



# **Sun Communities, Inc.**

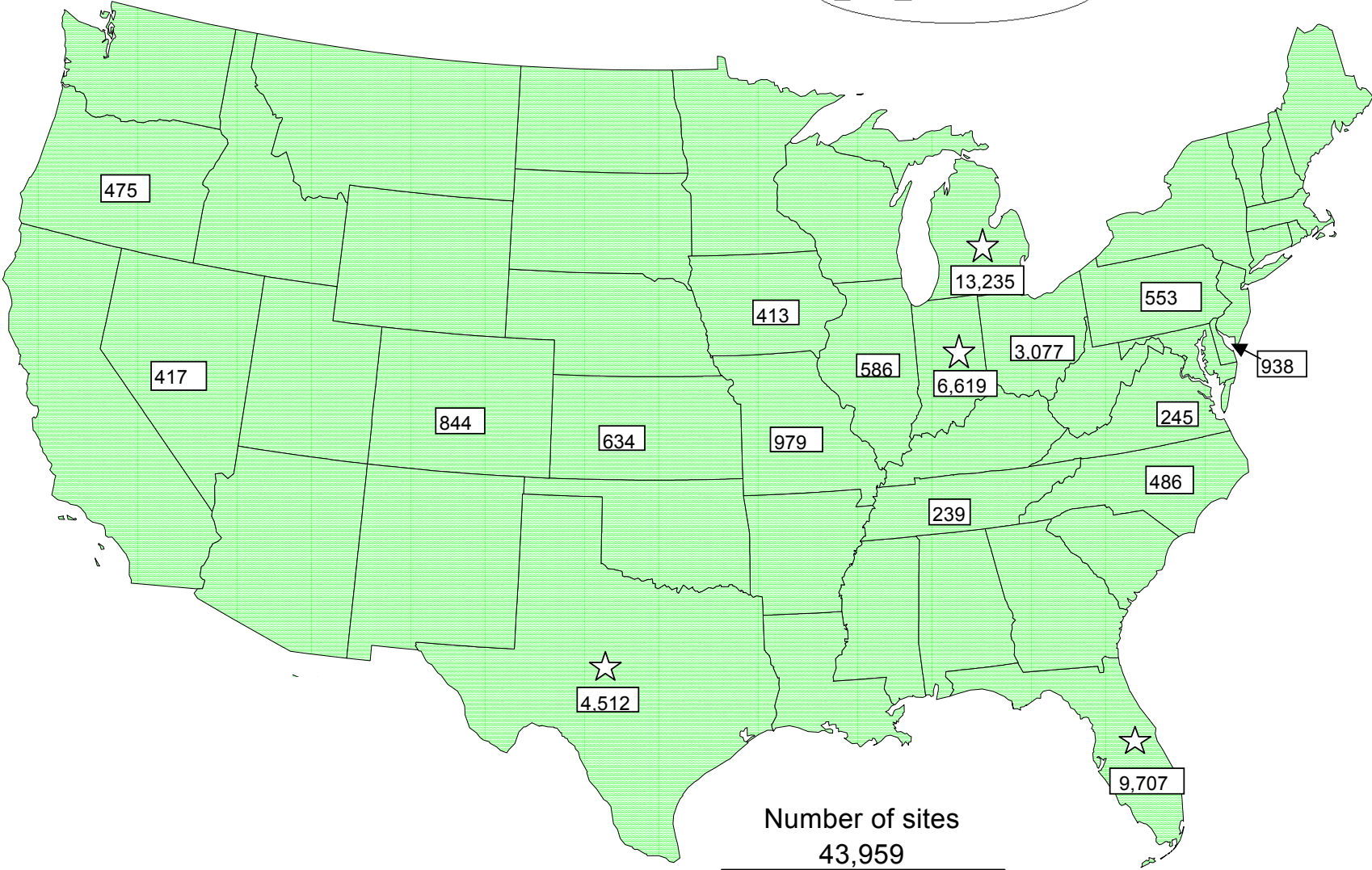
## **Supplemental Operating and Financial Data**

For the Quarter Ended December 31, 2002



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  
43,959

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Management Offices



**SUN COMMUNITIES, INC.**  
**SUPPLEMENTAL INFORMATION**  
**4th QUARTER 2002**

INDEX

	<u>Pages</u>
Press Release	1-7
Investor Information	8
Company Overview	9
Financial Statements	
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)

**FOR FURTHER INFORMATION:**

**AT THE COMPANY:**

Jeffrey P. Jorissen  
Chief Financial Officer  
(248) 932-3100

**FOR IMMEDIATE RELEASE**

**SUN COMMUNITIES, INC. REPORTS 2002 RESULTS;  
2003 GUIDANCE**

**Farmington Hills, MI, March 14, 2003 - Sun Communities, Inc. (NYSE: SUI)**, a real estate investment trust (REIT) that owns and operates manufactured housing communities, today reported fourth quarter and year ended December 31, 2002 results.

Total revenue increased to \$40.5 million for the fourth quarter and \$162.3 million for the year ended December 31, 2002 compared to \$38.4 million and \$153.1 million in the comparable 2001 periods. Funds From Operations (FFO) of \$17.1 million for the fourth quarter and \$69.2 million for the year ended December 31, 2002 compare to \$16.8 million and \$68.1 million for the comparable 2001 periods. On a diluted per share basis, FFO of \$0.84 for the fourth quarter and \$3.40 for the year ended December 31, 2002 compare to \$0.84 and \$3.39 for the prior year periods.

FFO is a widely used measure of the operating performance of real estate companies and is provided here as a supplemental measure to Generally Accepted Accounting Principles (GAAP) net income and earnings per share. A reconciliation of net income to FFO is provided in the financial statement section of this press release.

Income (loss) from continuing operations for the fourth quarter was \$(7.3) million, or \$(0.41) per diluted common share, and \$13.3 million, or \$.74 per diluted common share, for the year ended December 31, 2002 compared with \$6.6 million, or \$0.38 per diluted common share, and \$34.0 million, or \$1.94 per diluted common share for the same periods in the prior year. Included in income from discontinued operations for the year ended December 31, 2002 is a net gain of \$0.3 million related to property dispositions and included in income from continuing operations for the year ended December 31, 2001 is a net gain of \$4.2 million related to property dispositions. Included in equity loss from affiliates for the fourth quarter and the year ended December 31, 2002 are \$13.9 million of investment write-offs pertaining primarily to the Company's 30% equity investment in Origen Financial, L.L.C.

