

# Sun Communities, Inc.

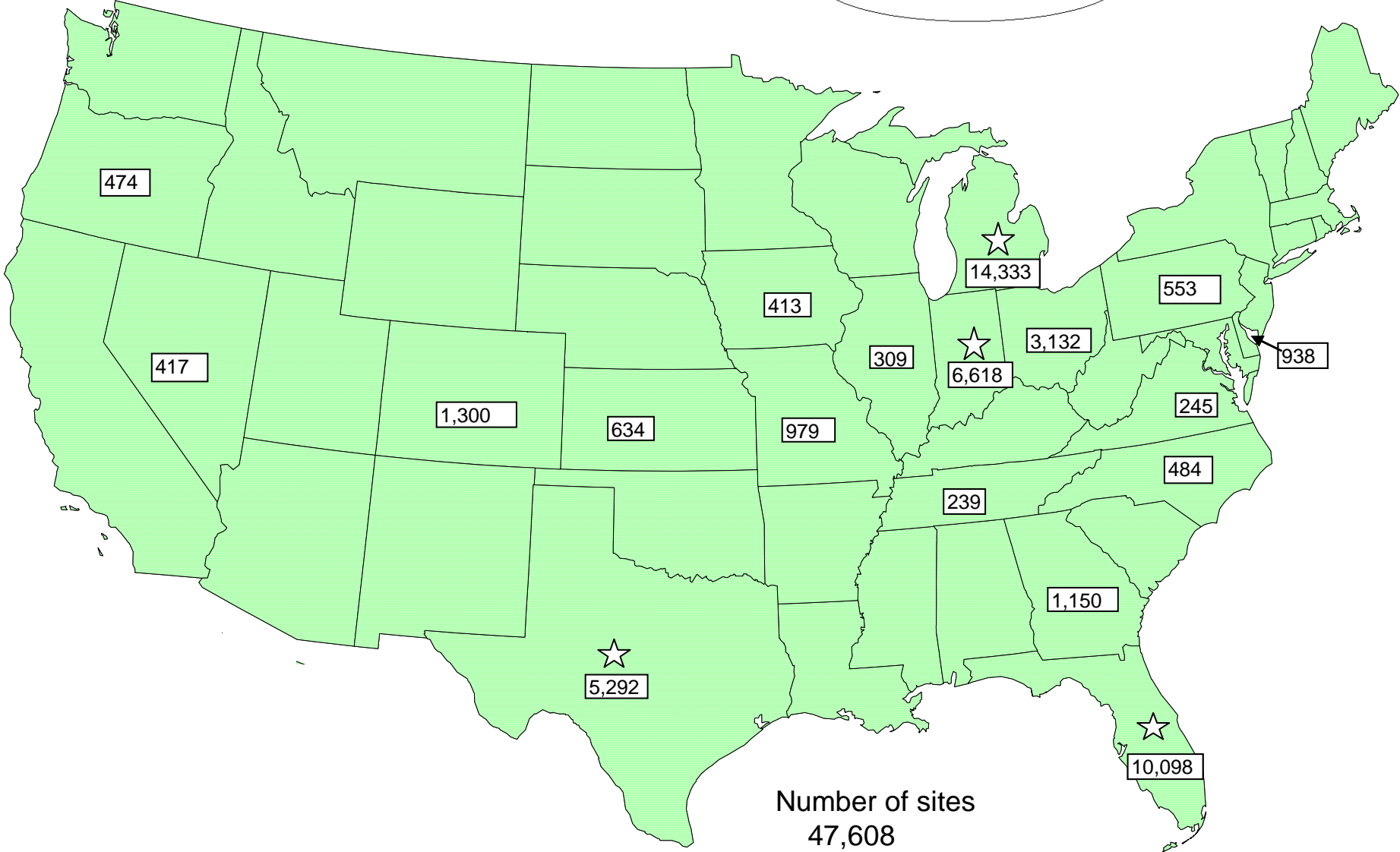
## Supplemental Operating and Financial Data

For the Quarter Ended September 30, 2007



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



Number of sites  
47,608  
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Management Offices  
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**SUN COMMUNITIES, INC.**  
**SUPPLEMENTAL INFORMATION**  
**THIRD QUARTER 2007**

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(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.

