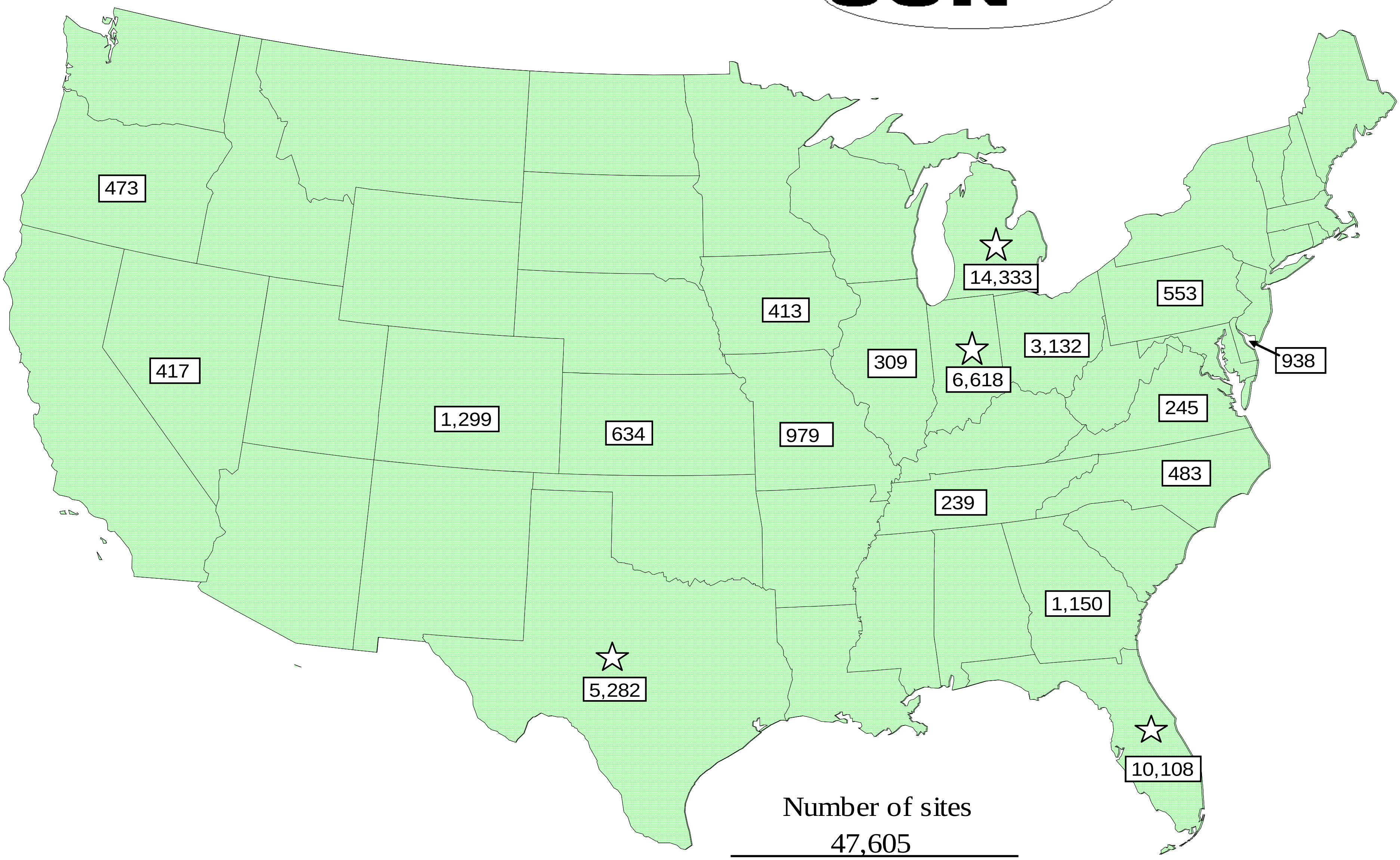
Sun Communities, Inc.

Supplemental Operating and Financial Data

For the Quarter Ended March 31, 2009

Portfolio Overview

SUN



Number of sites
47,605

Management Offices

SUN COMMUNITIES, INC.
SUPPLEMENTAL INFORMATION
FIRST QUARTER 2009

INDEX

(A) The statements of operations provided in this supplemental information package present funds from operations, net operating income, EBITDA and funds available for distribution which are REIT industry financial measures that are not calculated in accordance with generally accepted accounting principles ("GAAP"). Please see footnote (1) at the back of this report for a definition of these supplemental performance measures.

