

Edgar Filing: SUN COMMUNITIES INC - Form 10-K

SUN COMMUNITIES INC

Form 10-K

February 21, 2019

false--12-31FY20180000912593YesfalseLarge Accelerated

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us-gaap:ChiefExecutiveOfficerMember 2018-12-31 0000912593 us-gaap:SubsequentEventMember 2019-02-21 0000912593 sui:SeriesDPreferredOPUnitsMember us-gaap:SubsequentEventMember 2019-02-14 2019-02-14 0000912593 us-gaap:SubsequentEventMember 2019-01-01 2019-02-21 0000912593
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xbrli:pure utreg:Rate sui:community sui:RV_community utreg:sqft sui:manufactured_home iso4217:USD sui:sqft

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2018
Commission file number 1-12616

SUN COMMUNITIES INC

(Exact Name of Registrant as Specified in its Charter)

Maryland **38-2730780**
(State of Incorporation) (I.R.S. Employer Identification No.)

27777 Franklin Rd.

Suite 200

Southfield, Michigan **48034**
(Address of Principal Executive Offices) (Zip Code)

(248) 208-2500

(Registrant's telephone number, including area code)

Common Stock, Par Value \$0.01 per Share **New York Stock Exchange**

Securities Registered Pursuant to Section 12(b) of the Act Name of each exchange on which registered

Securities Registered Pursuant to Section 12(g) of the Act: 6.50% Series A-4 Cumulative Convertible Preferred Stock, par value \$0.01 per Share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Exchange Act. Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Smaller reporting company Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

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As of June 30, 2018, the aggregate market value of the Registrant's stock held by non-affiliates was \$7,693,151,783 (computed by reference to the closing sales price of the Registrant's common stock as of June 30, 2018). For this computation, the Registrant has excluded the market value of all shares of common stock reported as beneficially owned by executive officers and directors of the Registrant; such exclusion shall not be deemed to constitute an admission that any such person is an affiliate of the Registrant.

Number of shares of common stock, \$0.01 par value per share, outstanding as of February 14, 2019: 86,380,502

Documents Incorporated By Reference

Unless provided in an amendment to this Annual Report on Form 10-K, the information required by Part III is incorporated by reference to the registrant's proxy statement to be filed pursuant to Regulation 14A, with respect to the registrant's 2019 annual meeting of stockholders.

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SUN COMMUNITIES, INC.

PART I

ITEM 1. BUSINESS

GENERAL

Sun Communities, Inc., a Maryland corporation, and all wholly-owned or majority-owned and controlled subsidiaries, including Sun Communities Operating Limited Partnership, a Michigan limited partnership (the “Operating Partnership”) and Sun Home Services, Inc., a Michigan corporation (“SHS”) are referred to herein as the “Company,” “us,” “we,” and “our”. We are a self-administered and self-managed real estate investment trust (“REIT”).

We are a fully integrated real estate company which, together with our affiliates and predecessors, have been in the business of acquiring, operating, developing, and expanding manufactured housing (“MH”) and recreational vehicle (“RV”) communities since 1975. We lease individual parcels of land (“sites”) with utility access for placement of manufactured homes and RVs to our customers. We are also engaged through a taxable subsidiary, SHS, in the marketing, selling, and leasing of new and pre-owned homes to current and future residents in our communities. The operations of SHS support and enhance our occupancy levels, property performance and cash flows.

We own, operate, or have an interest in a portfolio of MH and RV communities. As of December 31, 2018, we owned, operated or had an interest in a portfolio of 371 properties in 31 states and Ontario, Canada (collectively, the “Properties” or “Communities”), including 230 MH communities, 110 RV communities, and 31 Properties containing both MH and RV sites. As of December 31, 2018, the Properties contained an aggregate of 128,454 developed sites comprised of 84,428 developed MH sites, 24,535 annual RV sites (inclusive of both annual and seasonal usage rights), and 19,491 transient RV sites. There are approximately 11,000 additional MH and RV sites suitable for development.

Our executive and principal property management office is located at 27777 Franklin Road, Suite 200, Southfield, Michigan 48034 and our telephone number is (248) 208-2500. We have regional property management offices located in Austin, Texas; Grand Rapids, Michigan; Denver, Colorado; Ft. Myers, Florida; and Orlando, Florida; and we employed an aggregate of 2,784 full and part time employees as of December 31, 2018.

Our website address is www.suncommunities.com and we make available, free of charge, on or through our website all of our periodic reports, including our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, and current reports on Form 8-K, as soon as reasonably practicable after we file such reports with the Securities and Exchange Commission (the “SEC”).

STRUCTURE OF THE COMPANY

The Operating Partnership is structured as an umbrella partnership REIT, or UPREIT. In 1993, we contributed our net assets to the Operating Partnership in exchange for the sole general partner interest in the Operating Partnership and the majority of all the Operating Partnership’s initial capital. We conduct substantially all of our operations through the Operating Partnership. The Operating Partnership owns, either directly or indirectly through other subsidiaries, all of our assets. This UPREIT structure enables us to comply with certain complex requirements under the federal tax rules and regulations applicable to REITs, and to acquire MH and RV communities in transactions that defer some or all of the sellers’ tax consequences. The financial results of the Operating Partnership and our other subsidiaries are consolidated in our Consolidated Financial Statements. The financial results include certain activities that do not necessarily qualify as REIT activities under the Internal Revenue Code of 1986, as amended (the “Code”). We have formed taxable REIT subsidiaries, as defined in the Code, to engage in such activities. We use taxable REIT subsidiaries to offer certain services to our residents and engage in activities that would not otherwise be permitted under the REIT rules if provided directly by us or by the Operating Partnership. The taxable REIT subsidiaries include

our home sales business, SHS, which provides manufactured home sales, leasing, and other services to current and prospective tenants of the Properties.

Under the partnership agreement, the Operating Partnership is structured to make distributions with respect to certain of the Operating Partnership units (“OP units”) at the same time that distributions are made to our common stockholders. The Operating Partnership is structured to permit limited partners holding certain classes or series of OP units to exchange those OP units for shares of our common stock (in a taxable transaction) and achieve liquidity for their investment.

As the sole general partner of the Operating Partnership, we generally have the power to manage and have complete control over the conduct of the Operating Partnership’s affairs and all decisions or actions made or taken by us as the general partner pursuant to the partnership agreement are generally binding upon all of the partners and the Operating Partnership.

SUN COMMUNITIES, INC.

We do not own all of the OP units. As of December 31, 2018, the Operating Partnership had issued and outstanding:

89,082,937 common OP units;
1,283,819 preferred OP units (“Aspen preferred OP units”);
331,941 Series A-1 preferred OP units;
40,268 Series A-3 preferred OP units;
1,473,153 Series A-4 preferred OP units;
26,750 Series B-3 preferred OP units; and
314,438 Series C preferred OP units.

As of December 31, 2018, we held:

86,357,426 common OP units, or approximately 96.9 percent of the issued and outstanding common OP units;
1,062,789 Series A-4 preferred OP units, or approximately 72.1 percent of the issued and outstanding Series A-4 preferred OP units; and
no Aspen preferred OP units, Series A-1 preferred OP units, Series A-3 preferred OP units, Series B-3 preferred OP units, or Series C preferred OP units.

Ranking and Priority

The various classes and series of OP units issued by the Operating Partnership rank as follows with respect to rights to the payment of distributions and the distribution of assets in the event of any voluntary or involuntary liquidation, dissolution or winding up of the Operating Partnership:

first, the Series A-4 preferred OP units, Aspen preferred OP units and Series A-1 preferred OP units, on parity with each other;
next, the Series C preferred OP units;
next, the Series B-3 preferred OP units;
next, the Series D preferred OP units;
next, the Series A-3 preferred OP units; and
finally, the common OP units.

Common OP Units

Subject to certain limitations, the holder of each common OP unit at its option may convert such common OP unit at any time into one share of our common stock. Holders of common OP units are entitled to receive distributions from the Operating Partnership as and when declared by the general partner, provided that all accrued distributions payable on OP units ranking senior to the common OP units have been paid. The holders of common OP units generally receive distributions on the same dates and in amounts equal to the distributions paid to holders of our common stock.

Aspen Preferred OP Units

Subject to certain limitations, at any time prior to January 1, 2024, the holder of each Aspen preferred OP unit at its option may convert such Aspen preferred OP unit into: (a) if the average closing price of our common stock for the preceding ten trading days is \$68.00 per share or less, 0.397 common OP units, or (b) if the average closing price of our common stock for the preceding ten trading days is greater than \$68.00 per share, the number of common OP units determined by dividing (i) the sum of (A) \$27.00 plus (B) 25 percent of the amount by which the average closing price of our common stock for the preceding ten trading days exceeds \$68.00 per share, by (ii) the average closing price of our common stock for the preceding ten trading days. The holders of Aspen preferred OP units are entitled to

receive distributions not less than quarterly. Distributions on Aspen preferred OP units are generally paid on the same dates as distributions are paid to holders of common OP units. Each Aspen preferred OP unit is entitled to receive distributions in an amount equal to the product of (x) \$27.00, multiplied by (y) an annual rate equal to the 10-year U.S. Treasury bond yield plus 239 basis points; provided, however, that the aggregate distribution rate shall not be less than 6.5 percent nor more than 9 percent. On January 2, 2024, we are required to redeem all Aspen preferred OP units that have not been converted to common OP units. In addition, we are required to redeem the Aspen preferred OP units of any holder thereof within five days after receipt of a written demand during the existence of certain uncured Aspen preferred OP unit defaults, including our failure to pay distributions on the Aspen preferred OP units when due and our failure to provide certain security for the payment of distributions on the Aspen preferred OP units. We may also redeem Aspen preferred OP units from time to time if we and the holder thereof agree to do so.

SUN COMMUNITIES, INC.

Series A-1 Preferred OP Units

Subject to certain limitations, the holder of each Series A-1 preferred OP unit at its option may exchange such Series A-1 preferred OP unit at any time into approximately 2.4390 shares of our common stock (which exchange rate is subject to adjustment upon stock splits, recapitalizations, and similar events). The holders of Series A-1 preferred OP units are entitled to receive distributions not less than quarterly. Distributions on Series A-1 preferred OP units are generally paid on the last day of each quarter. Each Series A-1 preferred OP unit is entitled to receive distributions in an amount equal to the product of \$100.00 multiplied by an annual rate equal to 6.0 percent. Series A-1 preferred OP units do not have any voting or consent rights on any matter requiring the consent or approval of the Operating Partnership's limited partners.

Series A-3 Preferred OP Units

Subject to certain limitations, the holder of each Series A-3 preferred OP unit at its option may exchange such Series A-3 preferred OP unit at any time into approximately 1.8605 shares of our common stock (which exchange rate is subject to adjustment upon stock splits, recapitalizations, and similar events). The holders of Series A-3 preferred OP units are entitled to receive distributions not less than quarterly. Each Series A-3 preferred OP unit is entitled to receive distributions in an amount equal to the product of \$100.00 multiplied by an annual rate equal to 4.5 percent. Series A-3 preferred OP units do not have any voting or consent rights on any matter requiring the consent or approval of the Operating Partnership's limited partners.

Series A-4 Preferred OP Units

In connection with the issuance of our 6.5% Series A-4 Cumulative Convertible Preferred Stock (the "Series A-4 preferred stock") in November 2014, the Operating Partnership created the Series A-4 preferred OP units as a new class of OP units. Series A-4 preferred OP units have economic and other rights and preferences substantially similar to those of the Series A-4 preferred stock, including rights to receive distributions at the same time and in the same amounts as distributions paid on Series A-4 preferred stock. Each Series A-4 preferred OP unit is exchangeable into approximately 0.4444 shares of common stock or common OP units (which exchange rate is subject to adjustment upon stock splits, recapitalizations, and similar events). The Operating Partnership issued Series A-4 preferred OP units to us in connection with our acquisition of a portfolio of MH communities from Green Courte Real Estate Partners, LLC and certain of their affiliated entities (collectively, the "Green Courte parties" or the "Green Courte entities").

During the year ended December 31, 2018 and 2017, we repurchased zero and 438,448 Series A-4 preferred OP units, respectively. At December 31, 2018, we held 1,062,789 Series A-4 preferred OP units. The rights of the Series A-4 preferred OP units held by us mirror the economic rights of the Series A-4 preferred OP units issued to the Green Courte entities, but certain voting, consent, and other rights do not apply to the Series A-4 preferred OP units held by us.

