



Acquisition of  
Carefree Communities, Inc.  
from an Affiliate of  
Centerbridge Partners, L.P.

March 22, 2016

# Forward-looking Statements

This presentation has been prepared for informational purposes only from information supplied by Sun Communities, Inc. (the "Company") and from third-party sources indicated herein. Such third-party information has not been independently verified. The Company makes no representation or warranty, expressed or implied, as to the accuracy or completeness of such information.

This presentation contains various "forward-looking statements" within the meaning of the United States Securities Act of 1933, as amended, and the United States Securities Exchange Act of 1934, as amended, and we intend that such forward-looking statements will be subject to the safe harbors created thereby. For this purpose, any statements contained in this presentation that relate to expectations, beliefs, projections, future plans and strategies, trends or prospective events or developments and similar expressions concerning matters that are not historical facts are deemed to be forward-looking statements. Words such as "forecasts," "intends," "intend," "intended," "goal," "estimate," "estimates," "expects," "expect," "expected," "project," "projected," "projections," "plans," "predicts," "potential," "seeks," "anticipates," "anticipated," "should," "could," "may," "will," "designed to," "foreseeable future," "believe," "believes," "scheduled," "guidance" and similar expressions are intended to identify forward-looking statements, although not all forward looking statements contain these words. These forward-looking statements reflect our 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 presentation. These risks and uncertainties may cause our actual results to be materially different from any future results expressed or implied by such forward-looking statements. In addition to the risks disclosed under "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2015, and our other filings with the Securities and Exchange Commission from time to time, such risks and uncertainties include:

- changes in general economic conditions, the real estate industry and the markets in which we operate;
- difficulties in our ability to evaluate, finance, complete and integrate acquisitions, developments and expansions successfully;
- our liquidity and refinancing demands;
- our ability to obtain or refinance maturing debt;
- our ability to maintain compliance with covenants contained in our debt facilities;
- availability of capital;
- our failure to maintain effective internal control over financial reporting and disclosure controls and procedures;
- increases in interest rates and operating costs, including insurance premiums and real property taxes;
- risks related to natural disasters;
- general volatility of the capital markets and the market price of shares of our capital stock;
- our failure to maintain our status as a REIT;
- changes in real estate and zoning laws and regulations;
- legislative or regulatory changes, including changes to laws governing the taxation of REITs;
- litigation, judgments or settlements;
- our ability to maintain rental rates and occupancy levels;
- competitive market forces; and
- the ability of manufactured home buyers to obtain financing and the level of repossessions by manufactured home lenders.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statement was made. We undertake no obligation to publicly update or revise any forward-looking statements included in this presentation, whether as a result of new information, future events, changes in our expectations or otherwise, except as required by law. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. All written and oral forward-looking statements attributable to us or persons acting on our behalf are qualified in their entirety by these cautionary statements.

# Transaction Overview

## Transaction

- Acquisition of Carefree Communities, Inc., the 5th largest Manufactured Housing and Recreational Vehicle Community owner and operator in North America, from an affiliate of Centerbridge Partners, L.P. (“Centerbridge”)
- 103 manufactured housing communities: 41 MH, 46 RV and 16 Hybrid
- 27,554 total developed sites
  - 36% Manufactured Housing / 64% Recreational Vehicle
  - 51% Age-restricted / 49% All-age
  - Recreation Vehicle sites: 60% Annual and Seasonal / 40% Transient

## Consideration

- \$1.68bn purchase price with 27% cash consideration, financed by:
  - \$1,006mm assumed debt
  - \$225mm equity securities issued to affiliates of Centerbridge
  - \$273mm public equity offering<sup>1</sup>
  - \$176mm cash on hand and line of credit borrowing

## Pro-forma Impact

- Expected to be accretive to FFO per share
- Combined entity expected to be ~\$8.475bn in enterprise value

## Closing

- Transaction expected to close in or before July 2016, subject to customary closing conditions

