 | 15,960 | 16,680 | 17,400 | 18,120 | 18,840 | 19,560 | 20,280 |
| FOURRET | (74,198) | (78,520) | (82,842) | (87,164) | (91,486) | (95,808) | (100,130) | (104,452) | (108,774) | (113,096) | (117,418) | (121,740) |
| NOI | 173,128 | 183,213 | 193,299 | 203,384 | 221,581 | 232,049 | 242,518 | 252,986 | 281,299 | 292,477 | 303,654 | 314,831 |
| S-FS | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 |
| SALES PROCEEDS&0% | | | | | | | | | | | | |
| TOTAL RETURN | 189,128 | 199,213 | 209,299 | 219,384 | 237,581 | 248,049 | 258,518 | 268,986 | 297,299 | 308,477 | 319,654 | 330,831 |
| CAPITAL OUTLAY | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 1,154,250 | 1,154,250 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| NET RETURN | 141,128 | 151,213 | 161,299 | 171,384 | 189,581 | (906,201) | (895,732) | 220,986 | 249,299 | 260,477 | 271,654 | 282,831 |

DEVELOPMENT COSTS BY QUARTER

| | | | | | | | | | | | | |
|---------------------|---------------|---------------|---------------|---------------|---------------|------------------|------------------|---------------|---------------|---------------|---------------|---------------|
| LAND | | | | | | | | | | | | |
| PRE-DEVELOPMENT | | | | | | | | | | | | |
| SITE INFRASTRUCTURE | | | | | | 834,375 | 834,375 | | | | | |
| TAP FEES | | | | | | | | | | | | |
| AGENCIES | | | | | | | | | | | | |
| LANDSCAPING | | | | | | | | | | | | |
| ENGINEERING | | | | | | | | | | | | |
| SITE FINISH | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |
| CONSTRUCTION MGMT | | | | | | 121,875 | 121,875 | | | | | |
| CONTINGENCY | | | | | | 150,000 | 150,000 | | | | | |
| TOTAL | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 1,154,250 | 1,154,250 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 |

SUNCOMMUNITIES, INC.
DEVELOPMENT MODEL
QUARTERLY IRR CALCULATION
450 SITE DEVELOPMENT

| | QTR29 | QTR30 | QTR31 | QTR32 | QTR33 | QTR34 | QTR35 | QTR36 | QTR37 | QTR38 | QTR39 | QTR40 |
|------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|-----------|-----------|-----------|-------------------|
| AVG SITES-QTR | 350 | 362 | 374 | 386 | 398 | 410 | 422 | 427 | 428 | 428 | 428 | 428 |
| SITES, EQ, CUM | 354 | 366 | 378 | 390 | 402 | 414 | 426 | 428 | 428 | 428 | 428 | 428 |
| RENT | \$428 | \$428 | \$428 | \$428 | \$445 | \$445 | \$445 | \$445 | \$463 | \$463 | \$463 | \$463 |
| RENTAL REVENUE | 449,062 | 464,458 | 479,855 | 495,251 | 531,073 | 547,085 | 563,098 | 569,770 | 593,948 | 593,948 | 593,948 | 593,948 |
| OTHER REVENUE | 21,000 | 21,720 | 22,440 | 23,160 | 23,880 | 24,600 | 25,320 | 25,620 | 25,680 | 25,680 | 25,680 | 25,680 |
| COMFRET | (131,617) | (136,130) | (140,642) | (145,155) | (155,387) | (160,072) | (164,757) | (166,709) | (173,496) | (173,496) | (173,496) | (173,496) |
| NOI | 338,444 | 350,048 | 361,652 | 373,256 | 399,566 | 411,614 | 423,661 | 428,680 | 446,132 | 446,132 | 446,132 | 446,132 |
| S-FS | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | 16,000 | | | | | |
| SALES PROCEEDS @ 8.0% | | | | | | | | | | | | 22,306,609 |
| TOTAL RETURN | 354,444 | 366,048 | 377,652 | 389,256 | 415,566 | 427,614 | 439,661 | 22,735,289 | | | | |
| CAPITAL OUTLAY | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 112,000 | | | | |
| NET RETURN | 306,444 | 318,048 | 329,652 | 341,256 | 367,566 | 379,614 | 391,661 | 22,623,289 | | | | |

DEVELOPMENT COSTS BY QUARTER

| | | | | | | | | | | | | |
|---------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|--|--|--|-------------------|
| LAND | | | | | | | | | | | | 1,800,000 |
| PRE-DEVELOPMENT | | | | | | | | | | | | 225,000 |
| SITE INFRASTRUCTURE | | | | | | | | | | | | 5,006,250 |
| TAP FEES | | | | | | | | | | | | 1,125,000 |
| AGENCIES | | | | | | | | | | | | 810,000 |
| LANDSCAPING | | | | | | | | | | | | 382,500 |
| ENGINEERING | | | | | | | | | | | | 270,000 |
| SITE FINISH | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 112,000 | | | | 1,800,000 |
| CONSTRUCTION MGMT | | | | | | | | | | | | 731,250 |
| CONTINGENCY | | | | | | | | | | | | 900,000 |
| TOTAL | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 48,000 | 112,000 | | | | 13,050,000 |

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.

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 property, plus rental property depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures.” Industry analysts consider FFO to be an appropriate supplemental measure of the operating performance of an equity REIT primarily because the computation of FFO excludes historical cost depreciation as an expense and thereby facilitates the comparison of REITs which have different cost bases in their assets. Historical cost accounting for real estate assets implicitly assumes that the value of real estate assets diminishes predictably over time, whereas real estate values have instead historically risen or fallen based upon market conditions. FFO 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. Please see the Reconciliation of Net Income to Funds from Operations set forth above.

NOI is defined as income from property of the Company, minus property expenses such as real estate taxes, repairs and maintenance, property management, utilities, insurance and other expenses. NOI includes NOI from discontinued operations.

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.