March 14, 2003

Page 2

Origen is an originator and servicer of loans on manufactured homes. It has been originating loans of high-quality with average FICO scores of 710, average interest rates of 10.4%, and a majority of loans with terms under 20 years. However, the marketplace for loan securitizations has been disrupted by the poor underwriting of other lenders, currently in bankruptcy.

“This was a very difficult decision,” said Gary Shiffman, Chairman and Chief Executive Officer. “Origen has been doing everything right conducting a high quality business but has been unable to escape the effects of the disastrous policies of other lenders. Origen’s disciplined approach to credit scoring, down payment size and practices, shorter amortization periods, reduced loan to invoice ratios and document verification, address the real fundamentals of proper risk adjusted underwriting for this asset class. While these loans continue to outperform the poorly underwritten pools of previous lenders, insufficient seasoning exists for the agencies, burned badly by the other lenders, to apply what Origen believes will be significantly improved agency rating levels in the near future. After reviewing analyses prepared by Origen incorporating ample reserves and looking at 2003 through a ‘worst-case’ lens with regard to the securitization market, we have decided to write-off our equity investment. We are hopeful that the marketplace will come to recognize quality lending practices and Origen will become a profitable national lender dedicated to our industry.”

For 103 communities owned throughout both years, revenue, expenses, and earnings before interest, taxes, depreciation and amortization increased by 4.7 percent. Occupancy in manufactured housing sites decreased from 94.2 percent in 2001 to 92.2 percent in 2002 while an additional 266 sites were developed in these communities. One-third of the decline in occupancy percentage was due to the addition of expansion sites.

In 2002, the Company acquired one stabilized community consisting of 552 sites for approximately \$21.3 million at a capitalization rate of 8 percent and three partially occupied new development communities for approximately \$48.6 million. The development communities have 682 occupied sites, 248 vacant developed sites and 538 sites available for development.

During the year ended December 31, 2002, the Company added 165 revenue producing sites, while selling 460 new and used homes and brokering 592 resales of homes. The 165 sites is before giving effect to the 337 homes on sites owned by Conseco and Oakwood, which formerly paid rent as repossessed sites.

**Earnings Estimate:**

“The 2003 outlook is for continued solid performance and FFO growth in our portfolio of 7.4 percent. Management believes strongly that the Company should take full advantage of the current interest rate environment to create long-term value for its shareholders and therefore, intends to fix \$140 million of its floating rate debt. Adjusting for the additional interest, our 2003 FFO guidance is for growth in a range of 2 to 4 percent,” Shiffman added.

The Company expects our same property portfolio of 114 communities to experience stable occupancy and net operating income growth of 4.5 percent. Our expansion and development portfolio is forecast to add 700 net occupied sites in 2003. For the entire portfolio, we expect a weighted average annual rental increase of 4.5%, of which 50% takes or has taken place during the first quarter. For 2003, the addition of 17 new community developments, with the acquisition of Trident and SunChamp, will add substantially to net leased sites but adversely impact margins at their current early stages of occupancy. Earnings guidance is based on management’s view of current market conditions in the manufactured housing community industry. Management will continue to carefully monitor issues such as: stabilization and/or improvement in new home shipments; the loan securitization markets as the year progresses; job growth; and the impact of international issues on consumer confidence. While it is not feasible to delineate all of the items impacting our outlook for 2003, selected items are presented in the accompanying table.

**EARNINGS GUIDANCE FOR 2003****SELECTED ITEMS****(Amounts in thousands, except per share/ OP Units)**

		<u>FFO per share/ OP Units</u>
Increase in Income from Property, net of Real Estate Taxes, POM and G & A	\$5,055	\$0.25
Elimination of rent from Conseco and Oakwood, net	(840)	(0.04)
Reduction in capitalized interest	(1,105)	(0.05)
Cost to fix interest rates, net of savings on note refinancing	(3,218)	(0.16)
Reduction of development fee income	(1,425)	(0.07)
Allocation of SunChamp losses	3,299	0.16
Net FFO growth	1,766	0.09

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 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 Generally Accepted Accounting Principles 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.

Sun Communities, Inc. is a real estate investment trust (REIT) that currently owns and operates a portfolio of 129 communities comprising nearly 43,960 developed sites and 7,640 sites suitable for development, mainly in the Midwest and Southeast United States.

**For more information about Sun Communities, Inc.,  
visit our website at [www.suncommunities.com](http://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**  
**FOURTH QUARTER AND YEAR ENDED DECEMBER 31, 2002 AND 2001**  
(Amounts in thousands, except per share/OP unit amounts)

	<b>Fourth Quarter Ended</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>
Income from property	\$ 37,330	\$35,211	\$ 151,612	\$138,687
Other income	<u>3,197</u>	<u>3,151</u>	<u>10,684</u>	<u>14,401</u>
Total revenues	<u>40,527</u>	<u>38,362</u>	<u>162,296</u>	<u>153,088</u>
Property operating and maintenance	8,887	7,111	33,387	28,972
Real estate taxes	2,841	2,598	10,542	9,492
Property management	646	670	2,502	2,746
General and administrative	1,620	1,107	5,220	4,627
Depreciation and amortization	10,396	9,225	38,525	33,320
Interest	<u>8,541</u>	<u>7,518</u>	<u>32,375</u>	<u>31,016</u>
Total expenses	<u>32,931</u>	<u>28,229</u>	<u>122,551</u>	<u>110,173</u>
Income before equity in income (loss) from affiliates, gain from property dispositions, net and minority interests	7,596	10,133	39,745	42,915
Equity income (loss) from affiliates	(13,988)	(440)	(16,627)	131
Gain from property dispositions, net	<u>—</u>	<u>—</u>	<u>—</u>	<u>4,275</u>
Income (loss) before minority interests	<u>(6,392)</u>	<u>9,693</u>	<u>23,118</u>	<u>47,321</u>
Income (loss) allocated to minority interests:				
Preferred OP units	1,986	2,057	7,803	8,131
Common OP units	<u>(1,052)</u>	<u>1,010</u>	<u>2,003</u>	<u>5,215</u>
Income (loss) from continuing operations	(7,326)	6,626	13,312	33,975
Income (loss) from discontinued operations	<u>—</u>	<u>(17)</u>	<u>280</u>	<u>(65)</u>
Net income (loss)	<u>\$ (7,326)</u>	<u>\$ 6,609</u>	<u>\$ 13,592</u>	<u>\$ 33,910</u>
Weighted average common shares outstanding	<u>17,777</u>	<u>17,256</u>	<u>17,595</u>	<u>17,259</u>
Weighted average common shares and OP Units outstanding	<u>20,329</u>	<u>19,885</u>	<u>20,177</u>	<u>19,907</u>
Basic earnings per share:				
Continuing operations	\$ (0.41)	\$ 0.38	\$ 0.75	\$ 1.96
Discontinued operations	<u>—</u>	<u>—</u>	<u>0.02</u>	<u>—</u>
Net income	<u>\$ (0.41)</u>	<u>\$ 0.38</u>	<u>\$ 0.77</u>	<u>\$ 1.96</u>
Diluted earnings per share:				
Continuing operations	\$ (0.41)	\$ 0.38	\$ 0.74	\$ 1.94
Discontinued operations	<u>—</u>	<u>—</u>	<u>0.02</u>	<u>—</u>
Net income	<u>\$ (0.41)</u>	<u>\$ 0.38</u>	<u>\$ 0.76</u>	<u>\$ 1.94</u>