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## SUN COMMUNITIES

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### RESEARCH COVERAGE

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### INQUIRIES

Sun Communities welcomes questions or comments from stockholders, analysts, investment managers, media or any prospective investor. Please address all inquires to Ms. Carol Petersen of our investor relations department.

AT OUR WEBSITE	—————→	<a href="http://www.suncommunities.com">www.suncommunities.com</a>
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**SUN COMMUNITIES**

**BALANCE SHEETS**

(in thousands)

	Quarter Ended				
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
<b>ASSETS:</b>					
<i>Real Estate</i>					
Land	\$ 117,309	\$ 117,565	\$ 117,564	\$ 117,563	\$ 117,562
Land improvements and buildings	1,181,939	1,179,334	1,177,391	1,175,045	1,172,391
Furniture, fixtures and equipment	36,234	36,724	36,571	37,229	36,877
Rental homes and improvements	161,873	157,632	154,960	151,843	149,497
Land held for future development	30,199	31,082	31,082	31,082	31,082
Gross investment property	1,527,554	1,522,337	1,517,568	1,512,762	1,507,409
Less: Accumulated depreciation	(390,370)	(377,592)	(364,061)	(351,113)	(336,983)
Net investment property	1,137,184	1,144,745	1,153,507	1,161,649	1,170,426
Cash and cash equivalents	3,809	2,814	4,335	3,183	4,047
Notes and other receivables	39,191	34,344	29,906	41,407	40,615
Inventory of manufactured homes	13,230	8,330	8,830	12,082	13,065
Investment in affiliate	29,850	29,667	29,626	29,319	47,019
Other assets	37,840	42,439	41,581	42,099	41,319
Total assets	<u>\$ 1,261,104</u>	<u>\$ 1,262,339</u>	<u>\$ 1,267,785</u>	<u>\$ 1,289,739</u>	<u>\$ 1,316,491</u>
<b>LIABILITIES AND EQUITY:</b>					
<i>Liabilities</i>					
Lines of credit	\$ 76,016	\$ 56,136	\$ 48,600	\$ 86,400	\$ 90,572
Mortgage loans payable	1,053,133	1,055,872	1,059,609	1,026,503	1,018,672
Preferred operating units	49,447	49,447	49,447	53,947	53,947
Accounts payable, deposits and accrued liabilities	33,069	33,475	30,098	31,301	29,724
Total liabilities	<u>1,211,665</u>	<u>1,194,930</u>	<u>1,187,754</u>	<u>1,198,151</u>	<u>1,192,915</u>
Minority interest - Common OP units and others	6,203	8,212	9,940	12,391	15,102
	6,203	8,212	9,940	12,391	15,102
<i>Stockholders' Equity</i>					
Common stock	201	201	201	200	199
Paid in capital	458,099	457,268	455,302	452,882	452,386
Officer's notes	(8,826)	(8,913)	(8,999)	(9,083)	(9,163)
Unrealized (income) on interest rate swaps	180	1,222	566	820	821
Distributions in excess of net income	(342,818)	(326,981)	(313,379)	(302,022)	(272,169)
Treasury stock at cost	(63,600)	(63,600)	(63,600)	(63,600)	(63,600)
Total stockholders' equity	<u>43,236</u>	<u>59,197</u>	<u>70,091</u>	<u>79,197</u>	<u>108,474</u>
Total liabilities and stockholders' equity	<u>\$ 1,261,104</u>	<u>\$ 1,262,339</u>	<u>\$ 1,267,785</u>	<u>\$ 1,289,739</u>	<u>\$ 1,316,491</u>
Common OP units outstanding	2,302	2,302	2,302	2,302	2,302
Number of shares outstanding	18,343	18,328	18,276	18,226	18,143