If certain change of control transactions occur or if our common stock ceases to be listed or quoted on an exchange or quotation system, then at any time after November 26, 2019, we or the holders of shares of Series A-4 preferred stock and Series A-4 preferred OP units may cause all or any of those shares or units to be redeemed for cash at a redemption price equal to the sum of (i) the greater of (x) the amount that the redeemed shares of Series A-4 preferred stock and Series A-4 preferred OP units would have received in such transaction if they had been converted into shares of our common stock immediately prior to such transaction, or (y) \$25.00 per share, plus (ii) any accrued and unpaid distributions thereon to, but not including, the redemption date.

Series B-3 Preferred OP Units

Series B-3 preferred OP units are not convertible. The holders of Series B-3 preferred OP units generally receive distributions on the last day of each quarter. Each Series B-3 preferred OP unit is entitled to receive distributions in an amount equal to the product of \$100.00 multiplied by an annual rate equal to 8.0 percent.

Subject to certain limitations, (x) during the 90-day period beginning on each of the tenth through fifteenth anniversaries of the issue date of the applicable Series B-3 preferred OP units, (y) at any time after the fifteenth anniversary of the issue date of the applicable Series B-3 preferred OP units, or (z) after our receipt of notice of the death of the electing holder of a Series B-3 preferred OP unit, each holder of Series B-3 preferred OP units may require us to redeem such holder's Series B-3 preferred OP units at the redemption price of \$100.00 per unit. In addition, at any time after the fifteenth anniversary of the issue date of the applicable Series B-3 preferred OP units we may redeem, at our option, all of the Series B-3 preferred OP units of any holder thereof at the redemption price of \$100.00 per unit. Series B-3 preferred OP units do not have any voting or consent rights on any matter requiring the consent or approval of the Operating Partnership's limited partners.

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During the year ended December 31, 2018, we redeemed a total of 41,051 Series B-3 preferred OP units. In January 2019, we redeemed the remaining 26,750 Series B-3 preferred OP units.

Series C Preferred OP Units

On January 31, 2019, the Operating Partnership created a new class of OP units named Series D preferred OP units. As of February 14, 2019, 488,958 Series D preferred units were outstanding.

Subject to certain limitations, each Series D preferred OP unit is exchangeable at any time after the first anniversary of its issuance date into 0.8 shares of the Company's common stock (as such ratio is subject to adjustment for certain capital events). The Series D preferred OP units provide for quarterly distributions on the \$100 per unit issue price of 3.75% per year until January 31, 2021, and 4.0% per year thereafter. Subject to certain limitations, the Series D preferred OP unit holders may cause the Operating Partnership to redeem all or a portion of their Series D preferred OP units for \$100 per unit (plus any accrued but unpaid distributions) any time after the earlier of: (i) the fifth anniversary of the issuance of the Series D preferred OP units, or (ii) the Operating Partnership's notice of the death of the principal of the initial holder of the Series D preferred OP units. The Series D preferred OP units have no voting rights.

REAL PROPERTY OPERATIONS

An MH community is a residential subdivision designed and improved with sites for the placement of manufactured homes, related improvements, and amenities. Manufactured homes are detached, single family homes which are produced off site by manufacturers and installed on sites within the community. Manufactured homes are available in a wide array of designs, providing owners with a level of customization generally unavailable in other forms of multi-family housing developments.

Modern MH communities contain improvements similar to other garden style residential developments, including centralized entrances, paved streets, curbs, gutters, and parkways. In addition, these communities also often provide a number of amenities, such as a clubhouse, a swimming pool, shuffleboard courts, tennis courts, and laundry facilities.

An RV community is a resort or park designed and improved with sites for the placement of RVs for varied lengths of time. Properties may also provide vacation rental homes. RV communities include a number of amenities such as restaurants, golf courses, swimming pools, tennis courts, fitness centers, planned activities, and spacious social facilities.

The owner of each home on our Properties leases the site on which the home is located. We typically own the underlying land, utility connections, streets, lighting, driveways, common area amenities, and other capital improvements and are responsible for enforcement of community guidelines and maintenance. In six of our 371 communities, we do not own all of the underlying land and operate the communities pursuant to ground leases. Certain of the Properties provide water and sewer service through public or private utilities, while others provide these services to residents from on-site facilities. Each owner of a home within our Properties is responsible for the maintenance of the home and leased site. As a result, our capital expenditure needs tend to be less significant relative to multi-family rental apartment complexes.

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PROPERTY MANAGEMENT

Our property management strategy emphasizes intensive, hands-on management by dedicated, on-site district and community managers. We believe that this on-site focus enables us to continually monitor and address resident concerns, the performance of competitive properties, and local market conditions. As of December 31, 2018, we employed 2,784 full and part time employees, of which 2,393 were located on-site as property managers, support staff, or maintenance personnel.

Our community managers are overseen by John B. McLaren, our President and Chief Operating Officer, who has been in the MH industry since 1995, three Senior Vice Presidents of Operations and Sales, nine Divisional Vice Presidents and thirty seven Regional Vice Presidents. Each Regional Vice President is responsible for semi-annual market surveys of competitive communities, interaction with local manufactured home dealers, regular property inspections, and oversight of property operations and sales functions for six to fourteen properties.

Each district or community manager performs regular inspections in order to continually monitor the Property's physical condition and to effectively address tenant concerns. In addition to a district or community manager, each district or property has on-site maintenance personnel and management support staff. We hold mandatory training sessions for all new property management personnel to ensure that management policies and procedures are executed effectively and professionally. All of our property management personnel participate in on-going training to ensure that changes to management policies and procedures are implemented consistently. We offer approximately 350 trainings including books, online courses, webinars, and live sessions for our team members through our Sun University, which has led to increased knowledge and accountability for daily operations and policies and procedures.

HOME SALES AND RENTALS

SHS is engaged in the marketing, selling and leasing of new and pre-owned homes to current and future residents in our communities. Because tenants often purchase a home already on-site within a community, such services enhance occupancy and property performance. Additionally, because many of the homes on the Properties are sold through SHS, better control of home quality in our communities can be maintained than if sales services were conducted solely through third-party brokers.

SHS also leases homes to prospective tenants. At December 31, 2018, SHS had 10,994 occupied leased homes in its portfolio. New and pre-owned homes are purchased for the Rental Program. Leases associated with the Rental Program generally have a term of one year. The Rental Program requires intensive management of costs associated with repair and refurbishment of these homes as the tenants vacate and the homes are re-leased, similar to apartment rentals. We received approximately 48,000 applications during 2018 to live in our Properties, providing a significant "resident boarding" system that allows us to market the purchase of a home to the qualified applicants. Through the Rental Program we are able to demonstrate our product and lifestyle to the renters, while monitoring their payment history and converting qualified renters to owners.

REGULATIONS AND INSURANCE

General

MH and RV community properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, clubhouses, and other common areas. We believe that each Property has the necessary operating permits and approvals.

Insurance

Our management believes that the Properties are covered by adequate fire, property, business interruption, general liability, and (where appropriate) flood and earthquake insurance provided by reputable companies with commercially reasonable deductibles and limits. We maintain a blanket policy that covers all of our Properties. We have obtained title insurance insuring fee title to the Properties in an aggregate amount which we believe to be adequate. Claims made to our insurance carriers that are determined to be recoverable are classified in other receivables as incurred.

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SITE LEASES OR USAGE RIGHTS

Typical tenant leases for MH sites are month-to-month or year-to-year, renewable upon the consent of both parties, or, in some instances, as provided by statute. Certain of our leases, mainly at our Florida and California properties, are tied to the consumer price index or other indices as they relate to rent increases. Generally, market rate adjustments are made on an annual basis. These leases are cancelable for non-payment of rent, violation of community rules and regulations or other specified defaults.

During the five calendar years ended December 31, 2018, on average 2.2 percent of the homes in our communities have been removed by their owners and 6.2 percent of the homes have been sold by their owners to a new owner who then assumes rental obligations as a community resident. The average cost to move a home ranges from \$4,000 to \$10,000. On average, our residents remain in our communities for approximately 12 years, while homes, which give rise to the rental stream, remain for over 45 years.

Please see the Risk Factors in Item 1A, and our accompanying Consolidated Financial Statements and related notes thereto beginning on page F-1 of this Annual Report on Form 10-K for more detailed information.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K contains various “forward-looking statements” within the meaning of the Securities Act of 1933, as amended (the “Securities Act”), and the Securities Exchange Act of 1934, as amended (the “Exchange Act”), 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 filing 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,” “anticipates,” “anticipated,” “should,” “could,” “may,” “will,” “designed to,” “foreseeable future,” “believe,” “believes,” “schedule,” “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 filing. 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 this Annual Report on Form 10-K and our other filings with the SEC, such risks and uncertainties include but are not limited to:

- 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;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian dollar and the Australian dollar;
- our ability to maintain rental rates and occupancy levels;
- 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 such as hurricanes, earthquakes, floods and wildfires;
- 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;
- competitive market forces;
- 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 or incorporated by reference into this filing, whether as a result of new information, future events, and 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.

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ITEM 1A. RISK FACTORS

Our prospects are subject to certain uncertainties and risks. Our future results could differ materially from current results, and our actual results could differ materially from those projected in forward-looking statements as a result of certain risk factors. These risk factors include, but are not limited to, those set forth below, other one-time events, and important factors disclosed previously and from time to time in our other filings with the SEC.

REAL ESTATE AND OPERATIONS RISKS

General economic conditions and the concentration of our properties in Florida, Michigan, Texas, and California may affect our ability to generate sufficient revenue.

The market and economic conditions in our current markets generally, and specifically in metropolitan areas of our current markets, may significantly affect manufactured home occupancy or rental rates. Occupancy and rental rates, in turn, may significantly affect our revenues, and if our communities do not generate revenues sufficient to meet our operating expenses, including debt service and capital expenditures, our cash flow and ability to pay or refinance our debt obligations could be adversely affected. We derive significant amounts of our rental income from properties located in Florida, Michigan, Texas, and California.

As of December 31, 2018, 124 properties, representing approximately 34.1 percent of developed sites, are located in Florida; 70 properties, representing approximately 21.1 percent of developed sites, are located in Michigan; 23 properties, representing approximately 6.8 percent of developed sites, are located in Texas; and 30 properties, representing approximately 6.0 percent of developed sites, are located in California. As a result of the geographic concentration of our Properties in Florida, Michigan, Texas, and California, we are exposed to the risks of downturns in local economies or other local real estate market conditions which could adversely affect occupancy rates, rental rates, and property values in these markets.

Our revenue would also be adversely affected if tenants were unable to pay rent or if sites were unable to be rented on favorable terms. If we were unable to promptly relet or renew the leases for a significant number of the sites, or if the rental rates upon such renewal or reletting were significantly lower than expected rates, then our business and results of operations could be adversely affected. In addition, certain expenditures associated with each Property (such as real estate taxes and maintenance costs) generally are not reduced when circumstances cause a reduction in income from the Property. Furthermore, real estate investments are relatively illiquid and, therefore, will tend to limit our ability to vary our portfolio promptly in response to changes in economic or other conditions.

The following factors, among others, may adversely affect the revenues generated by our communities:

- the national and local economic climate which may be adversely impacted by, among other factors, plant closings, and industry slowdowns;

- local real estate market conditions such as the oversupply of MH and RV sites or a reduction in demand for MH and RV sites in an area;

- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian dollar and Australian dollar;

- the number of repossessed homes in a particular market;

- the lack of an established dealer network;

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the rental market which may limit the extent to which rents may be increased to meet increased expenses without decreasing occupancy rates;

the perceptions by prospective tenants of the safety, convenience and attractiveness of our Properties and the neighborhoods where they are located;

zoning or other regulatory restrictions;

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• competition from other available MH and RV communities and alternative forms of housing (such as apartment buildings and site-built single-family homes);

• our ability to effectively manage, maintain and insure the Properties;

• increased operating costs, including insurance premiums, real estate taxes, and utilities; and

• the enactment of rent control laws or laws taxing the owners of manufactured homes.

Competition affects occupancy levels and rents which could adversely affect our revenues.

Our Properties are located in developed areas that include other MH and RV community properties. The number of competitive MH and RV community properties in a particular area could have a material adverse effect on our ability to lease sites and increase rents charged at our Properties or at any newly acquired properties. We may be competing with others with greater resources and whose officers and directors have more experience than our officers and directors. In addition, other forms of multi family residential properties, such as private and federally funded or assisted multi-family housing projects and single family housing, provide housing alternatives to potential tenants of MH and RV communities.

Our ability to sell or lease manufactured homes may be affected by various factors, which may in turn adversely affect our profitability.