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

	<b>Fourth Quarter Ended</b>		<b>Year Ended</b>	
	<b>December 31,</b>		<b>December 31,</b>	
	<b><u>2002</u></b>	<b><u>2001</u></b>	<b><u>2002</u></b>	<b><u>2001</u></b>
Income before minority interests	\$ (6,392)	\$ 9,693	\$ 23,118	\$ 47,321
Adjustments:				
Depreciation of rental property	10,349	9,180	38,262	33,050
Valuation adjustment <sup>(1)</sup>	(38)	—	449	—
NOI from discontinued operations	—	29	11	121
Allocation of SunChamp losses <sup>(2)</sup>	1,315	—	1,315	—
Reduction in book value of investments/ (Gain) on sale of properties	13,881	—	13,881	(4,275)
Income allocated to Preferred OP Units	<u>(1,986)</u>	<u>(2,057)</u>	<u>(7,803)</u>	<u>(8,131)</u>
FFO	<u>\$ 17,129</u>	<u>\$ 16,845</u>	<u>\$ 69,233</u>	<u>\$ 68,086</u>
Weighted average common shares/OP units outstanding – assuming dilution	<u>20,456</u>	<u>20,130</u>	<u>20,363</u>	<u>20,089</u>
FFO per weighted average common share/ OP Unit – assuming dilution	<u>\$ 0.84</u>	<u>\$ 0.84</u>	<u>\$ 3.40</u>	<u>\$ 3.39</u>
Diluted common shares/OP Units Outstanding at end of period	<u>20,459</u>	<u>20,419</u>	<u>20,517</u>	<u>20,355</u>

<sup>(1)</sup> The Company entered into interest rate swaps for an aggregate of \$75 million, thereby substantially fixing for periods of 5 to 7 years rates which were formerly floating. The valuation adjustment reflects the theoretical noncash profit and loss were those swaps terminated at the balance sheet date. As the Company has no expectation of terminating the swaps 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.

<sup>(2)</sup> 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. The note is subordinated to the return of gross book value of equity and cumulative preferred returns of 9.25% on the Company's investment and the acquired investment. In substance, this note is a cumulative "first-loss" position relative to the Company's interest. Accordingly, the losses formerly allocated or allocable to the Company are reallocated to the note.

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

	<u>December 31, 2002</u>	<u>December 31, 2001</u>
Real Estate before Accumulated Depreciation	\$ 1,174,837	\$969,931
Total Assets	\$ 1,163,976	\$994,449
Total Debt	\$ 667,373	\$495,198
Total Minority Interests and Stockholders' Equity	\$ 472,022	\$472,639

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

	<u>Fourth Quarter Ended</u>		<u>Year Ended</u>	
	<u>December 31,</u>		<u>December 31,</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
Net Income	\$ 7,326	\$ 6,609	\$ 13,592	\$ 33,910
Unrealized losses on interest rate swaps	<u>(506)</u>	<u>—</u>	<u>(1,851)</u>	<u>—</u>
Comprehensive Income	<u>\$ 6,820</u>	<u>\$ 6,609</u>	<u>\$ 11,741</u>	<u>\$ 33,910</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
RBC CAPITAL MARKETS	JAY LEUPP (415) 633-8585
	DAVID RONCO (415) 633-8566
SALOMON SMITH BARNEY	JORDAN SADLER (212) 816-0438

## EARNINGS ANNOUNCEMENTS

	<u>4<sup>TH</sup> Quarter</u>	<u>1<sup>ST</sup> Quarter</u>	<u>2<sup>ND</sup> Quarter</u>	<u>3<sup>RD</sup> Quarter</u>
EARNINGS ANNOUNCEMENTS	03/14/03	04/30/03	07/23/03	10/22/03
DIVIDEND DECLARATIONS	01/02/03	04/01/03	07/01/03	10/01/03

## 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	→	<a href="http://www.suncommunities.com">www.suncommunities.com</a>
BY PHONE	→	(248) 932-3100
BY FACSIMILE	→	(248) 932-4070
BY MAIL	→	Sun Communities Investor Relations 31700 Middlebelt Road, Suite 145 Farmington Hills, MI 48331
BY E-MAIL	→	<a href="mailto:cpeterse@suncommunities.com">cpeterse@suncommunities.com</a>

## **COMPANY OVERVIEW AND INVESTOR INFORMATION FOR THE QUARTER ENDED DECEMBER 31, 2002**

### **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 43,959 developed sites as well as 7,642 sites suitable for development. The Company is headquartered in Farmington Hills, Michigan.