**SUN COMMUNITIES**

**DEBT ANALYSIS**

(in thousands)

	Quarter Ended				
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
<b>DEBT OUTSTANDING</b>					
Lines of credit	\$ 76,016	\$ 56,136	\$ 48,600	\$ 86,400	\$ 90,572
Mortgage loans payable	1,053,133	1,055,872	1,059,609	1,026,503	1,018,672
Preferred operating units	49,447	49,447	49,447	53,947	53,947
Total debt	<u>\$ 1,178,596</u>	<u>\$ 1,161,455</u>	<u>\$ 1,157,656</u>	<u>\$ 1,166,850</u>	<u>\$ 1,163,191</u>
<b>% FIXED/FLOATING</b>					
Fixed	83.23%	86.85%	87.37%	84.23%	83.81%
Floating	16.77%	13.15%	12.63%	15.77%	16.19%
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>WEIGHTED AVERAGE INTEREST RATES</b>					
Lines of credit	6.90%	7.00%	7.17%	7.74%	7.10%
Mortgage loans payable	5.28%	5.24%	5.24%	5.22%	5.27%
Preferred operating units	7.23%	7.23%	7.23%	6.92%	6.92%
Total average	<u>5.47%</u>	<u>5.41%</u>	<u>5.41%</u>	<u>5.49%</u>	<u>5.49%</u>
<b>DEBT RATIOS</b>					
Debt/Total Capitalization	65.5%	64.7%	64.5%	63.7%	64.0%
Debt/Gross Assets	71.4%	71.2%	70.9%	71.1%	70.4%
<b>COVERAGE RATIOS</b>					
EBITDA/ Mortgage Interest <sup>(2)</sup>	1.8	2.0	2.1	1.9	1.8
EBITDA/Mortgage Interest + Pref. Distributions <sup>(2)</sup>	1.7	1.8	2.0	1.8	1.7
<b>MATURITIES/PRINCIPAL AMORTIZATION NEXT FIVE YEARS</b>					
	30-Sep-08	30-Sep-09	30-Sep-10	30-Sep-11	30-Sep-12
Lines of credit	\$ -	\$ 3,816	\$ -	\$ 72,200	\$ -
Mortgage loans payable:					
Maturities	4,257	13,487	-	103,708	14,449
Principal amortization	11,641	12,198	12,717	13,028	12,053
Preferred operating units	-	-	8,940	4,725	-
Total	<u>\$ 15,898</u>	<u>\$ 29,501</u>	<u>\$ 21,657</u>	<u>\$ 193,661</u>	<u>\$ 26,502</u>

<sup>(2)</sup> December 2006 EBITDA has been adjusted to exclude the \$18M reduction in book value of Investment in Affiliate (Origen).

**SUN COMMUNITIES**

**STATEMENT OF OPERATIONS**

(in thousands)