SHS operates in the manufactured home market offering manufactured home sales and leasing services to tenants and prospective tenants of our communities. The market for the sale and lease of manufactured homes may be adversely affected by the following factors:

• downturns in economic conditions which adversely impact the housing market;

• an oversupply of, or a reduced demand for, manufactured homes;

• the difficulty facing potential purchasers in obtaining affordable financing as a result of heightened lending criteria; and

• an increase or decrease in the rate of manufactured home repossessions which provide aggressively priced competition to new manufactured home sales.

Any of the above listed factors could adversely impact our rate of manufactured home sales and leases, which would result in a decrease in profitability.

The cyclical and seasonal nature of the MH and the RV industries may lead to fluctuations in our operating results.

The MH and RV markets can experience cycles of growth and downturn due to seasonality patterns. In the MH market, certain properties maintain higher occupancy during the summer months, while certain other properties maintain higher occupancy during the winter months. The RV market typically shows a decline in demand over the winter months, yet usually produces higher growth in the spring and summer months due to higher use by vacationers. Our results on a quarterly basis can fluctuate due to this cyclical and seasonality.

We may not be able to integrate or finance our acquisitions and our acquisitions may not perform as expected.

We have acquired and intend to continue to selectively acquire MH and RV properties. Our acquisition activities and their success are subject to the following risks:

• we may be unable to acquire a desired property because of competition from other well-capitalized real estate investors, including both publicly traded REITs and institutional investment funds;

• even if we enter into an acquisition agreement for a property, it is usually subject to customary conditions to closing, including completion of due diligence investigations to our satisfaction, which may not be satisfied;

• even if we are able to acquire a desired property, competition from other real estate investors may significantly increase the purchase price;

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we may be unable to finance acquisitions on favorable terms;

acquired properties may fail to perform as expected;

acquired properties may be located in new markets where we face risks associated with a lack of market knowledge or understanding of the local economy, lack of business relationships in the area, and unfamiliarity with local governmental and permitting procedures; and

we may be unable to quickly and efficiently integrate new acquisitions, particularly acquisitions of portfolios of properties, into our existing operations.

If any of the above risks occur, our business and results of operations could be adversely affected.

In addition, we may acquire properties subject to liabilities and without any recourse, or with only limited recourse, with respect to unknown liabilities. As a result, if a liability were to be asserted against us based upon ownership of those properties, we might have to pay substantial sums to settle it, which could adversely affect our cash flow.

Increases in taxes and regulatory compliance costs may reduce our results of operations.

Costs resulting from changes in real estate laws, income taxes, service or other taxes, generally are not passed through to tenants under leases and may adversely affect our results of operations and financial condition. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions may result in significant unanticipated expenditures, which would adversely affect our business and results of operations.

We may not be able to integrate or finance our expansion and development activities.

We engage in the construction and development of new communities or expansion of existing communities, and intend to continue to engage in the development and construction business in the future. Our construction and development pipeline may be exposed to the following risks which are in addition to those risks associated with the ownership and operation of established MH and RV communities:

we may not be able to obtain financing with favorable terms for community development which may make us unable to proceed with the development;

we may be unable to obtain, or face delays in obtaining, necessary zoning, building and other governmental permits and authorizations, which could result in increased costs and delays, and even require us to abandon development of the community entirely if we are unable to obtain such permits or authorizations;

we may abandon development opportunities that we have already begun to explore and as a result we may not recover expenses already incurred in connection with exploring such development opportunities;

we may be unable to complete construction and lease up of a community on schedule resulting in increased debt service expense and construction costs;

we may incur construction and development costs for a community which exceed our original estimates due to increased materials, labor or other costs, which could make completion of the community uneconomical and we may not be able to increase rents to compensate for the increase in development costs which may impact our profitability;

we may be unable to secure long term financing on completion of development resulting in increased debt service and lower profitability; and

occupancy rates and rents at a newly developed community may fluctuate depending on several factors, including market and economic conditions, which may result in the community not being profitable.

If any of the above risks occur, our business and results of operations could be adversely affected.

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Rent control legislation may harm our ability to increase rents.

State and local rent control laws in certain jurisdictions may limit our ability to increase rents and to recover increases in operating expenses and the costs of capital improvements. Enactment of such laws has been considered from time to time in other jurisdictions. Certain Properties are located, and we may purchase additional properties, in markets that are either subject to rent control or in which rent-limiting legislation exists or may be enacted.

Legislative requirements can limit accessibility of affordable financing for potential manufactured home buyers.

Legislation impacting third party loan originators, consumer protection laws and lender requirements to investigate a borrower's creditworthiness may restrict access of affordable chattel financing to potential manufactured home buyers.

We may be subject to environmental liability.

Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate is liable for the costs of removal or remediation of certain hazardous substances at, on, under or in such property. Such laws often impose liability without regard to whether the owner knew of, or was responsible for, the presence of such hazardous substances. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's ability to sell or rent the property, to borrow using the property as collateral or to develop the property. Persons who arrange for the disposal or treatment of hazardous substances also may be liable for the costs of removal or remediation of such substances at a disposal or treatment facility owned or operated by another person. In addition, certain environmental laws impose liability for the management and disposal of asbestos containing materials and for the release of such materials into the air. These laws may provide for third parties to seek recovery from owners or operators of real properties for personal injury associated with asbestos containing materials. In connection with the ownership, operation, management, and development of real properties, we may be considered an owner or operator of such properties and, therefore, are potentially liable for removal or remediation costs, and also may be liable for governmental fines and injuries to persons and property. When we arrange for the treatment or disposal of hazardous substances at landfills or other facilities owned by other persons, we may be liable for the removal or remediation costs at such facilities.

All of our Properties have been subject to a Phase I or similar environmental audit (which involves general inspections without soil sampling or ground water analysis) completed by independent environmental consultants. These environmental audits have not revealed any significant environmental liability that would have a material adverse effect on our business. These audits cannot reflect conditions arising after the studies were completed, and no assurances can be given that existing environmental studies reveal all environmental liabilities, that any prior owner or operator of a property or neighboring owner or operator did not create any material environmental condition not known to us, or that a material environmental condition does not otherwise exist as to any one or more Properties.

Cybersecurity breaches and other disruptions could compromise our information and expose us to liability, which would cause our business and reputation to suffer.

We rely intensively on information technology to account for tenant transactions, manage the privacy of tenant data, communicate internally and externally, and analyze our financial and operating results. In the ordinary course of our business, we collect and store sensitive data, including our proprietary business information and that of our tenants, clients, vendors and employees in our facilities and on our network. In addition, we engage third party service providers that may have access to such information in connection with providing necessary information technology and security and other business services to us. This information may include personally identifiable information such as social security numbers, banking information and credit card information.

We address potential breaches or disclosure of this confidential information by implementing a variety of security measures intended to protect the confidentiality and security of this information including (among others) engaging reputable, recognized firms to help us design and maintain our information technology and data security systems, including testing and verification of their proper and secure operations on a periodic basis. We also maintain cyber risk insurance to provide some coverage for certain risks arising out of data and network breaches.

Despite our security measures, our information technology and infrastructure, as well as that of our third-party vendors, may be vulnerable to attacks by hackers (including through malware, ransomware, computer viruses, and email phishing schemes) or breached due to employee error, malfeasance, fire, flood or other physical event, or other disruptions. Any such breach or disruption could compromise our or a third-party vendor's network and the information stored there could be accessed, publicly disclosed, lost or stolen. Any such access, disclosure or other loss of information could:

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result in legal claims or proceedings,
disrupt our operations, including our ability to service our tenants and our ability to analyze and report our financial and operating results,
decrease our revenues,
damage our reputation,
cause a loss of confidence,
increase our insurance premiums, or
have other material adverse effects on our business.

We are dependent on continuous access to the Internet to use our cloud-based applications. Damage or failure to our information technology systems, including as a result of any of the reasons described above, could adversely affect our results of operations as we may incur significant costs or data loss. We continually assess new and enhanced information technology solutions to manage risk of system failure or interruption.

Expanding social media platforms present new challenges.

Social media outlets continue to grow and expand, which presents us with new risks. Adverse content about the Company and our Properties on social media platforms could result in damage to our reputation or brand. Improper posts by employees or others could result in disclosure of confidential or proprietary information regarding our operations.

Losses in excess of our insurance coverage or uninsured losses could adversely affect our operating results and cash flow.

We have a significant concentration of properties in Florida and California, where natural disasters or other catastrophic events such as hurricanes, earthquakes, floods and wildfires could negatively impact our operating results and cash flows. We maintain comprehensive liability, fire, property, business interruption, general liability, and (where appropriate) flood and earthquake insurance, provided by reputable companies with commercially reasonable deductibles and limits. We believe the policy specifications and insured limits are appropriate and adequate given the relative risk of loss, the cost of the coverage and industry practice. However, certain types of losses including, but not limited to, riots or acts of war, may be either uninsurable or not economically insurable. In the event an uninsured loss occurs, we could lose both our investment in and anticipated profits and cash flow from the affected property. We would also continue to be obligated to repay any mortgage indebtedness or other obligations related to the community. If an uninsured liability to a third party were to occur, we would incur the cost of defense and settlement with, or court ordered damages to, that third party. A significant uninsured property or liability loss could have a material adverse effect on our business and our financial condition and results of operations.

Investments through joint ventures involve risks not present for Properties in which we are the sole owner.

We have invested and may continue to invest as a joint venture partner in joint ventures. These investments involve risks, including, but not limited to, the possibility the other joint venture partner may have business goals which are inconsistent with ours, possess the ability to take or force action or withhold consent contrary to our requests, fail to provide capital or fulfill its obligations, or become insolvent and require us to assume and fulfill the joint venture's financial obligations. Conflicts arising between us and our joint venture partners may be difficult to manage or resolve and it could be difficult to manage or otherwise monitor the existing business arrangements. We and our joint venture partners may each have the right to initiate a buy-sell arrangement, which could cause us to sell our interest, or acquire a joint venture partner's interest, at a time when we otherwise would not have entered into such a transaction. Each joint venture agreement is individually negotiated, and our ability to operate, finance, or dispose of a Property in our sole discretion may be limited to varying degrees depending on the terms of the applicable joint venture agreement.

Climate change may adversely affect our business.

To the extent that significant changes in the climate occur in areas where our Properties are located, we may experience extreme weather and changes in precipitation and temperature, all of which may result in physical damage to or a decrease in demand for properties located in these areas or affected by these conditions. Should the impact of climate change be material in nature, including significant property damage to or destruction of our Properties, or occur for lengthy periods of time, our financial condition or results of operations may be adversely affected. In addition, changes in federal, state and local legislation and regulation based on concerns about climate change could result in increased capital expenditures on our Properties (for example, to improve their energy efficiency and/or resistance to inclement weather) without a corresponding increase in revenue, resulting in adverse impacts to our net income.

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FINANCING AND INVESTMENT RISKS

Our significant amount of debt could limit our operational flexibility or otherwise adversely affect our financial condition.

We have a significant amount of debt. As of December 31, 2018, we had approximately \$3.1 billion of total debt outstanding, consisting of approximately \$2.8 billion in debt that is collateralized by mortgage liens on 185 of the Properties, \$107.7 million that is secured by collateralized receivables, \$128.0 million on our lines of credit, \$35.3 million of mandatorily redeemable interest, and \$37.3 million that is unsecured debt. If we fail to meet our obligations under our secured debt, the lenders would be entitled to foreclose on all or some of the collateral securing such debt which could have a material adverse effect on us and our ability to make expected distributions, and could threaten our continued viability.

We are subject to the risks normally associated with debt financing, including the following risks:

our cash flow may be insufficient to meet required payments of principal and interest, or require us to dedicate a substantial portion of our cash flow to pay our debt and the interest associated with our debt rather than to other areas of our business;

- our existing indebtedness may limit our operating flexibility due to financial and other restrictive covenants, including restrictions on incurring additional debt;

it may be more difficult for us to obtain additional financing in the future for our operations, working capital requirements, capital expenditures, debt service or other general requirements;

we may be more vulnerable in the event of adverse economic and industry conditions or a downturn in our business;

we may be placed at a competitive disadvantage compared to our competitors that have less debt; and

we may not be able to refinance at all or on favorable terms, as our debt matures.

If any of the above risks occurred, our financial condition and results of operations could be materially adversely affected.

We may incur substantially more debt, which would increase the risks associated with our substantial leverage.

Despite our current indebtedness levels, we may incur substantially more debt in the future. If new debt is added to our current debt levels, an even greater portion of our cash flow will be needed to satisfy our debt service obligations. As a result, the related risks that we now face could intensify and increase the risk of a default on our indebtedness.

TAX RISKS

We may suffer adverse tax consequences and be unable to attract capital if we fail to qualify as a REIT.