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.

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SUN COMMUNITIES

BALANCE SHEETS

(in thousands)

	Quarter Ended				
	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
ASSETS:					
Real Estate					
Land	$ 116,289	$ 116,292	$ 117,116	$ 117,116	$ 117,116
Land improvements and buildings	1,179,703	1,177,362	1,187,192	1,184,568	1,182,393
Furniture, fixtures and equipment	34,094	34,050	33,563	33,281	32,747
Rental homes and improvements	191,232	184,933	179,445	177,576	174,646
Land held for future development	26,986	26,986	27,986	28,036	29,094
Gross investment property	1,548,304	1,539,623	1,545,302	1,540,577	1,535,996
Less: Accumulated depreciation	(464,176)	(450,319)	(441,433)	(428,205)	(414,956)
Net investment property	1,084,128	1,089,304	1,103,869	1,112,372	1,121,040
Cash and cash equivalents	6,588	6,162	6,824	4,313	4,953
Notes and other receivables	27,590	31,322	26,036	46,159	40,559
Collateralized receivables[(2)]	32,498	26,159	25,023	-	-
Inventory of manufactured homes	9,674	13,058	10,037	9,252	10,259
Investment in affiliate	3,799	3,772	6,464	7,450	15,170
Other assets	33,250	37,152	39,308	37,032	36,638
Discontinued operations assets	68	70	4,294	4,435	4,578
Total assets	$ 1,197,595	$ 1,206,999	$ 1,221,855	$ 1,221,013	$ 1,233,197
LIABILITIES AND EQUITY:					
Liabilities					
Lines of credit	$ 88,447	$ 90,419	$ 71,876	$ 75,498	$ 92,567
Secured borrowing[(2)]	32,592	26,211	25,023	-	-
Mortgage loans payable	1,060,372	1,063,494	1,066,560	1,069,460	1,049,621
Preferred operating units	48,947	49,447	49,447	49,447	49,447
Other liabilities	35,904	37,240	37,105	37,259	32,943
Discontinued operations liabilities	78	70	81	77	88
Total liabilities	1,266,340	1,266,881	1,250,092	1,231,741	1,224,666
Stockholders' Equity (Deficit)					
Common stock	204	203	202	202	202
Paid in capital	460,164	459,847	459,598	459,430	458,809
Officer's notes	(5,427)	(8,334)	(8,439)	(8,543)	(8,647)
Unrealized loss on interest rate swaps	(2,855)	(2,851)	(920)	(924)	(2,272)
Distributions in excess of accumulated earnings	(455,957)	(445,147)	(415,078)	(398,017)	(379,069)
Treasury stock at cost	(63,600)	(63,600)	(63,600)	(63,600)	(63,600)
Total SUI stockholders' equity (deficit)	(67,471)	(59,882)	(28,237)	(11,452)	5,423
Noncontrolling interest	(1,274)	-	-	724	3,108
Total stockholders' equity (deficit)	(68,745)	(59,882)	(28,237)	(10,728)	8,531
Total liabilities and stockholders' equity (deficit)	$ 1,197,595	$ 1,206,999	$ 1,221,855	$ 1,221,013	$ 1,233,197
Common OP units outstanding	2,187	2,187	2,287	2,301	2,301
Number of shares outstanding	18,620	18,511	18,411	18,404	18,417

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

DEBT ANALYSIS

(in thousands)