	Quarter Ended				
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
<b>REVENUES:</b>					
Income from real property	\$ 46,381	\$ 46,420	\$ 49,242	\$ 46,986	\$ 45,680
Gross profit from home sales	1,084	1,373	1,226	1,166	1,034
Rental revenues, net	1,235	1,397	1,299	778	1,072
Other income	841	952	1,609	(16,416)	884
<b>Total revenues</b>	<b>49,541</b>	<b>50,142</b>	<b>53,376</b>	<b>32,514</b>	<b>48,670</b>
<b>EXPENSES:</b>					
Property operating and maintenance	12,408	11,693	11,722	11,468	12,349
Real estate taxes	4,174	4,097	4,098	4,032	4,031
General and administrative	5,196	5,107	6,068	5,218	5,059
<b>Total expenses</b>	<b>21,778</b>	<b>20,897</b>	<b>21,888</b>	<b>20,718</b>	<b>21,439</b>
<b>EBITDA <sup>(1)</sup></b>	<b>27,763</b>	<b>29,245</b>	<b>31,488</b>	<b>11,796</b>	<b>27,231</b>
Interest expense and preferred distributions	(16,679)	(16,104)	(16,086)	(16,510)	(16,558)
Extinguishment of debt and related costs	-	-	-	(720)	-
Depreciation and amortization	(15,512)	(15,582)	(15,350)	(15,465)	(15,072)
Provision for state income tax	(500)	-	-	-	-
Minority interest	560	278	(6)	2,397	510
<b>NET INCOME/(LOSS)</b>	<b>(4,368)</b>	<b>(2,163)</b>	<b>46</b>	<b>(18,502)</b>	<b>(3,889)</b>
Depreciation and amortization	15,475	15,803	15,572	15,988	15,570
Valuation adjustment	1	(129)	(122)	(114)	(187)
Provision for state income tax	500	-	-	-	-
(Gain)/loss on sale of land/properties/assets	724	471	(2)	64	774
Minority interest	(560)	(278)	6	(2,397)	(510)
<b>FUNDS FROM OPERATIONS <sup>(1)</sup></b>	<b>11,772</b>	<b>13,704</b>	<b>15,500</b>	<b>(4,961)</b>	<b>11,758</b>
Less: Recurring capital expenditures	(2,538)	(1,798)	(1,206)	(1,767)	(1,883)
<b>FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") <sup>(1)</sup></b>	<b>\$ 9,234</b>	<b>\$ 11,906</b>	<b>\$ 14,294</b>	<b>\$ (6,728)</b>	<b>\$ 9,875</b>
<b>FFO PER SHARE/UNIT <sup>(1)</sup></b>	<b>\$0.58</b>	<b>\$0.68</b>	<b>\$0.77</b>	<b>(\$0.25)</b>	<b>\$0.59</b>
<b>FAD PER SHARE/UNIT <sup>(1)</sup></b>	<b>\$0.46</b>	<b>\$0.59</b>	<b>\$0.71</b>	<b>(\$0.34)</b>	<b>\$0.49</b>
<b>DISTRIBUTION PER SHARE/UNIT</b>	<b>\$0.63</b>	<b>\$0.63</b>	<b>\$0.63</b>	<b>\$0.63</b>	<b>\$0.63</b>
<b>DILUTED FFO PER SHARE/UNIT</b>	<b>\$0.58</b>	<b>\$0.68</b>	<b>\$0.76</b>	<b>(\$0.25)</b>	<b>\$0.59</b>
<b>PAYOUT RATIO <sup>(3)</sup></b>	<b>108.6%</b>	<b>92.6%</b>	<b>81.8%</b>	<b>96.9%</b>	<b>106.8%</b>
<b>WEIGHTED AVERAGE SHARES/UNITS</b>	<b>20,264</b>	<b>20,225</b>	<b>20,143</b>	<b>20,064</b>	<b>19,974</b>

<sup>(3)</sup> The payout ratio for December 2006 excludes the \$18M reduction in book value of Investment in Affiliate (Origen).

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**SUN COMMUNITIES**

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**RECONCILIATION OF NET LOSS TO FUNDS FROM OPERATIONS**  
**(Amounts in thousands except for per share data)**