## Board of Directors

- Transaction has been unanimously approved by SUI’s Board of Directors



# Compelling Acquisition Opportunity

- ✓ *Large high-quality irreplaceable portfolio focused in prime coastal markets*
- ✓ *Increase in size, scale and diversification*
- ✓ *Expected to be accretive to FFO per share*
- ✓ *Strong operating metrics and attractive growth*
- ✓ *Cost synergies and upside from integration into SUI platform*



# Transaction Rationale

## Compelling Growth Opportunity

- Sun Communities achieves increased size in the Manufactured Housing sector with \$8.475bn pro-forma enterprise value acquiring a portfolio of irreplaceable assets
- Significant opportunity to scale SUI portfolio:
  - Total enterprise value increases by 25%
  - Number of communities increases by 45%
  - Number of sites increases by 31%

## Improve Portfolio Operating Metrics


- Combined portfolio post acquisition will increase average monthly rent per manufactured home site by +3.5%
- Further enhances geographic and demographic composition of SUI's portfolio
  - Expanded market share in highly desirable coastal markets (+78 communities in Florida and California)
  - Addition of two top ranked RV resorts in North America (Sherkston Shores in Canada and Sun-N-Fun in Florida)
- Increases age-restricted communities from 25% to 33%

## Consistent with Existing Growth Strategy

- Successful track record of strategic acquisitions
  - Since May 2011, Sun Communities acquired over \$2.6bn of communities, increasing its number of sites by 84% and communities by 69%
  - Successfully reshaped its portfolios through strategic expansions, acquiring high quality assets in key markets
- Strong integration expertise to stabilize Sun's acquisition targets into its platform
  - Current strong and consistent rental growth and occupancy gains are proven to be a function of its best-in-class platform



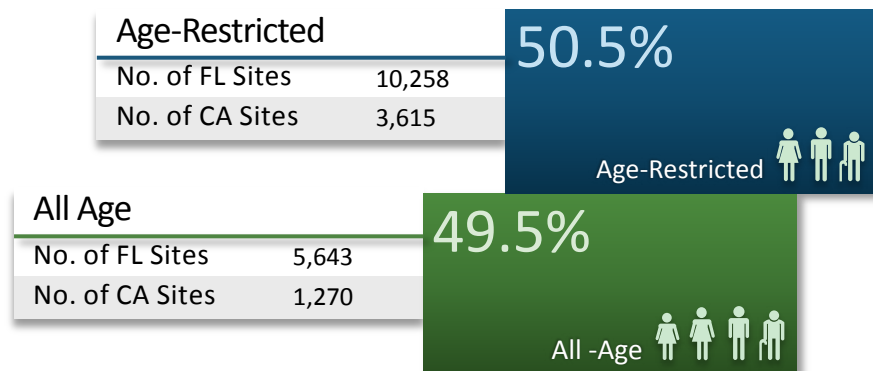
# Carefree's Irreplaceable Portfolio Comprised of High-Quality Assets



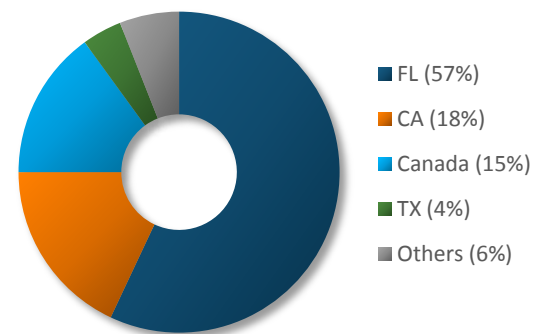
Carefree Portfolio Summary Statistics

Age-Restricted Properties	52 communities
	14,041 sites
All-Age Properties	51 communities
	13,513 sites
Aggregate Portfolio	103 communities
	27,554 sites
Avg. Monthly Rent per MH Site	\$622
MH Occupancy	93.9%
Number of States	8