### **STRUCTURE OF THE COMPANY**

The Company is qualified as a real estate investment trust ("REIT"). As an 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 an 87.6% 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 activity is the sale 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				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>ASSETS</b>					
Real Estate					
Land	\$ 101,926	\$ 87,256	\$ 86,602	\$ 86,596	\$ 83,954
Land Improvements and Buildings	999,540	892,466	880,097	874,099	831,958
Furniture, Fixtures and Equipment	26,277	24,254	23,299	22,604	21,432
Land Held for Future Development	34,573	16,953	16,941	16,938	16,810
Property Under Development	<u>12,521</u>	<u>30,041</u>	<u>29,007</u>	<u>20,036</u>	<u>15,777</u>
Gross Real Estate Investment	1,174,837	1,050,970	1,035,946	1,020,273	969,931
Less Accumulated Depreciation	<u>(175,477)</u>	<u>(163,172)</u>	<u>(155,258)</u>	<u>(147,651)</u>	<u>(140,762)</u>
Net Real Estate Investment	999,360	887,798	880,688	872,622	829,169
Cash and Cash Equivalents	2,664	1,948	11,080	4,725	4,587
Notes and Other Receivables	56,329	121,434	67,097	71,459	76,279
Investments in and Advances to Affiliates	67,719	75,635	65,222	47,845	55,451
Other Assets	<u>37,904</u>	<u>27,250</u>	<u>33,071</u>	<u>29,095</u>	<u>28,963</u>
Total Assets	<u>\$ 1,163,976</u>	<u>\$ 1,114,065</u>	<u>\$ 1,057,158</u>	<u>\$ 1,025,746</u>	<u>\$ 994,449</u>
<b>LIABILITIES AND EQUITY</b>					
<i>Liabilities</i>					
Line of Credit	\$ 63,000	\$ 75,000	\$ 48,000	\$ 125,000	\$ 93,000
Mortgage Loans Payable	254,935	222,448	185,374	83,893	91,153
Senior Unsecured Notes	285,000	285,000	285,000	285,000	285,000
Bridge Note	48,000	-	-	-	-
Collateralized Lease Obligations	16,438	25,575	25,735	25,891	26,045
Accounts Payable and Accrued Liabilities	16,120	17,945	18,337	18,385	17,683
Deposits and Other Liabilities	<u>8,461</u>	<u>7,206</u>	<u>8,495</u>	<u>10,002</u>	<u>8,929</u>
Total Liabilities	<u>691,954</u>	<u>633,174</u>	<u>570,941</u>	<u>548,171</u>	<u>521,810</u>
Minority Interests- Preferred OP Units	103,978	98,458	98,458	98,458	93,958
Minority Interests - Common OP Units	<u>48,512</u>	<u>47,696</u>	<u>48,353</u>	<u>48,821</u>	<u>49,040</u>
	152,490	146,154	146,811	147,279	142,998
<i>Stockholders' Equity</i>					
Preferred Stock	-	-	-	-	-
Common Stock	183	183	182	179	178
Paid in Capital	420,683	417,367	413,674	401,702	399,789
Officers' Notes	(10,703)	(10,775)	(10,846)	(10,970)	(11,004)
Deferred Compensation	(8,622)	(8,942)	(6,483)	(6,747)	(6,999)
Unrealized (losses) on interest rate swaps	(1,851)	(1,344)	-	-	-
Distributions in Excess of Net Income	(73,774)	(55,368)	(50,737)	(47,484)	(45,939)
Treasury Stock at Cost	<u>(6,384)</u>	<u>(6,384)</u>	<u>(6,384)</u>	<u>(6,384)</u>	<u>(6,384)</u>
Total Stockholders' Equity	<u>319,532</u>	<u>334,737</u>	<u>339,406</u>	<u>330,296</u>	<u>329,641</u>
Total Liabilities and Stockholders' Equity	<u>\$ 1,163,976</u>	<u>\$ 1,114,065</u>	<u>\$ 1,057,158</u>	<u>\$ 1,025,746</u>	<u>\$ 994,449</u>
Common OP Units Outstanding	2,552	2,583	2,590	2,590	2,611

**SUN COMMUNITIES**

**DEBT ANALYSIS**

(in thousands)

	Quarter Ended				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>DEBT OUTSTANDING</b>					
Line of Credit	\$ 63,000	\$ 75,000	\$ 48,000	\$ 125,000	\$ 93,000
Mortgage Loans Payable	254,935	222,448	185,374	83,893	91,153
Senior Unsecured Notes	285,000	285,000	285,000	285,000	285,000
Bridge Note	48,000	-	-	-	-
Collateralized Lease Obligations (note a)	16,438	25,575	25,735	25,891	26,045
Total Debt	<u>\$ 667,373</u>	<u>\$ 608,023</u>	<u>\$ 544,109</u>	<u>\$ 519,784</u>	<u>\$ 495,198</u>
<b>% FIXED/FLOATING</b>					
Fixed	57.23%	64.73%	72.48%	75.95%	81.22%
Floating (b)	<u>42.77%</u>	<u>35.27%</u>	<u>27.52%</u>	<u>24.05%</u>	<u>18.78%</u>
Total	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>	<u>100.00%</u>
<b>AVERAGE INTEREST RATES</b>					
Line of Credit	2.27%	2.66%	2.84%	2.91%	3.22%
Mortgage Loans Payable	4.47%	4.12%	4.50%	7.14%	7.36%
Senior Unsecured Notes	7.55%	7.55%	7.55%	7.55%	7.55%
Bridge Note	2.62%				
Collateralized Lease Obligations (note a)	<u>5.74%</u>	<u>5.87%</u>	<u>5.87%</u>	<u>5.87%</u>	<u>5.87%</u>
Total Average	<u>5.48%</u>	<u>5.62%</u>	<u>6.19%</u>	<u>6.29%</u>	<u>6.61%</u>
<b>DEBT RATIOS</b>					
Debt/Total Market Cap	43.6%	41.4%	35.8%	36.5%	36.7%
Debt/Gross Assets	50%	47%	44%	44%	43%
<b>COVERAGE RATIOS</b>					
EBITDA/Interest	3.0	3.1	3.1	3.3	3.1
EBITDA/Interest + Preferred Distributions	2.4	2.5	2.6	2.7	2.5
<b>MATURITIES</b>					
	31-Dec-03	31-Dec-04	31-Dec-05	31-Dec-06	31-Dec-07
Line of Credit	\$ -	\$ -	\$ -	\$ 63,000	\$ -
Mortgage Loans Payable	1,704	24,127	1,432	12,274	41,894
Senior Unsecured Notes	85,000	-	65,000	-	-
Bridge Note	48,000	-	-	-	-
Collateralized Lease Obligations (note a)	6,832	9,606	-	-	-
Total	<u>\$ 141,536</u>	<u>\$ 33,733</u>	<u>\$ 66,432</u>	<u>\$ 75,274</u>	<u>\$ 41,894</u>

Note:

- (a) Of the collateralized lease obligations at December, 2002, \$15,550,000 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.
- (b) The Company has executed \$75 million of interest rate swaps to fix rates effective April 2003. When these are effective, floating rate debt will be approximately 31.5%.