	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2007</b>	<b>2006</b>	<b>2007</b>	<b>2006</b>
Net loss	\$ (4,368)	\$ (3,889)	\$ (6,485)	\$ (6,466)
Adjustments:				
Depreciation and amortization	15,475	15,570	46,850	46,160
Valuation adjustment <sup>(4)</sup>	1	(187)	(250)	(166)
Loss on disposition of assets, net	724	774	1,193	844
Provision for state income taxes <sup>(5)</sup>	500	-	500	-
Loss allocated to minority interest	(560)	(510)	(832)	(851)
Funds from operations (FFO)	<u>\$ 11,772</u>	<u>\$ 11,758</u>	<u>\$ 40,976</u>	<u>\$ 39,521</u>
Weighted average common shares/OP Units outstanding:				
Basic	<u>20,264</u>	<u>19,974</u>	<u>20,211</u>	<u>19,923</u>
Diluted	<u>20,374</u>	<u>20,150</u>	<u>20,328</u>	<u>20,102</u>
FFO per weighted average common share/OP Unit - Basic	<u>\$ 0.58</u>	<u>\$ 0.59</u>	<u>\$ 2.03</u>	<u>\$ 1.99</u>
FFO per weighted average common share/OP Unit - Diluted	<u>\$ 0.58</u>	<u>\$ 0.59</u>	<u>\$ 2.02</u>	<u>\$ 1.97</u>

<sup>(4)</sup>The Company currently has two interest rate swaps and an interest rate cap agreement. The valuation adjustment reflects the theoretical noncash profit and loss were those hedging transactions terminated at the balance sheet date. As the Company has no expectation of terminating the transactions prior to maturity, the net of these noncash valuation adjustments will be zero at the various maturities. As any imperfection related to hedging correlation in these swaps is reflected currently in cash as interest, the valuation adjustments reflect volatility that would distort the comparative measurement of FFO and on a net basis approximate zero. Accordingly, the valuation adjustments are excluded from FFO. The valuation adjustment is included in interest expense.

<sup>(5)</sup>This tax provision represents potential future taxes payable on sale of company assets. It does not impact Funds From Operation and would be payable from prospective proceeds of such sales.



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**SUN COMMUNITIES**

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**STATEMENT OF OPERATIONS  
SAME PROPERTY**

	Quarter Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
	(in thousands)		(in thousands)	
<b>REVENUES:</b>				
Income from real property	\$ 44,440	\$ 43,856	\$ 136,539	\$ 133,969
<b>PROPERTY OPERATING EXPENSES:</b>				
Real estate taxes	4,150	4,020	12,299	11,769
Payroll	3,565	3,800	10,596	10,734
Repairs and maintenance	2,200	2,321	5,194	5,351
Utilities, net	2,552	2,418	8,367	8,373
Other	1,395	1,194	4,023	3,574
Property operating expenses	13,862	13,753	40,479	39,801
<b>NET OPERATING INCOME ("NOI") <sup>(1)</sup></b>	<b>\$ 30,578</b>	<b>\$ 30,103</b>	<b>\$ 96,060</b>	<b>\$ 94,168</b>

**Same property occupancy, site, rent information at September 30, 2007 and 2006:**

Number of properties <sup>(6)</sup>	135	135
Developed sites <sup>(6)</sup>	47,466	47,461
Occupied sites <sup>(6)</sup>	37,800	38,315
Occupancy % <sup>(7)</sup>	82.5%	83.8%
Weighted average monthly rent per site <sup>(7)</sup>	\$ 379	\$ 365
Sites available for development	6,092	6,322
Sites planned for development in next year	15	5

<sup>(6)</sup> Includes MH and RV Sites

<sup>(7)</sup> Includes MH sites only

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## SUN COMMUNITIES

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

	<u>Quarter Ended</u> September 30, 2007	<u>Nine Months Ended</u> September 30, 2007
<b>NUMBER OF COMMUNITIES</b>	135	135
<b>REVENUES:</b>		
Income from real property	1.3%	1.9%
<b>PROPERTY OPERATING EXPENSES:</b>		
Real estate taxes	3.3%	4.5%
Payroll	-6.2%	-1.3%
Repairs and maintenance	-5.2%	-2.9%
Utilities, net	5.6%	-0.1%
Other	16.8%	12.6%
Property operating expenses	<u>0.8%</u>	<u>1.7%</u>
<b>NET OPERATING INCOME ("NOI") <sup>(1)</sup></b>	<u><u>1.6%</u></u>	<u><u>2.0%</u></u>