	Quarter Ended March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
DEBT OUTSTANDING					
Lines of credit	$ 88,447	$ 90,419	$ 71,876	$ 75,498	$ 92,567
Mortgage loans payable	1,060,372	1,063,494	1,066,560	1,069,460	1,049,621
Preferred operating units	48,947	49,447	49,447	49,447	49,447
Secured borrowing(3)	32,592	26,211	25,023	-	-
Total debt	$ 1,230,358	$ 1,229,571	$ 1,212,906	$ 1,194,405	$ 1,191,635
% FIXED/FLOATING					
Fixed	84.20%	80.37%	81.63%	81.04%	81.83%
Floating	15.80%	19.63%	18.37%	18.96%	18.17%
Total	100.00%	100.00%	100.00%	100.00%	100.00%
WEIGHTED AVERAGE INTEREST RATES					
Lines of credit	2.49%	2.78%	5.27%	4.19%	4.37%
Mortgage loans payable	4.76%	5.05%	4.97%	4.93%	5.19%
Preferred operating units	6.84%	6.83%	6.83%	6.83%	6.83%
Average before secured borrowing	4.68%	4.95%	4.99%	4.97%	5.20%
Secured borrowing(3)	10.43%	10.16%	10.03%	-	-
Total average	4.83%	5.07%	5.17%	4.97%	5.20%
DEBT RATIOS					
Debt/Total Capitalization	83.3%	80.9%	74.7%	76.0%	73.7%
Debt/Gross Assets	74.0%	74.2%	72.9%	72.4%	72.3%
COVERAGE RATIOS					
EBITDA/ Mortgage Interest (4)	2.4	2.1	2.0	2.2	2.2
EBITDA/Mortgage Interest + Pref. Distributions (4)	2.2	2.0	1.9	2.1	2.1

MATURITIES/PRINCIPAL AMORTIZATION NEXT FIVE YEARS

	31-Mar-10	31-Mar-11	31-Mar-12	31-Mar-13	31-Mar-14
Lines of credit	$ 5,447	$ -	$ 83,000	$ -	$ -
Mortgage loans payable: .					
Maturities	11,200	-	103,707	14,133	26,880
Principal amortization	12,846	13,918	13,053	12,997	13,200
Preferred operating units	1,295	-	-	7,645	40,007
Secured borrowing(3)	1,321	1,452	1,598	1,736	1,824
Total	$ 32,109	$ 15,370	$ 201,358	$ 36,511	$ 81,911

(3) See page footnote 2 on page 2

(4) March 2008 EBITDA has been adjusted to exclude $4.8M of loss from affiliates. June,September and December 2008 EBITDA has been adjusted to exclude $0.9M, $0.2M,$1.0M and respectively of equity loss from affiliate and $6.8M, $1.3M and $1.4M, respectively of loss recorded from the reduction in book value of or investment in Origen.

SUN COMMUNITIES

STATEMENTS OF OPERATIONS
(in thousands)

	Quarter Ended March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
REVENUES:					
Income from real property	$ 50,999	$ 49,657	$ 47,788	$ 47,655	$ 50,349
Gross profit from home sales	2,038	1,880	1,860	1,787	1,664
Rental revenues, net	663	1,108	1,051	1,171	1,530
Other income (loss)	1,651	(1,605)	(1,138)	(3,996)	(2,928)
Total revenues	55,351	51,040	49,561	46,617	50,615
EXPENSES:					
Property operating and maintenance	12,605	12,389	12,469	12,314	12,074
Real estate taxes	4,184	3,799	3,844	4,170	4,169
General and administrative	5,992	5,548	5,367	6,412	5,770
Total expenses	22,781	21,736	21,680	22,896	22,013
EBITDA (1)	32,570	29,304	27,881	23,721	28,602
Interest expense and preferred distributions	(15,080)	(16,311)	(16,208)	(15,414)	(16,224)
Depreciation and amortization	(16,204)	(16,329)	(16,025)	(16,211)	(15,861)
Provision (benefit) for state income tax	(133)	(301)	(141)	(127)	235
Asset impairment charge	-	(13,171)	-	-	-
Income (loss) from continuing operations	1,153	(16,808)	(4,493)	(8,031)	(3,248)
Loss from discontinued operations	(172)	(243)	(274)	(271)	(241)
NET INCOME (LOSS)	981	(17,051)	(4,767)	(8,302)	(3,489)
Noncontrolling allocation	(104)	(1,441)	(726)	934	394
NET INCOME (LOSS) ATTRIBUTABLE TO SUI	877	(18,492)	(5,493)	(7,368)	(3,095)
Depreciation and amortization	16,621	16,962	16,667	16,814	16,449
Provision (benefit) for state income tax	(13)	3	(7)	(9)	(389)
Gain on sale of land/properties/assets	(1,328)	(542)	(569)	(3,727)	(1,542)
Noncontrolling allocation	104	1,441	726	(934)	(394)
FUNDS FROM OPERATIONS (1) (5)	16,261	(628)	11,324	4,776	11,029
Less: Recurring capital expenditures	(1,339)	(1,954)	(2,791)	(1,705)	(1,257)
FUNDS AVAILABLE FOR DISTRIBUTION ("FAD") (1)	$ 14,922	$ (2,582)	$ 8,533	$ 3,071	$ 9,772
FFO PER SHARE/UNIT (1)	$0.79	($0.03)	$0.55	$0.23	$0.54
DILUTED FFO PER SHARE/UNIT	$0.79	($0.03)	$0.55	$0.23	$0.54
FAD PER SHARE/UNIT (1)	$0.72	($0.13)	$0.42	$0.15	$0.48
DISTRIBUTION PER SHARE/UNIT	$0.63	$0.63	$0.63	$0.63	$0.63
PAYOUT RATIO (6)	87.4%	100.2%	130.0%	121.0%	89.0%
WEIGHTED AVERAGE SHARES/UNITS-BASIC	20,698	20,507	20,504	20,463	20,379
WEIGHTED AVERAGE SHARES/UNITS-DILUTED	20,698	20,507	20,571	20,514	20,436