## Age-Restricted Concentration (by # of communities)



## Geographic Exposure (by # of communities)



# Enhanced Scale, Geographic Footprint and Operating Metrics

	 PRE-TRANSACTION		 POST-TRANSACTION	
Total Enterprise Value <sup>1</sup>	\$6.776bn	\$1.699bn	\$8.475bn	(+25%)
Number of Communities	231 <sup>2</sup>	103 <sup>3</sup>	334	(+45%)
Number of Sites	88,612 <sup>2</sup>	27,554 <sup>3</sup>	116,166	(+31%)
Occupancy	96% <sup>2</sup>	97% <sup>3</sup>	96%	
Number of Expansion Sites	7,181 <sup>2</sup>	2,982 <sup>3</sup>	10,163	(+42%)
Average Monthly Rent/ MH Site	\$481 <sup>2</sup>	\$622 <sup>3</sup>	\$498	(+3.5%)

SOURCE: COMPANY FILINGS.

<sup>1</sup> SUI AS OF 3/21/2016; CAREFREE: ASSUMED TRANSACTION VALUE OF \$1.699BN.

<sup>2</sup> SUI AS OF 12/31/2015; OCCUPANCY DATA REFERS TO SAME-SITE MH AND RV, EXCLUDING TRANSIENT RV, AND EXCLUDES RECENTLY COMPLETED BUT VACANT EXPANSION SITES; MONTHLY RENT PER SITE CALCULATED AS WEIGHTED AVERAGE MONTHLY RENTS OF MH AND RV COMMUNITIES.

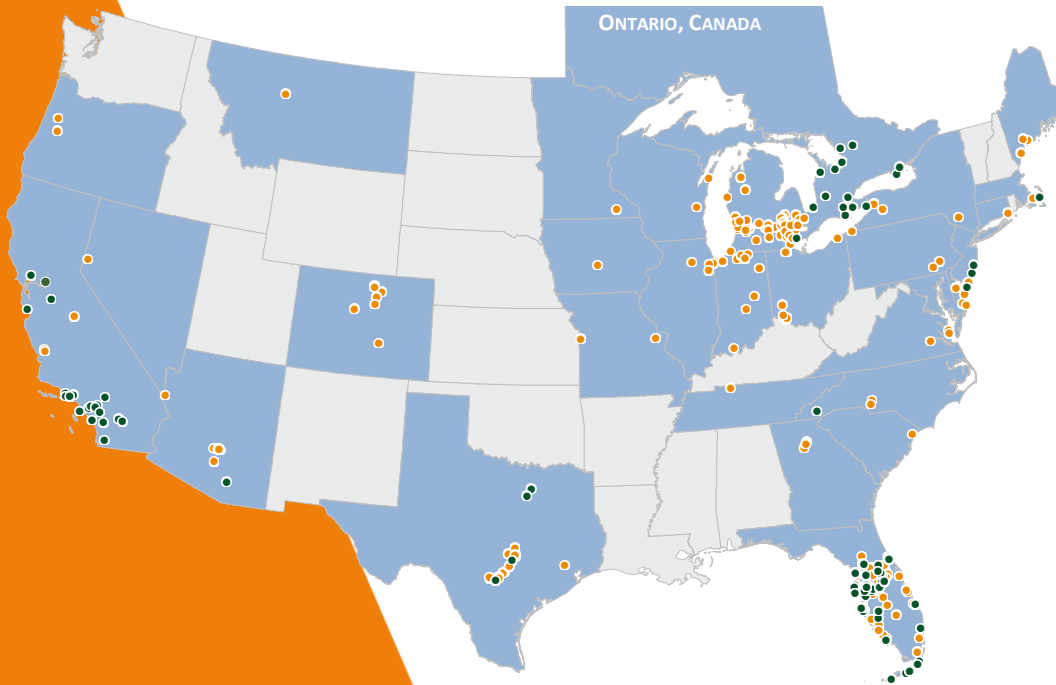
<sup>3</sup> CAREFREE AS OF 12/31/2015; OCCUPANCY DATA REFERS TO MH AND RV, EXCLUDING TRANSIENT RV.