**SUN COMMUNITIES**

**STATEMENT OF OPERATIONS**

(in thousands)

	Quarter Ended				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>REVENUES</b>					
Income from property	\$ 37,330	\$ 38,152	\$ 37,733	\$ 38,397	\$ 35,211
Equity earnings (loss) from affiliates	(107)	(1,457)	(960)	(222)	(440)
Other income	<u>3,197</u>	<u>2,691</u>	<u>2,288</u>	<u>2,508</u>	<u>3,151</u>
Total revenues	<u>40,420</u>	<u>39,386</u>	<u>39,061</u>	<u>40,683</u>	<u>37,922</u>
<b>EXPENSES</b>					
Property operating and maintenance	8,887	8,612	7,717	8,171	7,111
Real estate taxes	2,841	2,577	2,577	2,547	2,598
Property management	646	541	557	758	670
General and administrative	<u>1,620</u>	<u>1,130</u>	<u>1,151</u>	<u>1,319</u>	<u>1,107</u>
Total expenses	<u>13,994</u>	<u>12,860</u>	<u>12,002</u>	<u>12,795</u>	<u>11,486</u>
<b>EBITDA</b>	26,426	26,526	27,059	27,888	26,436
Interest expense	(8,541)	(8,266)	(7,722)	(7,846)	(7,518)
Preferred distributions	(1,986)	(1,951)	(1,947)	(1,919)	(2,057)
Corporate depreciation	<u>(47)</u>	<u>(72)</u>	<u>(72)</u>	<u>(72)</u>	<u>(45)</u>
NOTE: See FFO reconciliation on Page 13					
FFO contributed by continued operations	17,129	16,724	17,318	18,051	16,816
FFO contributed by discontinued operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>11</u>	<u>29</u>
<b>FUNDS FROM OPERATIONS</b>	17,129	16,724	17,318	18,062	16,845
Depreciation and amortization	(10,349)	(9,589)	(9,283)	(9,041)	(9,180)
Reduction in book value of equity investment	(13,881)	-	-	-	-
Other adjustments, net (see page 13)	(1,277)	(487)	-	-	-
Minority interests	<u>1,052</u>	<u>(846)</u>	<u>(1,033)</u>	<u>(1,176)</u>	<u>(1,010)</u>
Income (loss) from continuing operations	(7,326)	5,802	7,002	7,845	6,655
Income from discontinued operations net of contribution to funds from operations	<u>-</u>	<u>-</u>	<u>-</u>	<u>269</u>	<u>(46)</u>
<b>NET INCOME (LOSS)</b>	(7,326)	5,802	7,002	8,114	6,609
<b>FUNDS FROM OPERATIONS</b>	17,129	16,724	17,318	18,062	16,845
Less recurring capital expenditures	<u>(2,214)</u>	<u>(2,335)</u>	<u>(1,541)</u>	<u>(1,012)</u>	<u>(1,140)</u>
<b>FUNDS AVAILABLE FOR DISTRIBUTION</b>	14,915	14,389	15,777	17,050	15,705
<b>FFO PER SHARE/UNIT</b> (see note page 15)	\$0.84	\$0.82	\$0.86	\$0.91	\$0.85
<b>FAD PER SHARE/UNIT</b>	\$0.73	\$0.71	\$0.78	\$0.86	\$0.79
<b>DISTRIBUTION PER SHARE/UNIT</b>	\$0.58	\$0.58	\$0.58	\$0.58	\$0.55
<b>DILUTED FFO PER SHARE/UNIT</b> (see note pg 15)	\$0.84	\$0.82	\$0.85	\$0.90	\$0.84
<b>PAYOUT RATIO</b>	69.0%	70.7%	67.4%	63.7%	64.7%
<b>WEIGHTED AVERAGE SHARES/UNITS</b>	20,329	20,323	20,133	19,921	19,885

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**SUN COMMUNITIES**

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**Reconciliation of Net Income to Funds From Operations**

(in thousands)

	Quarter Ended				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>EBITDA</b>	\$ 26,426	\$ 26,526	\$ 27,059	\$ 27,888	\$ 26,436
Interest expense	(8,541)	(8,266)	(7,722)	(7,846)	(7,518)
Preferred distributions	(1,986)	(1,951)	(1,947)	(1,919)	(2,057)
Corporate depreciation	(47)	(72)	(72)	(72)	(45)
Valuation adjustment (A)	(38)	487	-	-	-
Allocation of SunChamp losses (B)	1,315	-	-	-	-
FFO contributed by continued operations	17,129	16,724	17,318	18,051	16,816
FFO contributed by discontinued operations	-	-	-	11	29
<b>FUNDS FROM OPERATIONS</b>	<b>17,129</b>	<b>16,724</b>	<b>17,318</b>	<b>18,062</b>	<b>16,845</b>

(A) The Company entered into interest rate swaps for an aggregate of \$75 million, thereby substantially fixing for periods of 5 to 7 years rates which were formerly floating. The valuation adjustment reflects the theoretical noncash profit and loss were those swaps terminated at the balance sheet date. As the Company has no expectation of terminating the swaps prior to maturity, the net of these noncash valuation adjustment 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.

(B) 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. The note is subordinated to the return of gross book value of equity and cumulative preferred returns of 9.25% on the Company's investment and the acquired investment. In substance, this note is a cumulative "first-loss" position relative to the Company's interest. Accordingly, the losses formerly allocated or allocable to the Company are reallocated to the note.



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**SUN COMMUNITIES**

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

	Quarter Ended				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>REVENUES</b>					
Income from property	92.4%	96.9%	96.6%	94.4%	92.9%
Equity earnings (loss) from affiliates	-0.3%	-3.7%	-2.5%	-0.5%	-1.2%
Other income	7.9%	6.8%	5.9%	6.1%	8.3%
Total revenues	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
<b>EXPENSES</b>					
Property operating and maintenance	22.0%	21.9%	19.8%	20.1%	18.7%
Real estate taxes	7.0%	6.5%	6.6%	6.3%	6.9%
Property management	1.6%	1.4%	1.4%	1.9%	1.8%
General and administrative	4.0%	2.9%	2.9%	3.2%	2.9%
Total expenses	<u>34.6%</u>	<u>32.7%</u>	<u>30.7%</u>	<u>31.5%</u>	<u>30.3%</u>
<b>EBITDA</b>					
Interest expense	-21.1%	-21.0%	-19.8%	-19.2%	-19.9%
Preferred distributions	-4.9%	-5.0%	-5.0%	-4.7%	-5.4%
Corporate depreciation	-0.1%	-0.2%	-0.2%	-0.2%	-0.1%
Other FFO adjustments (see page 13)	3.1%	1.2%	0.0%	0.0%	0.0%
FFO contributed by continued operations	42.4%	42.3%	44.3%	44.4%	44.3%
FFO contributed by discontinued operations	0.0%	0.0%	0.0%	0.0%	0.1%
<b>FUNDS FROM OPERATIONS</b>					
Depreciation and amortization	-25.6%	-24.3%	-23.8%	-22.2%	-24.2%
Reduction in book value of equity investment	-34.3%	0.0%	0.0%	0.0%	0.0%
Other adjustments, net (see page 13)	-3.2%	0.0%	0.0%	0.0%	0.0%
Minority interests	2.6%	-2.1%	-2.6%	-2.9%	-2.7%
Income (loss) from continuing operations	-18.1%	14.7%	17.9%	19.3%	17.5%
Income from discontinued operations net of contribution to funds from operations	0.0%	0.0%	0.0%	0.7%	-0.1%
<b>NET INCOME (LOSS)</b>	<u>-18.1%</u>	<u>14.7%</u>	<u>17.9%</u>	<u>20.0%</u>	<u>17.4%</u>