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**SUN COMMUNITIES**

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**RENTAL PROGRAM SUMMARY**

(in thousands)

	Quarter Ended		Nine Months Ended	
	September 30, 2007	September 30, 2006	September 30, 2007	September 30, 2006
<b>REVENUES:</b>				
Rental home revenue	\$ 4,331	\$ 3,658	\$ 12,891	\$ 10,224
Site rent included in Income from real property	5,541	4,957	15,991	13,839
Rental program revenue	<u>\$ 9,872</u>	<u>\$ 8,615</u>	<u>\$ 28,882</u>	<u>\$ 24,063</u>
<b>EXPENSES:</b>				
Payroll and commissions	508	431	1,588	1,345
Repairs and refurbishment	1,752	1,324	4,820	3,315
Taxes and insurance	596	642	1,766	1,860
Other	<u>240</u>	<u>189</u>	<u>786</u>	<u>560</u>
Rental program operating and maintenance	<u>3,096</u>	<u>2,586</u>	<u>8,960</u>	<u>7,080</u>
<b>NET OPERATING INCOME ("NOI") <sup>(1)</sup></b>	<u><u>\$ 6,776</u></u>	<u><u>\$ 6,029</u></u>	<u><u>\$ 19,922</u></u>	<u><u>\$ 16,983</u></u>

**Occupied rental homes information at September 30, 2007 and 2006 (in thousands except for \*):**

Number of occupied rentals, end of period *	5,134	4,659
Cost of occupied rental homes	\$ 153,083	\$ 138,053
Weighted average monthly rental rate *	\$ 716	\$ 678

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## SUN COMMUNITIES

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### CAPITAL IMPROVEMENTS, DEVELOPMENT AND ACQUISITIONS (in thousands)

	<b>Recurring Capital Expenditures Average/Site</b>	<b>Recurring Capital Expenditures <sup>(8)</sup></b>	<b>Lot Modifications <sup>(9)</sup></b>	<b>Acquisitions <sup>(10)</sup></b>	<b>Expansion &amp; Development <sup>(11)</sup></b>	<b>Revenue Producing <sup>(12)</sup></b>
<b>2005</b>	\$163	\$7,702	\$4,342	\$9,759	\$3,633	\$891
<b>2006</b>	\$146	\$6,931	\$3,510	\$8,012	\$3,052	\$967
<b>thru 09/2007</b>	\$116	\$5,542	\$2,056	\$789	\$904	\$270

<sup>(8)</sup> 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, \$3.3 million and \$3.2 million for refurbishment costs related to leased homes has been expensed for the nine months ended September 30, 2007 and the twelve months ended December 31, 2006, respectively.

<sup>(9)</sup> 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.

<sup>(10)</sup> 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.

<sup>(11)</sup> The Company has invested approximately \$0.9 million in its development communities consisting primarily of costs necessary to complete home site improvements such as driveways, sidewalks, piers, pads and runners.

<sup>(12)</sup> 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.