# Increased Key Market Penetration

✓ *SUI will strengthen its presence in key, high-barrier markets with this acquisition*

- CAREFREE PROPERTIES
- SUN COMMUNITIES PROPERTIES



	<b>SUN</b> PRE-TRANSACTION	Carefree	<b>SUN</b> POST-TRANSACTION	
FL	27,039	15,901	42,940	37.0%
MI	24,126		24,126	20.8%
TX	6,379	757	7,136	6.1%
CA	494	4,885	5,379	4.6%
ON	-	5,054	5,054	4.4%
AZ	4,388	189	4,577	3.9%
IN	3,401		3,401	2.9%
OH	2,913		2,913	2.5%
NJ	2,630	398	3,028	2.6%
CO	2,335		2,335	2.0%
IL	1,652		1,652	1.4%
ME	1,521		1,521	1.3%
NY	1,370		1,370	1.2%
PA	1,277		1,277	1.1%
MD	1,187		1,187	1.0%
GA	1,150		1,150	1.0%
MO	976		976	0.8%
DE	916		916	0.8%
VA	685		685	0.6%
NC	581	92	673	0.6%
WI	549		549	0.5%
OR	473		473	0.4%
SC	419		419	0.4%
IA	413		413	0.4%
MA	406	278	684	0.6%
MN	404		404	0.3%
NV	324		324	0.3%
TN	237		237	0.2%
MT	226		226	0.2%
CT	141		141	0.1%
	88,612	27,554	116,166	100.0%





# A Portfolio of Best-in-Class North American Properties

- ✓ *The Carefree portfolio represents a large, high quality irreplaceable portfolio in prime coastal markets*



# Transaction Sources and Uses

- ✓ *Committed to maintaining a flexible balance sheet and conservative leverage level over time*

(\$ in millions)

Sources of Funds	\$	%	Uses of Funds	\$	%
Assumed Carefree Debt	\$1,006	59.2%	Purchase of 102 Carefree Communities	\$1,655	97.4%
SUI Equity Offering <sup>1</sup>	273	16.1	Purchase of Recently Acquired Property	9	0.5
SUI Common Stock to Centerbridge	225	13.2	Purchase of Carefree Homes	16	0.9
SUI Cash on Hand / Line of Credit	195	11.5	Estimated Transaction Expenses	19	1.1
<b>Total Sources of Funds</b>	<b>\$1,699</b>	<b>100.0%</b>	<b>Total Uses of Funds</b>	<b>\$1,699</b>	<b>100.0%</b>

- Total Transaction Value: \$1.699 billion
- ~28% cash consideration to be financed with a combination of SUI's cash on hand, lines of credit and post acquisition equity offering
  - Total cash consideration equates to ~\$468mm



# Growth Through Opportunistic Acquisitions

- |   |  |  |   |  |
|---|--|--|---|--|
| <p>136 communities<br/>54,811 sites</p> <ul style="list-style-type: none"> <li>17 MH &amp; 1 RV properties Kentland acquisition growing the portfolio.</li> </ul> | <p>173 communities<br/>63,697 sites</p> <ul style="list-style-type: none"> <li>Further strengthened the MH portfolio with the 6-community Rudgate acquisition.</li> <li>Acquired Palm Creek, an irreplaceable age restricted asset.</li> </ul> | <p>188 communities<br/>69,789 sites</p> <ul style="list-style-type: none"> <li>Geographic &amp; RV Diversification with the 10 RV community Morgan acquisition entering 5 new states.</li> </ul> | <p>217 communities<br/>79,554 sites</p> <ul style="list-style-type: none"> <li>Closed 1<sup>st</sup> phase of "ALL" 59 high quality, age-restricted community acquisition, strengthening and diversifying the portfolio.</li> </ul> | <p>231 communities<br/>88,612 sites</p> <ul style="list-style-type: none"> <li>Final closing of "ALL" acquisition enhancing the portfolio.</li> <li>For the year acquired 34 MH communities and 4 RV Resorts.</li> </ul> |
|---|--|--|---|--|