**SUN COMMUNITIES**

**STATEMENT OF OPERATIONS  
PER SHARE**

	Quarter Ended				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>REVENUES</b>					
Income from property	\$ 1.84	\$ 1.88	\$ 1.87	\$ 1.93	\$ 1.77
Equity earnings (loss) from affiliates **	(0.01)	(0.07)	(0.04)	(0.01)	(0.02)
Other income	<u>0.16</u>	<u>0.13</u>	<u>0.11</u>	<u>0.12</u>	<u>0.16</u>
Total revenues	<u>1.99</u>	<u>1.94</u>	<u>1.94</u>	<u>2.04</u>	<u>1.91</u>
<b>EXPENSES</b>					
Property operating and maintenance	0.44	0.42	0.38	0.41	0.36
Real estate taxes	0.14	0.13	0.13	0.13	0.13
Property management	0.03	0.03	0.03	0.04	0.03
General and administrative	<u>0.08</u>	<u>0.05</u>	<u>0.06</u>	<u>0.06</u>	<u>0.06</u>
Total expenses	<u>0.69</u>	<u>0.63</u>	<u>0.60</u>	<u>0.64</u>	<u>0.58</u>
<b>EBITDA</b>	1.30	1.31	1.34	1.40	1.33
Interest expense	(0.42)	(0.41)	(0.38)	(0.39)	(0.38)
Preferred distributions	(0.10)	(0.10)	(0.10)	(0.10)	(0.10)
Corporate depreciation	(0.00)	(0.00)	(0.00)	(0.00)	(0.00)
Other FFO adjustments (see page 13)	<u>0.06</u>	<u>0.02</u>	-	-	-
FFO contributed by continued operations	0.84	0.82	0.86	0.91	0.85
FFO contributed by discontinued operations	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
<b>FUNDS FROM OPERATIONS</b>	0.84	0.82	0.86	0.91	0.85
Depreciation and amortization	(0.51)	(0.47)	(0.46)	(0.45)	(0.46)
Reduction in book value of equity investment	(0.68)	-	-	-	-
Other adjustments, net (see page 13)	(0.06)	-	-	-	-
Minority interests	<u>0.05</u>	<u>(0.04)</u>	<u>(0.05)</u>	<u>(0.06)</u>	<u>0.06</u>
Income (loss) from continuing operations	(0.36)	0.29	0.35	0.40	0.33
Income from discontinued operations net of contribution to funds from operations	<u>(0.00)</u>	<u>(0.00)</u>	<u>(0.00)</u>	<u>0.01</u>	<u>(0.00)</u>
<b>NET INCOME (LOSS)</b>	<u>\$ (0.36)</u>	<u>\$ 0.29</u>	<u>\$ 0.35</u>	<u>\$ 0.41</u>	<u>\$ 0.33</u>
<b>WEIGHTED AVERAGE SHARES/UNITS</b>	20,329	20,323	20,133	19,921	19,885

\*\*Excludes a nonrecurring adjustment of \$(0.68) in period ended 12/31/02.

**NOTE:**

**Basic FFO Per Share/Unit:** 
$$\frac{\text{FFO}}{\text{Wtd Avg. Shrs + Units}} = \frac{17,129}{20,329} = \$0.84$$

**Diluted FFO Per Share/Unit:** 
$$\frac{\text{FFO}}{\text{Wtd Avg. Shrs/Units+Net Shrs from Stk Options+Deferred Comp}} = \frac{17,129}{20,329 + 115 + 12} = \$0.84$$

**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**  
**2000 THROUGH 12/31/2002**  
(in thousands)

	YEAR ENDED		
	12/31/2000	12/31/2001	12/31/2002
Funds From Operations	\$ <u>64,070</u>	\$ <u>68,086</u>	\$ <u>69,233</u>
Average Annual Equity:			
Common	\$ 393,622	\$ 391,401	\$ 404,440
Minority Interests	51,678	51,122	48,484
Cash Dist. > Income	(40,286)	(42,313)	(54,660)
Accumulated Depreciation	<u>104,981</u>	<u>126,741</u>	<u>156,464</u>
	<u>\$ 509,995</u>	<u>\$ 526,951</u>	<u>\$ 554,728</u>
<b>RETURN ON EQUITY</b>	<b><u>12.6%</u></b>	<b><u>12.9%</u></b>	<b><u>12.5%</u></b>

**NET ASSET VALUE**  
**2000 THROUGH 12/31/2002**  
(in thousands)

	PERIOD ENDED		
	12/31/2000	12/31/2001	12/31/2002
Property NOI	\$ 94,733	\$ 100,344	\$ 108,340
Add 6% Growth in 2000 & 2001, 4% in 2002	5,684	6,021	6,500
Less Recurring Cap Ex.	<u>(5,600)</u>	<u>(6,400)</u>	<u>(6,600)</u>
	<u>\$ 94,817</u>	<u>\$ 99,965</u>	<u>\$ 108,240</u>
Cap Rate of 8% (Note 1)	\$ 1,185,213	\$ 1,249,563	\$ 1,353,000
Fee & Home Sale Income x 5 or Book Value	11,391	12,646	67,495
Tangible Assets	166,845	124,489	83,186
Property Under Development x 1.10%	24,045	17,355	13,773
Vacant Newly Developed Sites @ \$25,000	16,075	24,275	63,600
Future Phase Land @ Cost	<u>12,042</u>	<u>16,810</u>	<u>34,573</u>
	1,415,611	1,445,138	1,615,627
Less:			
Liabilities (Note 3)	<u>(578,997)</u>	<u>(596,201)</u>	<u>(795,932)</u>
<b>NET ASSETS</b>	<b><u>\$ 836,614</u></b>	<b><u>\$ 848,937</u></b>	<b><u>\$ 819,695</u></b>
Fully Diluted Shares/Units	20,267	20,419	20,456
<b>NAV Per Share/Unit</b>	<b><u>\$ 41.28</u></b>	<b><u>\$ 41.58</u></b>	<b><u>\$ 40.07</u></b>

Note (1): Based on a \$570 million transaction in June 2001.