(5) See page 5

(6) March 2008 Payout Ratio has been adjusted to exclude $4.8M of equity loss from affiliate. June, September and December 2008 Payout Ratio has been adjusted to exclude $0.9M, $0.2M and $1.0M , respectively of equity loss from affiliate and $6.8M $1.3M and $1.4M , respectively of loss recorded from the reduction in book value of our investment in Origen. $13.2M asset impairment charge has been adjusted as well for the December 2008 Payout Ratio.

SUN COMMUNITIES

RECONCILIATION OF NET INCOME (LOSS) TO FUNDS FROM OPERATIONS FOR THE PERIOD ENDED MARCH 31, 2009 AND 2008 (Amounts in thousands except for per share data)

	Three Months Ended March 31, 2009	Three Months Ended March 31, 2008
Net income (loss)	$ 981	$ (3,489)
Adjustments:		
Depreciation and amortization	16,621	16,449
Benefit for state income taxes(7)	(13)	(389)
Gain on disposition of assets, net	(1,328)	(1,542)
Funds from operations (FFO)(1)	$ 16,261	$ 11,029
Weighted average Common Shares/OP Units outstanding:		
Basic	20,698	20,379
Diluted	20,698	20,436
FFO(1) per weighted average Common Share/OP Unit - Basic	$ 0.79	$ 0.54
FFO(1) per weighted average Common Share/OP Unit - Diluted	$ 0.79	$ 0.54

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

	Three Months Ended March 31, 2008
Net income (loss) as reported	$ (3,489)
Equity affiliate adjustment	4,830
Adjusted net income (loss)	$ 1,341
Depreciation and amortization	16,449
Benefit for state income taxes	(389)
Gain on disposition of assets, net	(1,542)
Adjusted funds from operations (FFO)(1)	$ 15,859
Adjusted FFO(1) per weighted avg. Common Share/OP Unit - Diluted	$ 0.78

(7) The tax benefit for the three months ended March 31, 2009 and 2008 represents the reversal of a tax provision for potential taxes payable on the sale of company assets related to the enactment of the Michigan Business Tax. These taxes do not impact Funds from Operations and would be payable from prospective proceeds of such sales.

STATEMENT OF OPERATIONS
SAME PROPERTY

	Quarter Ended		Tweleve Months Ended	
	March 31, 2009	March 31, 2008	December 31, 2008	December 31, 2007
	(in thousands)		(in thousands)	
REVENUES:				
Income from real property	$ 48,149	$ 47,656	$ 186,972	$ 182,826
PROPERTY OPERATING EXPENSES:				
Real estate taxes	4,184	4,169	15,899	16,273
Payroll and benefits	3,694	3,721	15,048	14,030
Repairs and maintenance	1,194	1,145	6,823	6,671
Utilities, net	3,508	3,388	11,367	11,155
Other	1,350	1,118	5,019	5,486
Property operating expenses	13,930	13,541	54,156	53,615
NET OPERATING INCOME ("NOI") [1]	$ 34,219	$ 34,115	$ 132,816	$ 129,211
Number of properties [8]	136	136	135	135
Developed sites [8]	47,605	47,611	47,471	47,465
Occupied sites [8]	37,877	37,780	37,686	37,733
Occupancy % [9]	82.2%	82.2%	82.1%	82.4%
Weighted average monthly rent per site [9]	$ 397	$ 385	$ 393	$ 382
Sites available for development	5,583	6,083	5,583	6,090