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**SUN COMMUNITIES**

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**PROPERTY SUMMARY**

	Quarter Ended				
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
<b>STABILIZED COMMUNITIES</b>					
<b>MICHIGAN</b>					
Communities	44	44	44	44	44
Sites for Development	293	293	293	293	293
Developed Sites	13,721	13,720	13,720	13,720	13,720
Occupied	11,249	11,334	11,409	11,403	11,639
Occupancy %	82.0%	82.6%	83.2%	83.1%	84.8%
<b>FLORIDA</b>					
Communities	15	15	15	15	15
Sites for Development	315	315	318	323	330
Developed Sites	5,745	5,743	5,739	5,730	5,716
Occupied	5,699	5,696	5,692	5,676	5,666
Occupancy %	99.2%	99.2%	99.2%	99.1%	99.1%
<b>INDIANA</b>					
Communities	17	17	17	17	17
Sites for Development	422	422	422	422	422
Developed Sites	6,360	6,360	6,360	6,360	6,360
Occupied	4,401	4,477	4,509	4,502	4,644
Occupancy %	69.2%	70.4%	70.9%	70.8%	73.0%
<b>OHIO</b>					
Communities	10	10	10	10	10
Sites for Development	-	-	-	-	-
Developed Sites	2,917	2,917	2,917	2,917	2,917
Occupied	2,537	2,539	2,531	2,539	2,548
Occupancy %	87.0%	87.0%	86.8%	87.0%	87.4%
<b>TEXAS</b>					
Communities	6	6	6	6	6
Sites for Development	-	-	-	-	-
Developed Sites	1,506	1,505	1,504	1,503	1,503
Occupied	1,366	1,354	1,353	1,326	1,339
Occupancy %	90.7%	90.0%	90.0%	88.2%	89.1%
<b>OTHER STATES</b>					
Communities	17	17	17	17	17
Sites for Development	69	69	69	69	69
Developed Sites	6,686	6,686	6,686	6,687	6,687
Occupied	5,892	5,901	5,904	5,897	5,916
Occupancy %	88.1%	88.3%	88.3%	88.2%	88.5%

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**SUN COMMUNITIES**

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**PROPERTY SUMMARY (continued)**

	Quarter Ended				
	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006
<b>TOTAL--MH STABILIZED PORTFOLIO</b>					
Communities	109	109	109	109	109
Sites for development	1,099	1,099	1,102	1,107	1,114
Developed sites	36,935	36,931	36,926	36,917	36,903
Occupied	31,144	31,301	31,398	31,343	31,752
Occupancy %	84.3%	84.8%	85.0%	84.9%	86.0%
<b>NEW COMMUNITY DEVELOPMENT</b>					
Communities	24	24	24	24	24
Sites for development	5,491	5,706	5,706	5,706	5,706
Developed sites	5,330	5,330	5,330	5,330	5,332
Occupied	3,648	3,651	3,603	3,514	3,544
Occupancy %	68.4%	68.5%	67.6%	65.9%	66.5%
<b>RV PORTFOLIO SUMMARY</b>					
Communities	12	12	12	12	12
Sites	5,343	5,349	5,352	5,359	5,368
Permanent	3,064	3,063	3,073	3,079	3,075
Seasonal	2,279	2,286	2,279	2,280	2,293
States					
Florida	4,353	4,358	4,360	4,366	4,375
Texas	833	834	835	836	836
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 and certain communities have both stabilized and development components.

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**SUN COMMUNITIES**

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**OPERATING STATISTICS  
YEAR TO DATE**

<u>MARKETS</u>	<u>RESIDENT MOVE OUTS</u>	<u>NET LEASED SITES</u>	<u>NEW HOME SALES</u>	<u>PRE-OWNED HOME SALES</u>	<u>BROKERED RESALES</u>
Michigan	420	(140)	7	122	55
Florida	4	23	31	9	147
Indiana	202	(102)	1	60	8
Ohio	38	6	-	45	7
Texas	51	129	3	157	4
Other States	114	19	7	121	68
RV Communities	n/m	n/m	2	-	21
<b>Through September 30, 2007</b>	<b>829</b>	<b>(65)</b>	<b>51</b>	<b>514</b>	<b>310</b>
<b>For the Year</b>					
<b>2006</b>	1,173	(508)	121	371	539
<b>2005</b>	1,171	99	179	246	593
<b>2004</b>	1,118	(709)	180	357	683
<b>2003</b>	1,328	(849)	257	283	626
<b>2002</b>	1,256	(172)	286	174	592
<b>2001</b>	1,108	214	438	327	584
<b>2000</b>	720	366	416	182	863
<b>1999</b>	974	756	648	152	766
<b>1998</b>	883	998	682	188	642
		<b>MOVE OUTS</b>		<b>RESALES</b>	
	Thru 9/30/2007	3.1%		6.8%	
	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: 2004-2007 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.