2011

2013

2012

2014

2015



✓ *Since May 2011, Sun has acquired communities valued in excess of \$2.6 billion, increasing its number of sites and communities by 84% and 69%, respectively<sup>1</sup>*



SOURCE: COMPANY INFORMATION. REFER TO SUN COMMUNITIES, INC. FORM 10-K AND SUPPLEMENTAL FOR THE YEAR ENDED DECEMBER 31, 2015 FOR ADDITIONAL INFORMATION.

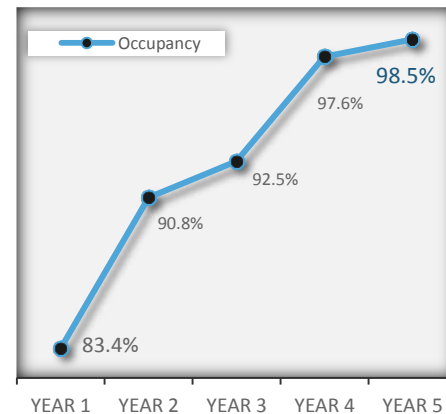
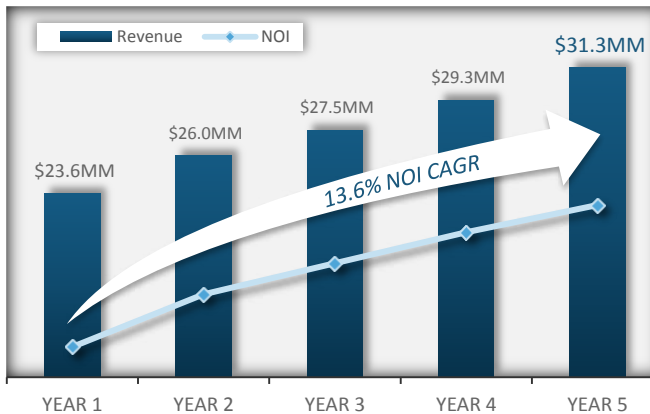
<sup>1</sup> EXCLUDES DISPOSED COMMUNITIES.

# Extracting Value from Acquisitions

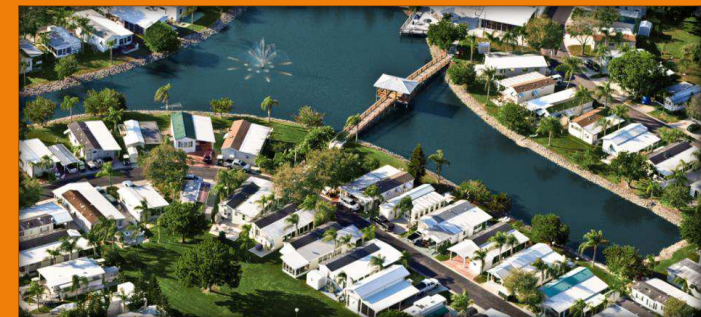
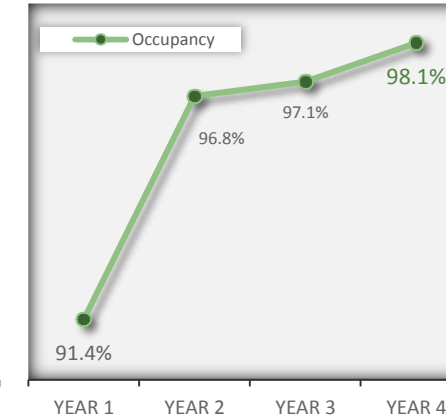
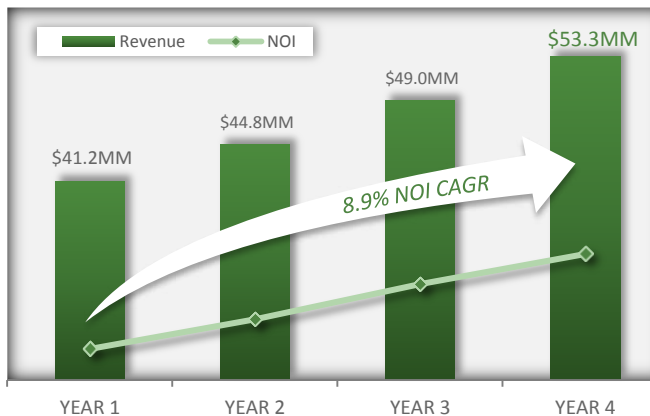