We believe that since our taxable year ended December 31, 1994, we have been organized and operated, and intend to continue to operate, so as to qualify for taxation as a REIT under the Code. Although we believe that we have been and will continue to be organized and have operated and will continue to operate so as to qualify for taxation as a REIT, we cannot be assured that we have been or will continue to be organized or operated in a manner to so qualify

or remain so qualified. Qualification as a REIT involves the satisfaction of numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within our control. In addition, frequent changes occur in the area of REIT taxation, which require us to continually monitor our tax status.

If we fail to qualify as a REIT in any taxable year, our taxable income could be subject to U.S. federal income tax at regular corporate rates. Moreover, unless entitled to relief under certain statutory provisions, we also would be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost. This treatment would reduce our net earnings available for investment or distribution to stockholders because of the additional tax liability to us for the years involved. In addition, distributions to stockholders would no longer be required to be made.

Federal, state and foreign income tax laws governing REITs and related interpretations may change at any time, and any such legislative or other actions affecting REITs could have a negative effect on us.

SUN COMMUNITIES, INC.

Federal, state and foreign income tax laws governing REITs or the administrative interpretations of those laws may be amended at any time. Federal, state, and foreign tax laws are under constant review by persons involved in the legislative process, at the Internal Revenue Service and the U.S. Department of the Treasury, and at various state and foreign tax authorities. Changes to tax laws, regulations, or administrative interpretations, which may be applied retroactively, could adversely affect us. We cannot predict whether, when, in what forms, or with what effective dates, the tax laws, regulations, and administrative interpretations applicable to us may be changed. Accordingly, we cannot assert that any such change will not significantly affect either our ability to qualify for taxation as a REIT or the income tax consequences to us.

Outside of the U.S. federal tax legislation enacted into law on December 22, 2017 informally titled the Tax Cut and Jobs Act (the “Tax Act”), there has been no new major changes to the taxation of individuals and businesses in 2018. However, the overall impact of the Tax Act is uncertain. In addition, there are a significant number of technical issues clarified with respect to the interpretation and application of the Tax Act which may or may not be clarified by future guidance. It is not possible to predict whether such clarifications will result in adverse consequences to the Company or its stockholders. Stockholders are urged to consult their tax advisors with respect to the effects of the Tax Act and any other potential amendments to relevant tax laws.

We intend for the Operating Partnership to be taxed as a partnership, but we cannot guarantee that it will qualify.

We believe that the Operating Partnership has been organized as a partnership and will qualify for treatment as such under the Code. However, if the Operating Partnership is deemed to be a “publicly traded partnership,” it will be treated as a corporation instead of a partnership for federal income tax purposes unless at least 90 percent of its income is qualifying income as defined in the Code. The income requirements applicable to REITs and the definition of “qualifying income” for purposes of this 90 percent test are similar in most respects. Qualifying income for the 90 percent test generally includes passive income, such as specified types of real property rents, dividends, and interest. We believe that the Operating Partnership has and will continue to meet this 90 percent test, but we cannot guarantee that it has or will. If the Operating Partnership were to be taxed as a regular corporation, it would incur substantial tax liabilities, we would fail to qualify as a REIT for federal income tax purposes, and our ability to raise additional capital could be significantly impaired.

Our ability to accumulate cash may be restricted due to certain REIT distribution requirements.

In order to qualify as a REIT, we must distribute to our stockholders at least 90 percent of our REIT taxable income (calculated without any deduction for dividends paid and excluding net capital gain) and to avoid federal income taxation, our distributions must not be less than 100 percent of our REIT taxable income, including capital gains. As a result of the distribution requirements, we do not expect to accumulate significant amounts of cash. Accordingly, these distributions could significantly reduce the cash available to us in subsequent periods to fund our operations and future growth.

Our taxable REIT subsidiaries, or TRSs, are subject to special rules that may result in increased taxes.

As a REIT, we must pay a 100 percent penalty tax on certain payments that we receive if the economic arrangements between us and any of our TRSs are not comparable to similar arrangements between unrelated parties. The Internal Revenue Service may successfully assert that the economic arrangements of any of our inter-company transactions are not comparable to similar arrangements between unrelated parties.

Dividends payable by REITs do not qualify for the reduced tax rates applicable to certain dividends.

The maximum federal tax rate for certain qualified dividends payable to domestic stockholders that are individuals, trusts and estates is 20 percent. Dividends payable by REITs, however, are generally not eligible for this reduced rate, although the new Tax Act permits a 20 percent deduction equal to the amount of qualifying REIT dividends received, thus bringing the maximum federal tax rate on qualifying REIT dividends to 29.6 percent. While this rule does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular qualified corporate dividends could cause investors who are individuals, trusts and estates to perceive investments in REITs to be relatively less competitive than investments in stock of non-REIT corporations that pay dividends, which could adversely affect the comparative value of the stock of REITs, including our common stock and preferred stock.

Prospective investors should consult their own tax advisors regarding the effect of this change on their effective tax rate with respect to REIT dividends.

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Complying with REIT requirements may cause us to forego otherwise attractive opportunities.

To remain qualified as a REIT for federal income tax purposes, we must continually satisfy requirements and tests under the tax law concerning, among other things, the sources of our income, the nature and diversification of our assets, the amounts we distribute to our stockholders and the ownership of our stock. In order to meet these tests, we may be required to forego or limit attractive business or investment opportunities and distribute all of our net earnings rather than invest in attractive opportunities or hold larger liquid reserves. Therefore, compliance with the REIT requirements may hinder our ability to operate solely to maximize profits.

Our ability to use net operating loss carryforwards to reduce future tax payments may be limited if we experience a change in ownership, or if taxable income does not reach sufficient levels.

Under Section 382 of the Code, if a corporation undergoes an “ownership change” (generally defined as a greater than 50 percent change (by value) in its equity ownership over a rolling three-year period), the corporation’s ability to use its pre-ownership-change net operating loss carryforwards to offset its post-ownership-change income may be limited. We may experience ownership changes in the future. If an ownership change were to occur, we would be limited in the portion of net operating loss carryforwards that we could use in the future to offset taxable income for U.S. federal income tax purposes.

BUSINESS RISKS

Some of our directors and officers may have conflicts of interest with respect to certain related party transactions and other business interests.

Lease of Executive Offices. Gary A. Shiffman, together with certain of his family members, indirectly owns an equity interest of approximately 28.1 percent in American Center LLC, the entity from which we lease office space for our principal executive offices. Each of Brian M. Hermelin, Ronald A. Klein and Arthur A. Weiss indirectly owns a less than one percent interest in American Center LLC. Mr. Shiffman is our Chief Executive Officer and Chairman of the Board. Each of Mr. Hermelin, Mr. Klein and Mr. Weiss is a director of the Company. Under this agreement, we lease approximately 103,100 rentable square feet of permanent space. The term of the lease is until October 31, 2026, and the average gross base rent is \$18.55 per square foot until October 31, 2019 with graduated rental increases thereafter. Each of Mr. Shiffman, Mr. Hermelin, Mr. Klein and Mr. Weiss may have a conflict of interest with respect to his obligations as our officer and/or director and his ownership interest in American Center LLC.

Legal Counsel. During 2015-2018, Jaffe, Raitt, Heuer, & Weiss, Professional Corporation acted as our general counsel and represented us in various matters. Arthur A. Weiss is the Chairman of the Board of Directors and a shareholder of such firm. We incurred legal fees and expenses owed to Jaffe, Raitt, Heuer, & Weiss of approximately \$7.1 million, \$5.0 million and \$8.0 million in the years ended December 31, 2018, 2017 and 2016, respectively.

Tax Consequences Upon Sale of Properties. Gary A. Shiffman holds limited partnership interests in the Operating Partnership which were received in connection with the contribution of properties from partnerships previously affiliated with him. Prior to any redemption of these limited partnership interests for our common stock, Mr. Shiffman will have tax consequences different from those on us and our public stockholders upon the sale of any of these partnerships. Therefore, we and Mr. Shiffman may have different objectives regarding the appropriate pricing and timing of any sale of those properties.

We rely on key management.

We are dependent on the efforts of our executive officers, Gary A. Shiffman, John B. McLaren, Karen J. Dearing, and Jonathan M. Colman. The loss of services of one or more of these executive officers could have a temporary adverse effect on our operations. We do not currently maintain or contemplate obtaining any “key-man” life insurance on the Executive Officers.

Certain provisions in our governing documents may make it difficult for a third-party to acquire us.

9.8 percent Ownership Limit. In order to qualify and maintain our qualification as a REIT, not more than 50 percent of the outstanding shares of our capital stock may be owned, directly or indirectly, by five or fewer individuals. Thus, ownership of more than 9.8 percent, in number of shares or value, of the issued and outstanding shares of our capital stock by any single stockholder has been restricted, with certain exceptions, for the purpose of maintaining our qualification as a REIT under the Code. Such restrictions in our charter do not apply to Milton M. Shiffman, Gary A. Shiffman, and Robert B. Bayer; trustees, personal representatives and agents to the extent acting for them or their respective estates; or certain of their respective relatives.

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The 9.8 percent ownership limit, as well as our ability to issue additional shares of common stock or shares of other stock (which may have rights and preferences over the common stock), may discourage a change of control of the Company and may also: (1) deter tender offers for the common stock, which offers may be advantageous to stockholders; and (2) limit the opportunity for stockholders to receive a premium for their common stock that might otherwise exist if an investor were attempting to assemble a block of common stock in excess of 9.8 percent of our outstanding shares or otherwise effect a change of control of the Company.

Preferred Stock. Our charter authorizes the Board of Directors to issue up to 20,000,000 shares of preferred stock and to establish the preferences and rights (including the right to vote and the right to convert into shares of common stock) of any shares issued.

Our charter designates 6,364,770 shares of preferred stock as 6.50% Series A-4 Cumulative Convertible Preferred Stock (“Series A-4 preferred stock”), \$0.01 par value per share of which 1,062,789 shares were issued and outstanding as of December 31, 2018. The power to issue preferred stock could have the effect of delaying or preventing a change in control of the Company even if a change in control were in the stockholders’ interest.

Subject to certain limitations, upon written notice to us, each holder of shares of Series A-4 preferred stock at its option may convert each share of Series A-4 preferred stock held by it for that number of shares of our common stock equal to the quotient obtained by dividing \$25.00 by the then-applicable conversion price. The initial conversion price is \$56.25, so initially each share of Series A-4 preferred stock is convertible into approximately 0.4444 shares of common stock. The conversion price is subject to adjustment upon various events. At our option, instead of issuing the shares of common stock to the converting holder of Series A-4 preferred stock as described above, we may make a cash payment to the converting holder with respect to each share of Series A-4 preferred stock the holder desires to convert equal to the fair market value of one share of our common stock. If, at any time after November 26, 2019, the volume weighted average of the daily volume weighted average price of a share of our common stock on the New York Stock Exchange (“NYSE”) equals or exceeds 115.5 percent of the then prevailing conversion price for at least 20 trading days in a period of 30 consecutive trading days, then, within 10 days thereafter, upon written notice to the holders thereof, we may convert each outstanding share of Series A-4 preferred stock into that number of shares of common stock equal to the quotient obtained by dividing \$25.00 by the then prevailing conversion price.

These features of the Series A-4 preferred stock may have the effect of inhibiting a third-party from making an acquisition proposal for the Company or of delaying, deferring or preventing a change of control of the Company under circumstances that otherwise could provide the holders of our common stock and preferred stock with the opportunity to realize a premium over the then-current market price or that stockholders may otherwise believe is in their best interests.

Certain provisions of Maryland law could inhibit changes in control, which may discourage third parties from conducting a tender offer or seeking other change of control transactions that could involve a premium price for our common stock or that our stockholders otherwise believe to be in their best interest.

Certain provisions of the Maryland General Corporation Law, (“MGCL”), may have the effect of inhibiting a third-party from making a proposal to acquire us or of impeding a change of control under circumstances that otherwise could provide the holders of shares of our capital stock with the opportunity to realize a premium over the then-prevailing market price of such shares, including:

“business combination” provisions that, subject to limitations, prohibit certain business combinations between us and an “interested stockholder” (defined generally as any person who beneficially owns 10 percent or more of the voting power of our shares or an affiliate thereof or an affiliate or associate of ours who was the beneficial owner, directly or

indirectly, of 10 percent or more of the voting power of our then outstanding voting stock at any time within the two-year period immediately prior to the date in question) for five years after the most recent date on which the stockholder becomes an interested stockholder, and thereafter impose fair price and/or supermajority and stockholder voting requirements on these combinations; and

“control share” provisions that provide that “control shares” of our company (defined as shares that, when aggregated with other shares controlled by the stockholder, entitle the stockholder to exercise one of three increasing ranges of voting power in electing directors) acquired in a “control share acquisition” (defined as the direct or indirect acquisition of ownership or control of issued and outstanding “control shares”) have no voting rights except to the extent approved by our stockholders by the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter, excluding all interested shares.