[8] Includes MH and RV Communities/Sites

[9] Includes MH sites only

STATEMENT OF OPERATIONS
SAME PROPERTY PERCENTAGE GROWTH

	Quarter Ended March 31, 2009	Tweleve Months Ended December 31, 2008
NUMBER OF COMMUNITIES	136	135
REVENUES:		
Income from real property	1.0%	2.3%
PROPERTY OPERATING EXPENSES:		
Real estate taxes	0.3%	-2.3%
Payroll and benefits	-0.7%	7.3%
Repairs and maintenance	4.3%	2.3%
Utilities, net	3.5%	1.9%
Other	20.8%	-8.6%
Property operating expenses	2.9%	1.0%
NET OPERATING INCOME ("NOI") [1]	0.3%	2.8%

SUN COMMUNITIES

RENTAL PROGRAM SUMMARY

(in thousands except for *)

	Quarter Ended	
	March 31, 2009	March 31, 2008
REVENUES:		
Rental home revenue	$ 5,200	$ 4,996
Site rent included in Income from real property	6,450	5,981
Rental program revenue	$ 11,650	$ 10,977
EXPENSES:		
Payroll and commissions	783	523
Repairs and refurbishment	1,991	1,523
Taxes and insurance	770	691
Other	993	729
Rental program operating and maintenance	4,537	3,466
NET OPERATING INCOME ("NOI") (1)	$ 7,113	$ 7,511

Occupied rental home information at March 31, 2009 and 2008:

Number of occupied rentals, end of period*	5,698	5,442
Cost of occupied rental homes	$ 177,755	$ 164,712
Number of sold rental homes*	168	136
Weighted average monthly rental rate*	$ 730	$ 722

CAPITAL IMPROVEMENTS, DEVELOPMENT AND ACQUISITIONS
(in thousands)

	Recurring Capital Expenditures Average/Site	Recurring Capital Expenditures [10]	Lot Modifications [11]	Acquisitions [12]	Expansion & Development [13]	Revenue Producing [14]
2007	$153	$7,269	$3,156	$789	$857	$515
2008	$162	$7,707	$3,435	$0	$1,292	$825
As of 3/2009	$28	$1,339	$654	$0	$170	$36

(10) Includes capital expenditures necessary to maintain asset quality, including purchasing and replacing assets used to operate the community. These capital expenditures include major road, driveway, and pool repairs, clubhouse renovations, and adding or replacing street lights, playground equipment, signage, maintenance facilities, manager housing and property vehicles. Minimum capitalizable amount or project is five hundred dollars. In addition, $1.3 million and $4.9 million for refurbishment costs related to leased homes has been expensed for the three months ended March 31, 2009 and the twelve months ended December 31, 2008, respectively.

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

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

(13) The Company has invested approximately $0.2 million in its development communities consisting primarily of costs necessary to complete home site improvements such as driveways, sidewalks, piers, pads and runners.

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

SUN COMMUNITIES

PROPERTY SUMMARY

	Quarter Ended				
	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
COMMUNITIES					
MICHIGAN					
Communities	47	47	47	47	47
Sites for Development	1,153	1,153	1,217	1,217	1,217
Developed Sites	14,333	14,333	14,333	14,333	14,333
Occupied	11,337	11,284	11,371	11,443	11,420
Occupancy %	79.1%	78.7%	79.3%	79.8%	79.7%
FLORIDA					
Communities	15	15	15	15	15
Sites for Development	250	250	344	305	306
Developed Sites	5,785	5,780	5,770	5,756	5,753
Occupied	5,740	5,738	5,727	5,718	5,711
Occupancy %	99.2%	99.3%	99.3%	99.3%	99.3%
INDIANA					
Communities	18	18	18	18	18
Sites for Development	518	518	518	518	518
Developed Sites	6,618	6,618	6,618	6,618	6,618
Occupied	4,373	4,366	4,490	4,551	4,559
Occupancy %	66.1%	66.0%	67.8%	68.8%	68.9%
OHIO					
Communities	11	11	11	11	11
Sites for Development	135	135	133	133	133
Developed Sites	3,132	3,132	3,132	3,132	3,132
Occupied	2,702	2,677	2,694	2,686	2,697
Occupancy %	86.3%	85.5%	86.0%	85.8%	86.1%
TEXAS					
Communities	17	17	17	17	17
Sites for Development	3,078	3,078	3,063	3,063	3,457
Developed Sites	4,454	4,460	4,459	4,464	4,463
Occupied	3,774	3,756	3,703	3,668	3,573
Occupancy %	84.7%	84.2%	83.0%	82.2%	80.1%
COLORADO					
Communities	4	4	4	4	4
Sites for Development	588	588	587	587	587
Developed Sites	1,299	1,300	1,300	1,300	1,300
Occupied	1,052	1,042	1,030	1,023	1,017
Occupancy %	81.0%	80.2%	79.2%	78.7%	78.2%