# Acquisition Performance

## 2011 Acquisitions (26 COMMUNITIES)



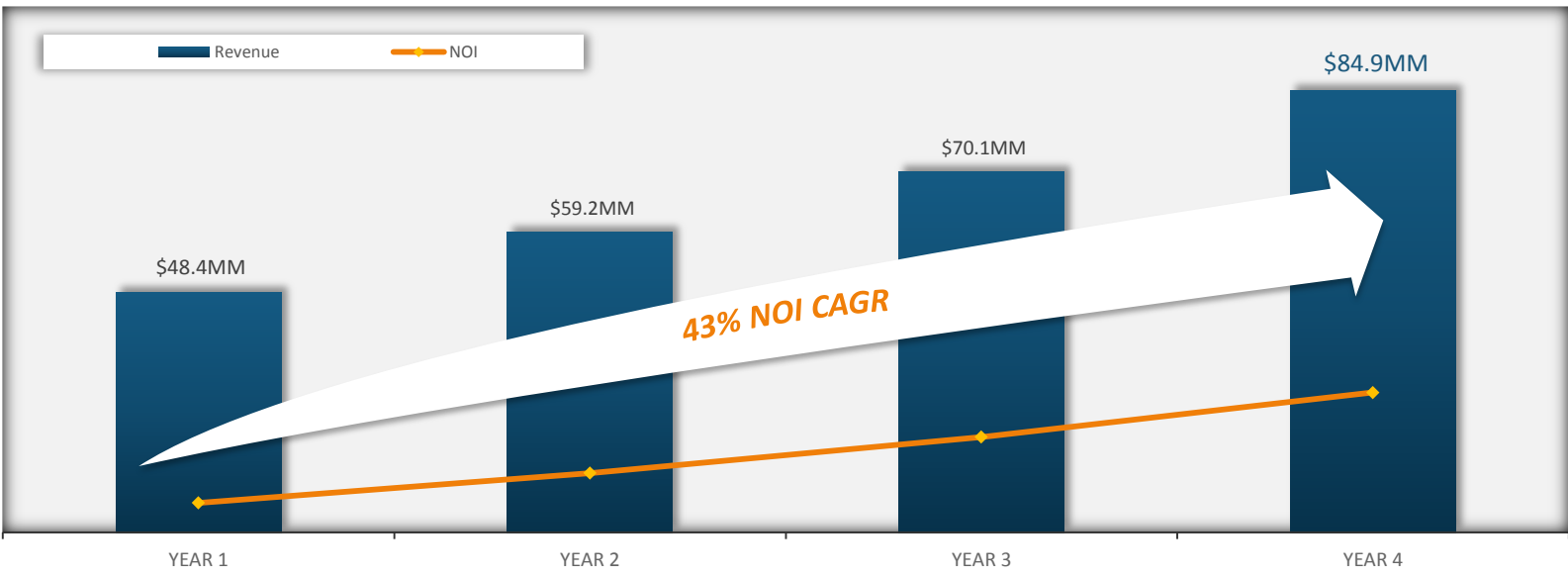
## 2012 Acquisitions (11 COMMUNITIES)



SUN COMMUNITIES, INC.

# Acquisition Performance (Cont'd)

## 2013 Morgan Acquisition (10 RV PROPERTIES)



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