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The provisions of the MGCL relating to business combinations do not apply, however, to business combinations that are approved or exempted by our Board of Directors prior to the time that the interested stockholder becomes an interested stockholder. As permitted by the statute, our Board of Directors has by resolution exempted Milton M. Shiffman, Robert B. Bayer, and Gary A. Shiffman, their affiliates and all persons acting in concert or as a group with the foregoing, from the business combination provisions of the MGCL and, consequently, the five-year prohibition and the supermajority vote requirements will not apply to business combinations between us and these persons. As a result, these persons may be able to enter into business combinations with us that may not be in the best interests of our stockholders without compliance by our Company with the supermajority vote requirements and the other provisions of the statute.

Also, pursuant to a provision in our bylaws, we have exempted any acquisition of our stock from the control share provisions of the MGCL. However, our Board of Directors may by amendment to our bylaws opt in to the control share provisions of the MGCL at any time in the future.

Additionally, Subtitle 8 of Title 3 of the MGCL permits our Board of Directors, without stockholder approval and regardless of what is currently provided in our charter or bylaws, to elect to be subject to certain provisions relating to corporate governance that may have the effect of delaying, deferring or preventing a transaction or a change of control of our company that might involve a premium to the market price of our common stock or otherwise be in our stockholders' best interests. These provisions include a classified board; two-thirds vote to remove a director; that the number of directors may only be fixed by the Board of Directors; that vacancies on the board as a result of an increase in the size of the board or due to death, resignation or removal can only be filled by the board, and the director appointed to fill the vacancy serves for the remainder of the full term of the class of director in which the vacancy occurred; and a majority requirement for the calling by stockholders of special meetings. Other than a classified board, the filling of vacancies as a result of the removal of a director and a majority requirement for the calling by stockholders of special meetings, we are already subject to these provisions, either by provisions of our charter and bylaws unrelated to Subtitle 8 or by reason of an election to be subject to certain provisions of Subtitle 8. In the future, our Board of Directors may elect, without stockholder approval, to make us subject to the provisions of Subtitle 8 to which we are not currently subject.

Our Board of Directors has power to adopt, alter or repeal any provision of our bylaws or make new bylaws, provided, however, that our stockholders may alter or repeal any provision of our bylaws and adopt new bylaws if any such alteration, repeal or adoption is approved by the affirmative vote of a majority of all votes entitled to be cast on the matter.

Changes in our investment and financing policies may be made without stockholder approval.

Our investment and financing policies, and our policies with respect to certain other activities, including our growth, debt, capitalization, distributions, REIT status, and operating policies, are determined by our Board of Directors. Although the Board of Directors has no present intention to do so, these policies may be amended or revised from time to time at the discretion of the Board of Directors without notice to or a vote of our stockholders. Accordingly, stockholders may not have control over changes in our policies and changes in our policies may not fully serve the interests of all stockholders.

Substantial sales of our common stock could cause our stock price to fall.

The sale or issuance of substantial amounts of our common stock or preferred stock, whether directly by us or in the secondary market, the perception that such sales could occur or the availability of future issuances of shares of our common stock, preferred stock, OP units or other securities convertible into or exchangeable or exercisable for our common stock or preferred stock, could materially and adversely affect the market price of our common stock or

preferred stock and our ability to raise capital through future offerings of equity or equity-related securities. In addition, we may issue capital stock that is senior to our common stock in the future for a number of reasons, including to finance our operations and business strategy, to adjust our ratio of debt to equity or for other reasons.

Based on the applicable conversion ratios then in effect, as of February 14, 2019, in the future we may issue to the limited partners of the Operating Partnership, up to approximately 2.7 million shares of our common stock in exchange for their OP units. The limited partners may sell such shares pursuant to registration rights, if available, or an available exemption from registration. As of February 14, 2019, options to purchase 3,000 shares of our common stock were outstanding under our equity incentive plans, and we currently have the authority to issue restricted stock awards or options to purchase up to an additional 1,330,668 shares of our common stock pursuant to our equity incentive plans. In addition, we entered into an At-the-Market Offering Sales Agreement in July 2017 to issue and sell shares of common stock. As of February 14, 2019, our Board of Directors had authorized us to sell an additional \$286.3 million of common stock under this agreement. No prediction can be made regarding the effect that future sales of shares of our common stock or our other securities will have on the market price of shares.

SUN COMMUNITIES, INC.

An increase in interest rates may have an adverse effect on the price of our common stock.

One of the factors that may influence the price of our common stock in the public market will be the annual distributions to stockholders relative to the prevailing market price of the common stock. An increase in market interest rates may tend to make the common stock less attractive relative to other investments, which could adversely affect the market price of our common stock.

We may be adversely impacted by fluctuations in foreign currency exchange rates.

Our current and future investments in and operations of Canadian and Australian properties are or will be exposed to the effects of changes in the Canadian dollar and Australian dollar, respectively, against the U.S. dollar. Changes in foreign currency exchange rates cannot always be predicted; as a result, substantial unfavorable changes in exchange rates could have a material adverse effect on our financial condition and results of operations.

The volatility in economic conditions and the financial markets may adversely affect our industry, business and financial performance.

The U.S. interest rate environment, oil price fluctuations, uncertain tax and economic plans in the U.S. executive and legislative branches, and turmoil in emerging markets have created uncertainty and volatility in the U.S. and global economies. Continued economic uncertainty, both nationally and internationally, causes increased volatility in investor confidence thereby creating similar volatility in the availability of both debt and equity capital in the financial markets. The other risk factors presented in this Annual Report on Form 10-K discuss some of the principal risks inherent in our business, including liquidity risks, operational risks, and credit risks, among others. Turbulence in financial markets accentuates each of these risks and magnifies their potential effect on us. If such volatility is experienced in future periods, there could be an adverse impact on our access to capital, stock price and our operating results.

Our business operations may not generate the cash needed to make distributions on our capital stock or to service our indebtedness, and we may adjust our common stock distribution policy.

Our ability to make distributions on our common stock and preferred stock, and payments on our indebtedness and to fund planned capital expenditures will depend on our ability to generate cash in the future. We cannot assure you that our business will generate sufficient cash flow from operations or that future borrowings will be available to us in an amount sufficient to enable us to make distributions on our common stock or preferred stock, to pay our indebtedness or to fund our other liquidity needs.

The decision to declare and pay distributions on shares of our common stock in the future, as well as the timing, amount and composition of any such future distributions, will be at the sole discretion of our Board of Directors in light of conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of debt and equity capital, applicable REIT and legal restrictions and the general overall economic conditions and other factors. Any change in our distribution policy could have a material adverse effect on the market price of our common stock.

Our ability to pay distributions is limited by the requirements of Maryland law.

Our ability to pay distributions on our common stock and preferred stock is limited by the laws of Maryland. Under Maryland law, a Maryland corporation generally may not make a distribution if, after giving effect to the distribution, the corporation would not be able to pay its debts as they become due in the usual course of business, or the corporation's total assets would be less than the sum of its total liabilities plus, unless the corporation's charter provides

otherwise, the amount that would be needed, if the corporation were dissolved at the time of the distribution, to satisfy the preferential rights upon dissolution of stockholders whose preferential rights are superior to those receiving the distribution, provided, however, that a Maryland corporation may make a distribution from: (i) its net earnings for the fiscal year in which the distribution is made; (ii) its net earnings for the preceding fiscal year; or (iii) the sum of its net earnings for its preceding eight fiscal quarters even if, after such distribution, the corporation's total assets would be less than its total liabilities. Accordingly, we generally may not make a distribution on our common stock or preferred stock if, after giving effect to the distribution, we would not be able to pay our debts as they become due in the usual course of business or, unless paid from one of the permitted sources of net earnings as described above, our total assets would be less than the sum of our total liabilities plus, unless the terms of such class or series of stock provide otherwise, the amount that would be needed to satisfy the preferential rights upon dissolution of the holders of shares of any class or series of stock then outstanding, if any, with preferential rights upon dissolution senior to those of our common stock or currently outstanding preferred stock.

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We may not be able to pay distributions upon events of default under our financing documents.

Some of our financing documents contain restrictions on distributions upon the occurrence of events of default thereunder. If such an event of default occurs, such as our failure to pay principal at maturity or interest when due for a specified period of time, we would be prohibited from making payments on our common stock and preferred stock.

Our share price could be volatile and could decline, resulting in a substantial or complete loss on our stockholders' investment.

The stock markets, including the NYSE on which we list our common stock, have experienced significant price and volume fluctuations. As a result, the market price of our common stock and preferred stock could be similarly volatile, and investors in our common stock and preferred stock may experience a decrease in the value of their shares, including decreases unrelated to our operating performance or prospects. The price of our common stock and preferred stock could be subject to wide fluctuations in response to a number of factors, including:

- issuances of other equity securities in the future, including new series or classes of preferred stock;
- our operating performance and the performance of other similar companies;
- our ability to maintain compliance with covenants contained in our debt facilities;
- actual or anticipated variations in our operating results, funds from operations, cash flows or liquidity;
- changes in expectations of future financial performance or changes in our earnings estimates or those of analysts;
- changes in our distribution policy;
- publication of research reports about us or the real estate industry generally;
- increases in market interest rates that lead purchasers of our common stock and preferred stock to demand a higher dividend yield;
- changes in foreign currency exchange rates, including between the U.S. dollar and each of the Canadian dollar and the Australian dollar;
- changes in market valuations of similar companies;
- adverse market reaction to the amount of our debt outstanding at any time, the amount of our debt maturing in the near-term and medium-term and our ability to refinance our debt, or our plans to incur additional debt in the future;
- additions or departures of key management personnel;
- speculation in the press or investment community;
- equity issuances by us, or share resales by our stockholders or the perception that such issuances or resales may occur;
- actions by institutional stockholders; and
- general market and economic conditions.

Many of the factors listed above are beyond our control. Those factors may cause the market price of our common stock or preferred stock to decline significantly, regardless of our financial condition, results of operations and prospects. It is impossible to provide any assurance that the market price of our common stock or preferred stock will not fall in the future, and it may be difficult for holders to resell shares of our common stock or preferred stock at prices they find attractive, or at all. In the past, securities class action litigation has often been instituted against companies following periods of volatility in their stock price. This type of litigation could result in substantial costs and divert our management's attention and resources.

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Our Series A-4 preferred stock has not been rated.

We have not sought to obtain a rating for our Series A-4 preferred stock. No assurance can be given, however, that one or more rating agencies might not independently determine to issue such a rating or that such a rating, if issued, would not adversely affect the market price of the Series A-4 preferred stock. In addition, we may elect in the future to obtain a rating of the Series A-4 preferred stock, which could adversely affect the market price of such preferred stock. Ratings only reflect the views of the rating agency or agencies issuing the ratings and such ratings could be revised downward, placed on a watch list or withdrawn entirely at the discretion of the issuing rating agency if in its judgment circumstances so warrant. Any such downward revision, placing on a watch list or withdrawal of a rating could have an adverse effect on the market price of the Series A-4 preferred stock.

ITEM 1B. UNRESOLVED STAFF COMMENTS

None.

SUN COMMUNITIES, INC.**ITEM 2. PROPERTIES**

As of December 31, 2018, the Properties were located throughout the US and in Ontario, Canada and consisted of 230 MH communities, 110 RV communities, and 31 properties containing both MH and RV sites. As of December 31, 2018, the Properties contained an aggregate of 128,454 developed sites comprised of 84,428 developed manufactured home sites, 24,535 annual RV sites (inclusive of both annual and seasonal usage rights), and 19,491 transient RV sites. There are approximately 11,300 additional MH and RV sites suitable for development. Most of the Properties include amenities oriented toward family and retirement living. Of the 371 Properties, 182 have more than 300 developed sites, with the largest having 2,341 developed MH and RV sites. See “Real Estate and Accumulated Depreciation, Schedule III”, included in our Consolidated Financial Statements, for detail on Properties that are encumbered.

As of December 31, 2018, the Properties had an occupancy rate of 96.1 percent excluding transient RV sites. Since January 1, 2018, the Properties have averaged an aggregate annual turnover of homes (where the home is moved out of the community) of approximately 2.4 percent and an average annual turnover of residents (where the resident-owned home is sold and remains within the community, typically without interruption of rental income) of approximately 7.2 percent. The average renewal rate for residents in our Rental Program was 62.3 percent for the year ended December 31, 2018.