Note (2): At 12/31/2002, a 10 basis point increase in cap rate impacts net asset value per share/unit by approximately \$0.82.

Note (3): Includes preferred OP Units of \$103,978 for 2002, \$93,957 for 2001, and \$89,346 for 2000.

**STATEMENT OF OPERATIONS**  
**SAME PROPERTY**  
(in thousands)

	<u>Quarter Ended</u>		<u>12 Months Ended</u>	
	December 31, 2002	December 31, 2001	December 31, 2002	December 31, 2001
<b>REVENUES</b>				
Income from Property	<u>\$ 32,569</u>	<u>\$ 31,169</u>	<u>\$128,953</u>	<u>\$ 123,170</u>
<b>EXPENSES</b>				
Real Estate Taxes	2,641	2,521	9,790	9,258
Payroll	2,426	1,987	9,148	8,180
Repairs and Maintenance	1,228	1,070	4,613	4,579
Utilities, Net	1,557	1,631	6,294	6,686
Other	<u>1,141</u>	<u>992</u>	<u>4,096</u>	<u>3,702</u>
Total Expenses	<u>8,993</u>	<u>8,201</u>	<u>33,941</u>	<u>32,405</u>
<b>NET OPERATING INCOME</b>	<u>\$ 23,576</u>	<u>\$ 22,968</u>	<u>\$ 95,012</u>	<u>\$ 90,765</u>
<b>NUMBER OF COMMUNITIES</b>	(a) 103	103	103	103
<b>NUMBER OF DEVELOPED SITES</b>	(a) 36,748	36,482	36,748	36,482
<b>NUMBER OF OCCUPIED SITES</b>	(a) 33,217	33,586	33,217	33,586
<b>OCCUPANCY PERCENTAGE</b>	(b) 92.2%	94.2%	92.2%	94.2%
<b>WEIGHTED AVERAGE RENT</b>	(b) \$ 318	\$ 303	\$ 318	\$ 303
<b>SITES AVAILABLE FOR DEVELOPMENT</b>	2,153	2,364	2,153	2,364
<b>SITES IN DEVELOPMENT</b>	20	257	20	257

For quarters ending December 2002 and 2001

(a) Includes MH and RV Sites

(b) Includes MH sites only

## SUN COMMUNITIES

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

	<u>Quarter Ended</u>	<u>12 Months Ended</u>	
	December 31, 2002	December 31, 2002	December 31, 2001
<b>NUMBER OF COMMUNITIES</b>	103	103	90
<b>REVENUES</b>			
Income from Property	<del>4.5%</del>	<del>4.7%</del>	<del>5.4%</del>
<b>EXPENSES</b>			
Real Estate Taxes	4.8%	5.8%	8.6%
Payroll	22.0%	11.8%	-4.0%
Repairs and Maintenance	14.8%	0.7%	8.2%
Utilities, Net	-4.6%	-5.9%	3.8%
Other	<del>15.0%</del>	<del>10.6%</del>	<del>-0.1%</del>
Total Expenses	<del>9.7%</del>	<del>4.7%</del>	<del>3.2%</del>
<b>NET OPERATING INCOME</b>	<u>2.6%</u>	<u>4.7%</u>	<u>6.1%</u>
Revenue per Occupied Site	5.7%	5.9%	5.9%
Expense per Occupied Site	10.9%	5.9%	3.7%
NOI per Occupied Site	3.8%	5.9%	6.6%

**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)

<u>Notes</u>	A	B	C	D	E	
Recurring Cap Ex. Average Per Site	Recurring Cap Ex.	Lot Mods	Acq.	Expansions & Dev.	Revenue Producing	
2000	\$115	\$4,391	\$1,068	\$24,339	\$29,733	\$192
2001	\$ 119	\$4,824	\$1,988	\$62,775	\$28,970	\$3,855
2002	\$168	\$ 7,102	\$2,630	\$70,653	\$24,500	\$7,833

- 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 \$1,000.
- 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.

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**SUN COMMUNITIES**

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**PROPERTY SUMMARY**

	Quarter Ended				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>STABILIZED COMMUNITIES</b>					
<b>MICHIGAN</b>					
Communities	43	43	43	43	43
Sites for Development	332	404	404	339	339
Developed Sites	13,091	13,019	13,019	13,019	13,010
Occupied	12,136	12,306	12,295	12,309	12,292
Occupancy %	92.7%	94.5%	94.4%	94.5%	94.5%
<b>FLORIDA</b>					
Communities	15	15	15	15	16
Sites for Development	605	612	622	631	641
Developed Sites	5,609	5,602	5,592	5,581	5,791
Occupied	5,467	5,461	5,451	5,431	5,532
Occupancy %	97.5%	97.5%	97.5%	97.3%	95.5%
<b>INDIANA</b>					
Communities	17	17	17	17	17
Sites for Development	422	422	422	427	427
Developed Sites	6,361	6,361	6,361	6,361	6,361
Occupied	5,498	5,663	5,672	5,736	5,697
Occupancy %	86.4%	89.0%	89.2%	90.2%	89.6%
<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	2,635	2,665	2,665	2,669	2,645
Occupancy %	90.3%	91.4%	91.4%	91.5%	90.7%
<b>TEXAS</b>					
Communities	6	6	6	6	6
Sites for Development	-	-	-	-	851
Developed Sites	1,488	1,488	1,488	1,488	1,489
Occupied	1,446	1,462	1,469	1,471	1,474
Occupancy %	97.2%	98.3%	98.7%	98.9%	99.0%
<b>OTHER STATES</b>					
Communities	15	15	15	15	14
Sites for Development	106	106	106	106	106
Developed Sites	5,814	5,814	5,814	5,813	5,258
Occupied	5,421	5,509	5,528	5,544	5,013
Occupancy %	93.2%	94.8%	95.1%	95.4%	95.3%

**PROPERTY SUMMARY (continued)**

	Quarter Ended				
	December 31, 2002	September 30, 2002	June 30, 2002	March 31, 2002	December 31, 2001
<b>TOTAL--MH STABILIZED PORTFOLIO</b>					
Communities	106	106	106	106	106
Sites for Development	1,465	1,544	1,554	1,503	2,364
Developed Sites	35,280	35,201	35,191	35,179	34,826
Occupied	32,603	33,066	33,080	33,160	32,653
Occupancy %	92.4%	93.9%	94.0%	94.3%	93.8%
<b>NEW COMMUNITY DEVELOPMENT</b>					
Communities	19	7	7	7	5
Sites for Development	6,177	2,714	2,714	2,872	2,021
Developed Sites	3,552	1,067	1,067	901	564
Occupied	2,301	722	683	562	255
Occupancy %	64.8%	67.7%	64.0%	62.4%	45.2%
<b>RV PORTFOLIO SUMMARY</b>					
Communities	12	12	12	12	12
Sites	5,127	5,126	5,147	5,148	5,154
Permanent	3,032	3,024	3,019	2,980	3,049
Seasonal	2,095	2,102	2,128	2,168	2,105
States					
Florida	4,098	4,097	4,118	4,119	4,126
Texas	872	872	872	872	871
Delaware	157	157	157	157	157

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

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 129 because certain communities have manufactured home and recreational vehicle components and are counted in each category and certain communities have both stabilized and development components.