PROPERTY SUMMARY (continued)

	Quarter Ended				
	March 31, 2009	December 31, 2008	September 30, 2008	June 30, 2008	March 31, 2008
OTHER STATES					
Communities	20	20	20	20	20
Sites for Development	359	359	363	363	363
Developed Sites	6,676	6,676	6,677	6,677	6,678
Occupied	5,770	5,774	5,760	5,734	5,754
Occupancy %	86.4%	86.5%	86.3%	85.9%	86.2%
TOTAL--MH PORTFOLIO					
Communities	132	132	132	132	132
Sites for development	6,081	6,081	6,225	6,186	6,581
Developed sites	42,297	42,299	42,289	42,280	42,277
Occupied	34,748	34,637	34,775	34,823	34,731
Occupancy %	82.2%	81.9%	82.2%	82.4%	82.2%
RV PORTFOLIO SUMMARY					
Communities	12	12	12	12	12
Sites	5,308	5,314	5,319	5,326	5,334
Permanent	3,150	3,107	3,093	3,081	3,065
Seasonal	2,158	2,207	2,226	2,245	2,269
States					
Florida	4,323	4,327	4,329	4,337	4,345
Texas	828	830	833	832	832
Delaware	157	157	157	157	157

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

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

SUN COMMUNITIES

OPERATING STATISTICS
YEAR TO DATE
(Includes Manufactured Homes and Permanent RV's for 2009 and 2008)

MARKETS	*RESIDENT MOVE OUTS*	*NET LEASED SITES*	*NEW HOME SALES*	*PRE-OWNED HOME SALES*	*BROKERED RESALES*
Michigan	94	53	1	67	9
Florida	12	44	14	9	72
Indiana	50	7	-	33	2
Ohio	22	25	-	20	-
Texas	16	32	2	51	1
Other States	41	5	2	49	6
Through March 31, 2009	235	166	19	229	90
For the Year					
2008	1,018	(47)	122	843	341
2007	1,115	(132)	76	636	394
2006	1,173	(508)	121	371	539
2005	1,171	99	179	246	593
2004	1,118	(709)	180	357	683
2003	1,328	(849)	257	283	626
2002	1,256	(172)	286	174	592
2001	1,108	214	438	327	584
2000	720	366	416	182	863
1999	974	756	648	152	766
1998	883	998	682	188	642

	MOVE OUTS	**RESALES**
2009	2.5%	5.4%
2008	2.7%	5.8%
2007	3.2%	6.5%
2006	3.3%	7.7%
2005	3.3%	8.4%
2004	3.3%	8.0%
2003	3.9%	7.4%
2002	3.8%	7.1%
2001	3.2%	7.4%
2000	2.4%	8.6%
1999	3.1%	8.5%
1998	3.0%	8.6%

Note: 2004-2009 move outs exclude move outs by finance companies.

SUN COMMUNITIES, INC.
FOOTNOTES TO SUPPLEMENTAL DATA

(1) Investors in and analysts following the real estate industry utilize funds from operations ("FFO"), net operating income ("NOI"), EBITDA and funds available for distribution ("FAD") as supplemental performance measures. While the Company believes net income (as defined by GAAP) is the most appropriate measure, it considers FFO, NOI, EBITDA and FAD, given their wide use by and relevance to investors and analysts, appropriate supplemental measures. FFO, reflecting the assumption that real estate values rise or fall with market conditions, principally adjusts for the effects of GAAP depreciation/amortization of real estate assets. NOI provides a measure of rental operations and does not factor in depreciation/amortization and non-property specific expenses such as general and administrative expenses. EBITDA provides a further tool to evaluate ability to incur and service debt and to fund dividends and other cash needs. FAD provides a further tool to evaluate ability to fund dividends. In addition, FFO, NOI, EBITDA and FAD are commonly used in various ratios, pricing multiples/yields and returns and valuation calculations used to measure financial position, performance and value.