We believe that our Properties’ high amenity levels, customer service loyalty, and customer retention program contribute to low turnover and generally high occupancy rates. All of the Properties provide residents with attractive amenities with most offering a clubhouse, a swimming pool, and laundry facilities. Many of the Properties offer additional amenities such as sauna/whirlpool spas, tennis courts, shuffleboard, basketball courts, and/or exercise rooms. Many RV communities offer incremental amenities including golf, pro shops, restaurants, zip lines, waterparks, watersports, and thematic experiences.

The Properties are principally located in the Midwestern, Southern, Northeastern, Southeastern regions of the U.S., and Ontario, Canada. We believe that geographic diversification helps to insulate the portfolio from regional economic influences. We have concentrated our properties within certain areas of the regions in order to achieve economies of scale in management and operation.

The following tables set forth certain information relating to the Properties as of December 31, 2018. The occupancy percentage includes MH sites and annual RV sites, and excludes transient RV sites.

Property	MH/RV	City	State	MH and Annual RV Sites as of 12/31/18	Transient RV Sites as of 12/31/18	Occupancy as of 12/31/18	Occupancy as of 12/31/17
UNITED STATES							
MIDWEST							
<i>Michigan</i>							
Academy / West Point	MH	Canton	MI	441	—	97.5%	97.5 %
Allendale Meadows Mobile Village	MH	Allendale	MI	352	—	94.9%	96.9 %
Alpine Meadows Mobile Village	MH	Grand Rapids	MI	403	—	98.0%	97.5 %
Apple Carr Village	MH	Muskegon	MI	680	—	79.4% ⁽¹⁾	84.4 % ⁽¹⁾
Arbor Woods	MH	Ypsilanti	MI	458	—	96.1%	75.3 %
Brentwood Mobile Village	MH	Kentwood	MI	195	—	98.5%	97.4 %
Brookside Village	MH	Kentwood	MI	196	—	99.0%	99.0 %
Byron Center Mobile Village	MH	Byron Center	MI	143	—	98.6%	100.0 %
Camelot Villa	MH	Macomb	MI	712	—	98.6%	99.3 %

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Cider Mill Crossings	MH	Fenton	MI 570	—	67.5% ⁽¹⁾	74.0 % ⁽¹⁾
Cider Mill Village	MH	Middleville	MI 258	—	98.4%	98.1 %
Continental North	MH	Davison	MI 474	—	77.6%	73.4 %
Country Acres Mobile Village	MH	Cadillac	MI 182	—	99.5%	98.4 %
Country Hills Village	MH	Hudsonville	MI 239	—	98.3 %	100.0%
Country Meadows Mobile Village	MH	Flat Rock	MI 577	—	96.9%	95.5 %
Country Meadows Village	MH	Caledonia	MI 395	—	98.5%	91.4 % ⁽¹⁾

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Property	MH/RV City	MH and Annual State RV Sites as of 12/31/18	Transient RV Sites as of 12/31/18	Occupancy as of 12/31/18	Occupancy as of 12/31/17
Creekwood Meadows	MH Burton	MI 336	—	97.6 %	98.5 %
Cutler Estates Mobile Village	MH Grand Rapids	MI 259	—	98.1 %	98.5 %
Dutton Mill Village	MH Caledonia	MI 307	—	99.0 %	97.4 %
East Village Estates	MH Washington Twp	MI 708	—	99.4 %	99.4 %
Egelcraft	MH Muskegon	MI 458	—	96.9 %	97.6 %
Fisherman's Cove	MH Flint Twp.	MI 162	—	95.7 %	91.4 %
Frenchtown Villa / Elizabeth Woods	MH Newport	MI 1,140	—	88.9 % ⁽¹⁾	84.7 % ⁽¹⁾
Grand Mobile Estates	MH Grand Rapids	MI 219	—	96.3 %	96.8 %
Hamlin	MH Webberville	MI 230	—	98.7 %	95.7 % ⁽¹⁾
Hickory Hills Village	MH Battle Creek	MI 283	—	97.5 %	98.6 %
Hidden Ridge RV Resort ⁽²⁾	RV Hopkins	MI 177	158	100.0%	100.0%
Holiday West Village	MH Holland	MI 341	—	99.7 %	99.7 %
Holly Village / Hawaiian Gardens	MH Holly	MI 425	—	94.4 %	94.6 %
Hunters Crossing	MH Capac	MI 114	—	99.1 %	99.1 %
Hunters Glen	MH Wayland	MI 396	—	89.9 % ⁽¹⁾	76.5 % ⁽¹⁾
Kensington Meadows	MH Lansing	MI 290	—	96.9 %	96.6 %
Kimberly Estates	MH Newport	MI 387	—	98.7 %	94.8 %
King's Court Mobile Village	MH Traverse City	MI 802	—	84.4 % ⁽¹⁾	78.8 % ⁽¹⁾
Knollwood Estates	MH Allendale	MI 161	—	96.9 %	92.6 %
Lafayette Place	MH Warren	MI 254	—	97.2 %	94.9 %
Lakeview	MH Ypsilanti	MI 392	—	98.7 %	98.2 %
Leisure Village	MH Belmont	MI 256	—	94.9 % ⁽¹⁾	100.0%
Lincoln Estates	MH Holland	MI 191	—	99.0 %	99.5 %
Meadow Lake Estates	MH White Lake	MI 425	—	99.1 %	97.9 %
Meadowbrook Estates	MH Monroe	MI 453	—	95.4 %	96.3 %
Meadowlands of Gibraltar	MH Gibraltar	MI 320	—	99.7 %	96.9 %
Northville Crossing	MH Northville	MI 756	—	99.7 %	99.5 %
Oak Island Village	MH East Lansing	MI 250	—	98.4 %	97.6 %
Petoskey KOA RV Resort ⁽²⁾	RV Petoskey	MI 51	159	100.0%	N/A
Petoskey RV Resort ⁽²⁾	RV Petoskey	MI —	152	N/A	N/A
Pinebrook Village	MH Kentwood	MI 185	—	100.0%	98.9 %
Presidential Estates Mobile Village	MH Hudsonville	MI 364	—	98.1 %	98.9 %
Richmond Place	MH Richmond	MI 117	—	95.7 %	94.9 %
River Haven Village	MH Grand Haven	MI 721	—	85.4 %	78.8 %
Rudgate Clinton	MH Clinton Township	MI 667	—	99.0 %	97.3 %
Rudgate Manor	MH Sterling Heights	MI 931	—	97.9 %	97.3 %
Scio Farms Estates	MH Ann Arbor	MI 913	—	99.5 %	98.4 %
Sheffield Estates	MH Auburn Hills	MI 228	—	100.0%	99.6 %
Silver Creek RV Resort ⁽²⁾	RV Mears	MI 159	105	100.0%	N/A
Silver Springs	MH Clinton Township	MI 547	—	99.5 %	99.5 %
Southwood Village	MH Grand Rapids	MI 394	—	98.0 %	98.7 %
St. Clair Place	MH St. Clair	MI 100	—	97.0 %	96.0 %
Sunset Ridge	MH Portland	MI 388	—	65.7 % ⁽¹⁾	92.0 % ⁽¹⁾

SUN COMMUNITIES, INC.

Property	MH/RV City	State	MH and Annual		Transient		Occupancy as of 12/31/18	Occupancy as of 12/31/17
			RV Sites as of 12/31/18	RV Sites as of 12/31/18	RV Sites as of 12/31/18	RV Sites as of 12/31/18		
Sycamore Village	MH Mason	MI	396	—	99.7 %	98.5 %		
Tamarac Village	MH Ludington	MI	301	—	98.7 %	98.7 %		
Tamarac Village RV Resort ⁽²⁾	RV Ludington	MI	112	2	100.0%	100.0%		
Timberline Estates	MH Coopersville	MI	296	—	98.3 %	98.7 %		
Town & Country Mobile Village	MH Traverse City	MI	192	—	99.0 %	99.5 %		
Warren Dunes Village	MH Bridgman	MI	314	—	87.6 % ⁽¹⁾	72.3 % ⁽¹⁾		
Waverly Shores Village	MH Holland	MI	415	—	96.4 % ⁽¹⁾	78.8 % ⁽¹⁾		
West Village Estates	MH Romulus	MI	628	—	99.4 %	99.4 %		
White Lake Mobile Home Village	MH White Lake	MI	315	—	98.4 %	96.8 %		
Windham Hills Estates	MH Jackson	MI	469	—	88.9 % ⁽¹⁾	85.5 % ⁽¹⁾		
Windsor Woods Village	MH Wayland	MI	314	—	98.4 %	98.4 %		
Woodhaven Place	MH Woodhaven	MI	220	—	95.5 %	96.4 %		
Michigan Total			26,504	576	94.6 %	93.3 %		
Indiana								
Brookside Mobile Home Village	MH Goshen	IN	570	—	93.0 %	89.1 %		
Carrington Pointe	MH Ft. Wayne	IN	468	—	73.5 % ⁽¹⁾	98.4 %		
Clear Water Mobile Village	MH South Bend	IN	227	—	97.8 %	96.5 %		
Cobus Green Mobile Home Park	MH Osceola	IN	386	—	93.8 %	96.4 %		
Deerfield Run	MH Anderson	IN	175	—	86.3 %	91.4 %		
Four Seasons	MH Elkhart	IN	218	—	93.6 %	95.4 %		
Lake Rudolph Campground & RV Resort ⁽²⁾	RV Santa Claus	IN	—	519	N/A	N/A		
Liberty Farm	MH Valparaiso	IN	220	—	95.9 %	96.8 %		
Pebble Creek	MH Greenwood	IN	298	—	80.5 % ⁽¹⁾	95.3 %		
Pine Hills	MH Middlebury	IN	129	—	93.8 %	98.5 %		
Roxbury Park	MH Goshen	IN	398	—	97.2 %	97.7 %		
Indiana Total			3,089	519	89.7 %	95.0 %		
Ohio								
Apple Creek	MH Amelia	OH	176	—	98.9 %	97.7 %		
East Fork Crossing	MH Batavia	OH	350	—	99.1 %	98.9 % ⁽¹⁾		
Indian Creek RV & Camping Resort ⁽²⁾	RV Geneva on the Lake	OH	425	150	100.0%	100.0%		
Oakwood Village	MH Miamisburg	OH	511	—	99.0 %	98.8 %		
Orchard Lake	MH Milford	OH	147	—	95.9 %	98.0 %		
Westbrook Senior Village	MH Toledo	OH	112	—	98.2 %	99.1 %		
Westbrook Village	MH Toledo	OH	344	—	95.6 %	94.2 %		
Willowbrook Place	MH Toledo	OH	266	—	97.4 %	94.0 %		
Woodside Terrace	MH Holland	OH	439	—	91.6 %	93.4 %		
Ohio Total			2,770	150	97.2 %	97.0 %		
SOUTH								
Texas								
Austin Lone Star RV Resort ⁽²⁾	RV Austin	TX	17	137	100.0%	100.0%		

SUN COMMUNITIES, INC.