**SUN COMMUNITIES**  
**DEVELOPMENT SUMMARY**

**Summary of 2003 Program**

<b>Community</b>	<b>Sites to be Developed</b>
River Ridge	79
Water Oak	20
Meadowbrook	38
East Fork Crossing	<u>38</u>
	<u><u>175</u></u>

**Summary of Sites Developed**

<b>Year</b>	<b>Sites Developed</b>
2002	1,312 (a)
2001	768
2000	751
1999	1,391
1998	1,217
1997	<u>919</u>
Total developed 1997 - 2002	<u><u>6,358</u></u>

(a) Sites developed in 2002 include 676 sites that were substantially complete at December 31, 2002. Of the 1,312 sites, 440 were Sun sites, 492 were Trident sites, and 380 were SunChamp sites.

SUN COMMUNITIES

**SUMMARY OF ACQUISITION ACTIVITY  
FOR THE YEAR 2002  
(PURCHASE PRICE IN MILLIONS)**

<u>COMMUNITY</u>	<u>LOCATION</u>	<u>SITES</u>	<u>Occupancy %</u>	<u>Cap Rate</u>	<u>PURCHASE PRICE</u>
<b>FIRST QUARTER 2002</b>					
Pheasant Ridge	PA	552	97.8%	8.0%	\$ 21.3
River Ridge	TX	<u>337</u>	71.8%	5.5%	<u>15.5</u>
<b>TOTAL FIRST QUARTER 2002</b>		<u>889</u>			<u>\$ 36.8</u>
<b>FOURTH QUARTER 2002</b>					
Saddle Brook	TX	523	(a) 38.8%	5.6%	\$ 13.6
Oakcrest	TX	430	(a) 86.2%	6.4%	17.2
River Ridge	TX	178	(b) N/A	N/A	2.3
<b>TOTAL FOURTH QUARTER 2002</b>		<u>1,131</u>			<u>\$ 33.1</u>
<b>TOTAL 2002 (c)</b>		<u>2,020</u>			<u>\$ 69.9</u>

(a) includes 593 developed sites and 360 undeveloped sites

(b) undeveloped sites only

**SUN COMMUNITIES**

**OPERATING STATISTICS  
YEAR TO DATE**

<b>MARKETS</b>	<b>GROSS LEASED SITES</b>	<b>MOVE OUTS</b>	<b>NET LEASED SITES</b>	<b>NEW HOME SALES</b>	<b>USED HOME SALES</b>	<b>BROKERED RESALES</b>
Michigan	379	457	(78)	98	83	150
Florida	74	8	66	68	28	285
Indiana	175	372	(197)	7	29	40
Ohio	104	105	(1)	19	16	46
Texas	149	81	68	26	2	6
Other States	203	233	(30)	50	14	48
RV Communities	n/m	n/m	n/m	18	2	17
<b>Year ended 12/31/2002</b>	<b><u>1,084</u></b>	<b><u>1,256</u></b>	<b><u>(172) (a)</u></b>	<b><u>286</u></b>	<b><u>174</u></b>	<b><u>592</u></b>

**For the Year**

<b>2001</b>	1,322	1,108	214	438	327	584
<b>2000</b>	1,140	720	366	416	182	863
<b>1999</b>	2,258	974	756	648	152	766
<b>1998</b>	1,881	883	998	682	188	642
<b>1997</b>	1,500	702	798	584	118	555

	<b>MOVE OUTS</b>	<b>RESALES</b>
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%

(a) Due to bankruptcy of Conseco and Oakwood, in the fourth quarter of 2002, 337 sites were removed from leased status.

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
<b>SALES PROCEEDS-8.0%</b>										
TOTAL RETURN					(1,580)	12,910	25,330	37,750	59,282	67,659
<b>CAPITAL OUTLAY</b>	<b>3,420,000</b>	<b>822,500</b>	<b>822,500</b>	<b>822,500</b>	<b>48,000</b>	<b>56,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>
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%									
<b>ANNUALIZED IRR</b>	<b>12.987%</b>									

**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						
<b>TOTAL</b>	<b>3,420,000</b>	<b>822,500</b>	<b>822,500</b>	<b>822,500</b>	<b>48,000</b>	<b>56,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>

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
POM/RET	(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
<b>SALES PROCEEDS-8.0%</b>										
TOTAL RETURN	76,037	84,414	95,691	104,385	113,078	121,772	143,936	153,652	163,369	173,086
<b>CAPITAL OUTLAY</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>1,623,000</b>	<b>1,623,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>
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

SUN COMMUNITIES, 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
POM/RET	(74,198)	(78,520)	(82,842)	(87,164)	(94,963)	(99,450)	(103,936)	(108,423)	(109,394)	(113,741)	(118,088)	(122,434)
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
SHS	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000	16,000
<b>SALES PROCEEDS-8.0%</b>												
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
<b>CAPITAL OUTLAY</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>1,154,250</b>	<b>1,154,250</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>
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												
AMENITIES												
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

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

	QTR 29	QTR 30	QTR 31	QTR 32	QTR 33	QTR 34	QTR 35	QTR 36	QTR 37	QTR 38	QTR 39	QTR 40
AVG SITES-QTR	350	362	374	386	398	410	422	427	428	428	428	428
SITES,EOQ,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
POMRET	(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
SHS	16,000	16,000	16,000	16,000	16,000	16,000	16,000					
<b>SALES PROCEEDS-8.0%</b>								<b>22,306,609</b>				
TOTAL RETURN	354,444	366,048	377,652	389,256	415,566	427,614	439,661	22,735,289				
<b>CAPITAL OUTLAY</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>112,000</b>				
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
AMENITIES												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
<b>TOTAL</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>48,000</b>	<b>112,000</b>				<b>13,050,000</b>