Funds from operations ("FFO") is defined by the National Association of Real Estate Investment Trusts ("NAREIT") as net income (computed in accordance with generally accepted accounting principles), excluding gains (or losses) from sales of depreciable operating property, plus real estate-related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. FFO is a non-GAAP financial measure that management believes is a useful supplemental measure of the Company's operating performance. Management generally considers FFO to be a useful measure for reviewing comparative operating and financial performance because, by excluding gains and losses related to sales of previously depreciated operating real estate assets and excluding real estate asset depreciation and amortization (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO provides a performance measure that, when compared year over year, reflects the impact to operations from trends in occupancy rates, rental rates and operating costs, providing perspective not readily apparent from net income. Management believes that the use of FFO has been beneficial in improving the understanding of operating results of REITs among the investing public and making comparisons of REIT operating results more meaningful.

Because FFO excludes significant economic components of net income including depreciation and amortization, FFO should be used as an adjunct to net income and not as an alternative to net income. The principal limitation of FFO is that it does not represent cash flow from operations as defined by GAAP and is a supplemental measure of performance that does not replace net income as a measure of performance or net cash provided by operating activities as a measure of liquidity. In addition, FFO is not intended as a measure of a REIT's ability to meet debt principal repayments and other cash requirements, nor as a measure of working capital. FFO only provides investors with an additional performance measure that, when combined with measures computed in accordance with GAAP such as net income, cash flow from operating activities, investing activities and financing activities, provide investors with an indication of the Company's ability to service debt and to fund acquisitions and other expenditures. Other REITS may use different methods for calculating FFO and, accordingly, the Company's FFO may not be comparable to other REITs.

NOI is derived from revenues (determined in accordance with GAAP) minus property operating expenses and real estate taxes (determined in accordance with GAAP). NOI does not represent cash generated from operating activities in accordance with GAAP and should not be considered to be an alternative to net income (determined in accordance with GAAP) as an indication of the Company's financial performance or to be an alternative to cash flow from operating activities (determined in accordance with GAAP) as a measure of the Company's liquidity; nor is it indicative of funds available for the Company's cash needs, including its ability to make cash distributions. The Company believes that net income is the most directly comparable GAAP measurement to net operating income. Because of the inclusion of items such as interest, depreciation and amortization, the use of net income as a performance measure is limited as these items may not accurately reflect the actual change in market value of a property, in the case of depreciation and in the case of interest, may not necessarily be linked to the operating performance of a real estate asset, as it is often incurred at a parent company level and not at a property level. The Company believes that net operating income is helpful to investors as a measure of operating performance because it is an indicator of the return on property investment, and provides a method of comparing property performance over time. The Company uses NOI as a key management tool when evaluating performance and growth of particular properties and/or groups of properties. The principal limitation of NOI is that it excludes depreciation, amortization and non-property specific expenses such as general and administrative expenses, all of which are significant costs, and therefore, NOI is a measure of the operating performance of the properties of the Company rather than of the Company overall.

EBITDA is defined as NOI plus other income, plus (minus) equity earnings (loss) from affiliates, minus general and administrative expenses. EBITDA includes EBITDA from discontinued operations.

FAD is defined as FFO minus recurring capital expenditures. Recurring capital expenditures are those expenditures necessary to maintain asset quality, including major road, driveway and pool repairs, and clubhouse renovations and adding or replacing street lights, playground equipment, signage and maintenance facilities.

FFO, NOI, EBITDA and FAD do not represent cash generated from operating activities in accordance with GAAP and are not necessarily indicative of cash available to fund cash needs, including the repayment of principal on debt and payment of dividends and distributions. FFO, NOI, EBITDA and FAD should not be considered as substitutes for net income (calculated in accordance with GAAP) as a measure of results of operations or cash flows (calculated in accordance with GAAP) as a measure of liquidity. FFO, NOI, EBITDA and FAD as calculated by the Company may not be comparable to similarly titled, but differently calculated, measures of other REITs or to the definition of FFO published by NAREIT.