Property	MH/RV City	State	MH and Transient		Occupancy as of 12/31/18	Occupancy as of 12/31/17
			Annual RV Sites as of 12/31/18	RV Sites as of 12/31/18		
Blazing Star ⁽²⁾	RV San Antonio	TX	125	137	100.0%	100.0%
Boulder Ridge	MH Pflugerville	TX	896	—	80.2 % ⁽¹⁾	95.4 % ⁽¹⁾
Branch Creek Estates	MH Austin	TX	392	—	100.0%	100.0%
Chisholm Point Estates	MH Pflugerville	TX	417	—	100.0%	98.8 %
Comal Farms	MH New Braunfels	TX	367	—	99.5 %	97.0 % ⁽¹⁾
Hill Country Cottage and RV Resort ⁽²⁾	RV New Braunfels	TX	17	347	100.0%	100.0%
Jellystone Park™ at Guadalupe River ⁽²⁾	RV Kerrville	TX	—	261	N/A	N/A
Jellystone Park™ at Hill Country ⁽²⁾	RV Canyon Lake	TX	—	173	N/A	N/A
La Hacienda RV Resort ⁽²⁾	RV Austin	TX	—	244	N/A	N/A
Oak Crest	MH Austin	TX	433	—	99.1 %	96.8 %
Pecan Branch	MH Georgetown	TX	229	—	49.3 % ⁽¹⁾	37.6 % ⁽¹⁾
Pine Trace	MH Houston	TX	680	—	98.8 %	98.4 % ⁽¹⁾
River Ranch	MH Austin	TX	848	—	99.3 %	97.3 % ⁽¹⁾
River Ridge Estates	MH Austin	TX	515	—	99.2 %	98.5 %
Saddlebrook	MH San Marcos	TX	562	—	87.7 % ⁽¹⁾	83.8 % ⁽¹⁾
Sandy Lake	MH Carrollton	TX	54	—	100.0%	100.0%
Sandy Lake RV Resort ⁽²⁾	RV Carrollton	TX	39	180	100.0%	100.0%
Stonebridge	MH San Antonio	TX	335	—	98.8 %	97.9 %
Summit Ridge	MH Converse	TX	446	—	97.3 %	97.1 %
Sunset Ridge	MH Kyle	TX	171	—	97.7 %	98.8 %
Traveler's World	MH San Antonio	TX	8	—	100.0%	100.0%
Traveler's World RV Resort ⁽²⁾	RV San Antonio	TX	26	129	100.0%	100.0%
Treetops RV Resort ⁽²⁾	RV Arlington	TX	29	144	100.0%	100.0%
Woodlake Trails	MH San Antonio	TX	316	—	72.2 % ⁽¹⁾	70.9 % ⁽¹⁾
Texas Total			6,922	1,752	92.9 %	93.2 %

SOUTHEAST

Florida

Arbor Terrace RV Park ⁽²⁾	RV Bradenton	FL	205	156	100.0%	100.0%
Ariana Village	MH Lakeland	FL	207	—	97.1 %	96.1 %
Bahia Vista Estates	MH Sarasota	FL	251	—	99.2 %	98.8 %
Baker Acres RV Resort ⁽²⁾	RV Zephyrhills	FL	278	74	100.0%	100.0%
Big Tree RV Resort ⁽²⁾	RV Arcadia	FL	367	44	100.0%	100.0%
Blue Heron Pines	MH Punta Gorda	FL	408	—	96.3 % ⁽¹⁾	96.1 % ⁽¹⁾
Blue Jay	MH Dade City	FL	206	—	98.5 %	99.5 %
Blue Jay RV Resort ⁽²⁾	RV Dade City	FL	34	21	100.0%	100.0%
Blueberry Hill ⁽²⁾	RV Bushnell	FL	275	130	100.0%	100.0%
Brentwood Estates	MH Hudson	FL	191	—	97.9 %	96.9 %
Buttonwood Bay	MH Sebring	FL	407	—	99.8 %	99.8 %
Buttonwood Bay RV Resort ⁽²⁾	RV Sebring	FL	365	167	100.0%	100.0%
Candlelight Manor	MH South Daytona	FL	128	—	94.5 %	90.6 %
Carriage Cove	MH Sanford	FL	467	—	99.1 %	98.5 % ⁽¹⁾
Central Park	MH Haines City	FL	108	—	92.6 %	90.9 %

SUN COMMUNITIES, INC.

Property	MH/RV	City	State	MH and Annual RV Sites as of 12/31/18	Transient RV Sites as of 12/31/18	Occupancy as of 12/31/18	Occupancy as of 12/31/17
Central Park RV Resort ⁽²⁾	RV	Haines City	FL	189	180	100.0 %	100.0 %
Citrus Hill RV Resort ⁽²⁾	RV	Dade City	FL	143	39	100.0 %	100.0 %
Club Naples ⁽²⁾	RV	Naples	FL	220	84	100.0 %	100.0 %
Club Wildwood	MH	Hudson	FL	478	—	98.5 %	98.7 %
Colony in the Wood	MH	Port Orange	FL	383	—	97.7 %	95.0 %
Compass RV Resort ⁽²⁾	RV	St. Augustine	FL	—	175	N/A	N/A
Country Squire	MH	Paisley	FL	97	—	90.7 %	90.7 %
Country Squire RV Resort ⁽²⁾	RV	Paisley	FL	20	5	100.0 %	100.0 %
Cypress Greens	MH	Lake Alfred	FL	259	—	96.5 %	95.4 %
Daytona Beach RV Resort ⁽²⁾	RV	Port Orange	FL	134	98	100.0 %	100.0 %
Deerwood	MH	Orlando	FL	569	—	98.9 %	98.1 %
Dunedin RV Resort ⁽²⁾	RV	Dunedin	FL	190	49	100.0 %	100.0 %
Ellenton Gardens RV Resort ⁽²⁾	RV	Ellenton	FL	147	47	100.0 %	100.0 %
Emerald Coast	MH	Panama City Beach	FL	42	—	88.1 %	100.0 %
Emerald Coast RV Resort ⁽²⁾	RV	Panama City Beach	FL	5	154	100.0 %	100.0 %
Fairfield Village	MH	Ocala	FL	293	—	98.3 %	97.6 %
Forest View	MH	Homosassa	FL	300	—	97.0 %	96.7 %
Glen Haven	MH	Zephyrhills	FL	52	—	100.0 %	100.0 %
Glen Haven RV Resort ⁽²⁾	RV	Zephyrhills	FL	158	60	100.0 %	100.0 %
Gold Coaster	MH	Homestead	FL	532	—	94.9 %	98.2 %
Gold Coaster RV Resort ⁽²⁾	RV	Homestead	FL	8	5	100.0 %	100.0 %
Grand Bay	MH	Dunedin	FL	135	—	98.5 %	96.3 %
Grand Lakes RV Resort ⁽²⁾	RV	Citra	FL	305	99	100.0 %	100.0 %
Grove Ridge RV Resort ⁽²⁾	RV	Dade City	FL	159	87	100.0 %	100.0 %
Groves RV Resort ⁽²⁾	RV	Ft. Myers	FL	223	46	100.0 %	100.0 %
Gulfstream Harbor	MH	Orlando	FL	974	—	97.5 %	95.3 %
Hidden River RV Resort ⁽²⁾	RV	Riverview	FL	195	118	100.0 %	100.0 %
Holly Forest Estates	MH	Holly Hill	FL	402	—	100.0 %	99.8 %
Homosassa River RV Resort ⁽²⁾	RV	Homosassa Springs	FL	95	128	100.0 %	100.0 %
Horseshoe Cove RV Resort ⁽²⁾	RV	Bradenton	FL	344	132	100.0 %	100.0 %
Indian Creek Park	MH	Ft. Myers Beach	FL	353	—	100.0 %	99.7 %
Indian Creek RV Park ⁽²⁾	RV	Ft. Myers Beach	FL	973	104	100.0 %	100.0 %
Island Lakes	MH	Merritt Island	FL	301	—	99.7 %	100.0 %
King's Lake	MH	DeBary	FL	245	—	100.0 %	100.0 %
King's Pointe	MH		FL	226	—	99.6 %	100.0 %

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		Lake Alfred							
Kings Manor	MH	Lakeland	FL	239	—	92.5	%	82.9	%
Kissimmee Gardens	MH	Kissimmee	FL	239	—	99.6	%	99.2	%
Kissimmee South	MH	Davenport	FL	142	—	90.1	%	90.9	%
Kissimmee South RV Resort ⁽²⁾	RV	Davenport	FL	102	98	100.0	%	100.0	%
La Costa Village	MH	Port Orange	FL	658	—	99.8	%	99.7	%
Lake Josephine RV Resort ⁽²⁾	RV	Sebring	FL	112	66	100.0	%	100.0	%
Lake Juliana Landings	MH	Auburndale	FL	274	—	98.2	%	97.5	%
Lake Pointe Village	MH	Mulberry	FL	362	—	99.2	%	99.2	%

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SUN COMMUNITIES, INC.

Property	MH/RV City	State	MH and Transient		Occupancy as of 12/31/18	Occupancy as of 12/31/17
			Annual RV Sites as of 12/31/18	RV Sites as of 12/31/18		
Lake San Marino RV Park ⁽²⁾	RV Naples	FL	253	154	100.0%	100.0%
Lakeland RV Resort ⁽²⁾	RV Lakeland	FL	190	41	100.0%	100.0%
Lakeshore Landings	MH Orlando	FL	306	—	99.3 %	100.0 %
Lakeshore Villas	MH Tampa	FL	280	—	98.6 %	97.5 %
Lampighter	MH Port Orange	FL	260	—	96.5 %	97.3 %
Majestic Oaks RV Resort ⁽²⁾	RV Zephyrhills	FL	208	45	100.0%	100.0%
Marco Naples RV Resort ⁽²⁾	RV Naples	FL	210	82	100.0%	100.0%
Meadowbrook Village	MH Tampa	FL	257	—	100.0%	99.2 %
Mill Creek	MH Kissimmee	FL	32	—	96.9 %	100.0%
Mill Creek RV Resort ⁽²⁾	RV Kissimmee	FL	102	54	100.0%	100.0%
Naples RV Resort ⁽²⁾	RV Naples	FL	106	61	100.0%	100.0%
New Ranch	MH Clearwater	FL	94	—	97.9 %	97.9 %
North Lake Estates ⁽²⁾	RV Moore Haven	FL	204	68	100.0%	100.0%
Oakview Estates	MH Arcadia	FL	119	—	99.2 %	99.2 %
Ocean Breeze	MH Marathon	FL	—	—	— %	— % ⁽⁴⁾
Ocean Breeze RV Resort	RV Marathon	FL	—	—	— %	— % ⁽⁴⁾
Ocean Breeze Jensen Beach	MH Jensen Beach	FL	236	—	64.0 % ⁽¹⁾	63.1 % ⁽¹⁾
Ocean Breeze Jensen Beach RV Resort ⁽²⁾	RV Jensen Beach	FL	42	211	100.0%	100.0%
Orange City	MH Orange City	FL	4	—	100.0%	100.0%
Orange City RV Resort ⁽²⁾	RV Orange City	FL	315	206	100.0%	100.0%
Orange Tree Village	MH Orange City	FL	246	—	99.6 %	100.0%
Paddock Park South	MH Ocala	FL	188	—	78.7 %	76.1 %
Palm Key Village	MH Davenport	FL	204	—	99.5 %	100.0%
Palm Village	MH Bradenton	FL	146	—	97.9 %	98.0 %
Park Place	MH Sebastian	FL	475	—	94.7 %	93.3 %
Park Royale	MH Pinellas Park	FL	309	—	99.7 %	99.7 %
Pecan Park RV Resort ⁽²⁾	RV Jacksonville	FL	—	183	N/A	N/A
Pelican Bay	MH Micco	FL	216	—	99.5 %	92.6 %
Pelican RV Resort & Marina ⁽²⁾	RV Marathon	FL	75	11	100.0%	100.0%
Plantation Landings	MH Haines City	FL	394	—	99.2 %	99.2 %
Pleasant Lake RV Resort ⁽²⁾	RV Bradenton	FL	280	61	100.0%	100.0%
Rainbow	MH Frostproof	FL	37	—	100.0%	100.0%
Rainbow RV Resort ⁽²⁾	RV Frostproof	FL	376	86	100.0%	100.0%
Rainbow Village of Largo ⁽²⁾	RV Largo	FL	257	52	100.0%	100.0%
Rainbow Village of Zephyrhills ⁽²⁾	RV Zephyrhills	FL	336	46	100.0%	100.0%
Red Oaks	MH Bushnell	FL	103	—	92.2 %	92.2 %
Red Oaks RV Resort ⁽²⁾	RV Bushnell	FL	485	432	100.0%	100.0%
Regency Heights	MH Clearwater	FL	391	—	97.4 %	95.4 %
Riptide RV Resort & Marina ⁽²⁾	RV Key Largo	FL	23	17	100.0%	100.0%
Riverside Club	MH Ruskin	FL	728	—	82.6 %	78.7 %
Rock Crusher Canyon RV Resort ⁽²⁾	RV Crystal River	FL	153	242	100.0%	100.0%
Royal Country	MH Miami	FL	864	—	99.8 %	99.9 %
Royal Palm Village	MH Haines City	FL	395	—	86.1 %	82.3 %

SUN COMMUNITIES, INC.

Property	MH/RV City	State	MH and Transient		Occupancy as of 12/31/18		Occupancy as of 12/31/17	
			Annual RV Sites as of 12/31/18	RV Sites as of 12/31/18				
Saddle Oak Club	MH Ocala	FL	376	—	99.5 %	99.5 %		
San Pedro Marina	MH Islamorada	FL	—	—	— %	— %		%(4)
San Pedro RV Resort & Marina	RV Islamorada	FL	—	—	— %	— %		%(4)
Saralake Estates	MH Sarasota	FL	202	—	100.0%	100.0%		
Savanna Club	MH Port St Lucie	FL	1,069	—	98.0 %	97.6 %		%(1)
Sea Breeze	MH Islamorada	FL	—	—	— %	— %		%(4)
Sea Breeze RV Resort	RV Islamorada	FL	—	—	— %	— %		%(4)
Serendipity	MH North Fort Myers	FL	338	—	97.0 %	98.5 %		
Settler's Rest RV Resort ⁽²⁾	RV Zephyrhills	FL	310	68	100.0%	100.0%		
Shadow Wood Village	MH Hudson	FL	157	—	99.4 %	99.4 %		
Shady Road Villas	MH Ocala	FL	130	—	61.5 %	62.3 %		
Shell Creek Marina	MH Punta Gorda	FL	54	—	100.0%	100.0%		
Shell Creek RV Resort & Marina ⁽²⁾	RV Punta Gorda	FL	139	46	100.0%	100.0%		
Siesta Bay RV Park ⁽²⁾	RV Ft. Myers	FL	734	63	100.0%	100.0%		
Southern Charm	MH Zephyrhills	FL	1	—	100.0%	100.0%		
Southern Charm RV Resort ⁽²⁾	RV Zephyrhills	FL	401	95	100.0%	100.0%		
Southern Pines	MH Bradenton	FL	107	—	96.3 %	95.3 %		
Southport Springs Golf & Country Club	MH Zephyrhills	FL	547	—	98.9 %	98.4 %		%(1)
Spanish Main	MH Thonotosassa	FL	56	—	91.1 %	91.1 %		
Spanish Main RV Resort ⁽²⁾	RV Thonotosassa	FL	202	74	100.0%	100.0%		
Stonebrook	MH Homosassa	FL	215	—	92.1 %	90.7 %		
Sun N Fun RV Resort ⁽²⁾	RV Sarasota	FL	957	562	100.0%	100.0%		
Suncoast Gateway	MH Port Richey	FL	173	—	98.8 %	98.3 %		
Sundance	MH Zephyrhills	FL	332	—	99.7 %	100.0%		
Sunlake Estates	MH Grand Island	FL	408	—	94.6 %	93.4 %		
Sunset Harbor at Cow Key Marina	MH Key West	FL	77	—	98.7 %	97.4 %		
Sweetwater RV Resort ⁽²⁾	RV Zephyrhills	FL	212	79	100.0%	100.0%		
Tallowood Isle	MH Coconut Creek	FL	273	—	95.2 %	95.6 %		
Tampa East	MH Dover	FL	31	—	96.8 %	100.0%		
Tampa East RV Resort ⁽²⁾	RV Dover	FL	324	345	100.0%	100.0%		
The Hamptons Golf & Country Club	MH Auburndale	FL	829	—	98.4 %	98.8 %		
The Hideaway	MH Key West	FL	13	—	92.3 %	84.6 %		
The Hills	MH Apopka	FL	97	—	99.0 %	95.0 %		
The Ridge	MH Davenport	FL	481	—	99.2 %	98.3 %		
The Valley	MH Apopka	FL	148	—	100.0%	99.3 %		
Three Lakes ⁽²⁾	RV Hudson	FL	226	81	100.0%	100.0%		
Vista Del Lago	MH Bradenton	FL	136	—	96.3 %	95.6 %		
Vista Del Lago RV Resort ⁽²⁾	RV Bradenton	FL	27	13	100.0%	100.0%		
Vizcaya Lakes	MH Port Charlotte	FL	113	—	86.7 %	79.7 %		
Walden Woods	MH Homosassa	FL	213	—	100.0%	100.0%		
Walden Woods II	MH Homosassa	FL	213	—	99.1 %	98.6 %		
Water Oak Country Club Estates	MH Lady Lake	FL	1,317	—	89.5 % ⁽¹⁾	95.3 % ⁽¹⁾		
Waters Edge RV Resort ⁽²⁾	RV Zephyrhills	FL	144	73	100.0%	100.0%		

SUN COMMUNITIES, INC.

Property	MH/RV City	State	MH and	Transient	Occupancy	Occupancy
			Annual	RV Sites	as of	as of
			RV Sites	as of	as of	as of
			as of	12/31/18	12/31/18	12/31/17
			12/31/18			
Westside Ridge	MH Auburndale	FL	219	—	99.1 %	99.1 %
Windmill Village	MH Davenport	FL	509	—	98.8 %	99.2 %
Woodlands at Church Lake	MH Groveland	FL	291	—	73.9 %	70.5 %
Florida Total			37,874	5,917	97.3 %	97.1 %

SOUTHWEST**California**

49'er Village RV Resort ⁽²⁾	RV Plymouth	CA	32	293	100.0 %	100.0 %
Alta Laguna	MH Rancho Cucamonga	CA	295	—	99.7 %	100.0 %
Caliente Sands	MH Cathedral City	CA	118	—	99.2 %	97.5 %
Cava Robles RV Resort ⁽²⁾	RV Paso Robles	CA	—	331	N/A	N/A
Friendly Village of La Habra	MH La Habra	CA	330	—	99.7 %	100.0 %
Friendly Village of Modesto	MH Modesto	CA	289	—	97.2 %	94.5 %
Friendly Village of Simi	MH Simi Valley	CA	222	—	100.0 %	100.0 %
Friendly Village of West Covina	MH West Covina	CA	157	—	99.4 %	99.4 %
Heritage	MH Temecula	CA	196	—	100.0 %	100.0 %
Indian Wells RV Resort ⁽²⁾	RV Indio	CA	147	169	100.0 %	100.0 %
Jellystone Park™ at Tower Park	RV Lodi	CA	—	359	N/A	N/A
Lakefront	MH Lakeside	CA	295	—	99.7 %	100.0 %
Lazy J Ranch	MH Arcata	CA	220	—	99.1 %	100.0 %
Lemon Wood	MH Ventura	CA	231	—	100.0 %	100.0 %
Napa Valley	MH Napa	CA	257	—	100.0 %	100.0 %
Oak Creek	MH Coarsegold	CA	198	—	97.0 %	95.0 %
Ocean West	MH McKinleyville	CA	130	—	97.7 %	100.0 %
Palos Verdes Shores MH & Golf Community	MH San Pedro	CA	242	—	100.0 %	100.0 %
Pembroke Downs	MH Chino	CA	163	—	100.0 %	100.0 %
Pismo Dunes RV Resort	RV Pismo Beach	CA	331	—	100.0 %	100.0 %
Rancho Alipaz	MH San Juan Capistrano	CA	132	—	99.2 %	100.0 %
Rancho Caballero	MH Riverside	CA	303	—	99.7 %	99.7 %
Royal Palms	MH Cathedral City	CA	439	—	99.6 %	96.8 %
Royal Palms RV Resort	RV Cathedral City	CA	38	—	100.0 %	100.0 %
The Colony	MH Oxnard	CA	150	—	100.0 %	100.0 %
The Sands RV & Golf Resort ⁽²⁾	RV Desert Hot Springs	CA	234	280	100.0 %	N/A
Vallecito	MH Newbury Park	CA	303	—	100.0 %	100.0 %
Victor Villa	MH Victorville	CA	287	—	99.0 %	97.2 %
Vines RV Resort ⁽²⁾	RV Paso Robles	CA	—	130	N/A	N/A
Vista Del Lago	MH Scotts Valley	CA	202	—	100.0 %	100.0 %
Wine Country RV Resort ⁽²⁾	RV Paso Robles	CA	—	203	N/A	N/A
California Total			5,941	1,765	99.3 %	99.1 %

Arizona

Blue Star / Lost Dutchman	MH Apache Junction	AZ	169	—	95.9 %	93.5 %
Blue Star / Lost Dutchman RV Resort ⁽²⁾	RV Apache Junction	AZ	88	118	100.0 %	100.0 %

SUN COMMUNITIES, INC.

Property	MH/RV City	State	MH and Transient		Occupancy as of 12/31/18	Occupancy as of 12/31/17
			Annual RV Sites as of 12/31/18	RV Sites as of 12/31/18		
Brentwood West	MH Mesa	AZ	350	—	98.9 %	99.1 %
Desert Harbor	MH Apache Junction	AZ	205	—	99.5 %	99.0 %
Fiesta Village	MH Mesa	AZ	154	—	83.8 %	79.9 %
Fiesta Village RV Resort ⁽²⁾	RV Mesa	AZ	2	8	100.0%	100.0%
La Casa Blanca	MH Apache Junction	AZ	198	—	100.0%	100.0%
Leaf Verde RV Resort ⁽²⁾	RV Buckeye	AZ	—	376	N/A	N/A
Mountain View	MH Mesa	AZ	170	—	99.4 %	99.4 %
Palm Creek Golf	MH Casa Grande	AZ	505	—	57.0 % ⁽¹⁾	52.1 % ⁽¹⁾
Palm Creek Golf & RV Resort ⁽²⁾	RV Casa Grande	AZ	915	921	100.0%	100.0%
Rancho Mirage	MH Apache Junction	AZ	312	—	100.0%	100.0%
Reserve at Fox Creek	MH Bullhead City	AZ	311	—	97.7 %	95.2 %
Sun Valley	MH Apache Junction	AZ	268	—	94.0 %	91.8 %
Verde Plaza	MH Tucson	AZ	189	—	93.1 %	90.0 %
Arizona Total			3,836	1,423	92.4 %	91.0 %
Colorado						
Cave Creek	MH Evans	CO	447	—	98.7 %	99.1 %
Eagle Crest	MH Firestone	CO	441	—	99.8 %	100.0%
Jellystone Park™ at Larkspur ⁽²⁾	RV Larkspur	CO	—	137	N/A	N/A
North Point Estates	MH Pueblo	CO	108	—	97.2 %	99.1 %
Skyline	MH Fort Collins	CO	170	—	100.0%	99.4 %
Swan Meadow Village	MH Dillon	CO	175	—	99.4 %	100.0%
The Grove at Alta Ridge	MH Thornton	CO	409	—	99.5 %	99.8 %
Timber Ridge	MH Ft. Collins	CO	585	—	99.7 %	99.5 %
Colorado Total			2,335	137	99.4 %	99.6 %
OTHER						
Seaport RV Resort ⁽²⁾	RV Old Mystic	CT	44	105	100.0%	100.0%
High Point Park	MH Frederica	DE	409	—	96.3 %	96.6 %
Sea Air Village	MH Rehoboth Beach	DE	373	—	100.0%	98.4 %
Sea Air Village RV Resort ⁽²⁾	RV Rehoboth Beach	DE	120	14	100.0%	100.0%
Countryside Village of Atlanta	MH Lawrenceville	GA	261	—	87.4 % ⁽¹⁾	65.0 % ⁽¹⁾
Countryside Village of Gwinnett	MH Buford	GA	331	—	98.2 %	99.1 %
Countryside Village of Lake Lanier	MH Buford	GA	548	—	99.5 %	98.7 %
Autumn Ridge	MH Ankeny	IA	413	—	96.6 %	97.1 %
Candlelight Village	MH Sauk Village	IL	309	—	93.2 %	97.1 %
Maple Brook	MH Matteson	IL	441	—	99.5 %	99.6 %
Oak Ridge	MH Manteno	IL	426	—	93.2 %	93.0 %
Sunset Lakes RV Resort ⁽²⁾	RV Hillsdale	IL	225	273	100.0%	100.0%
Wildwood Community	MH Sandwich	IL	476	—	99.2 %	99.4 %
Campers Haven RV Resort ⁽²⁾	RV Dennisport	MA	230	43	100.0%	100.0%
Peter's Pond RV Resort ⁽²⁾	RV Sandwich	MA	329	77	100.0%	100.0%
Castaways RV Resort & Campground ⁽²⁾	RV Berlin	MD	1	392	100.0%	100.0%

SUN COMMUNITIES, INC.

Property	MH/RV	City	State	MH and	Transient	Occupancy as	Occupancy as
				Annual	RV Sites		
				RV Sites	as of		
				as of	12/31/18		
				12/31/18			
Fort Whaley RV Resort & Campground ⁽²⁾	RV	Whaleyville	MD	—	179	N/A	N/A
Frontier Town RV Resort & Campground ⁽²⁾	RV	Berlin	MD	—	584	N/A	N/A
Jellystone Park™ at Maryland	RV	Williamsport	MD	—	226	N/A	N/A
Maplewood Manor	MH	Brunswick	ME	296	—	99.7 %	99.3 %
Merrymeeting	MH	Brunswick	ME	43	—	93.0 %	100.0 %
Saco / Old Orchard Beach KOA ⁽²⁾	RV	Saco	ME	—	196	N/A	N/A
Town & Country Village	MH	Lisbon	ME	144	—	95.8 %	99.3 %
Wagon Wheel RV Resort & Campground ⁽²⁾	RV	Old Orchard Beach	ME	231	55	100.0 %	100.0 %
Wild Acres RV Resort & Campground ⁽²⁾	RV	Old Orchard Beach	ME	309	321	100.0 %	100.0 %
Southern Hills / Northridge Place	MH	Stewartville	MN	475	—	98.1 % ⁽¹⁾	92.8 % ⁽¹⁾
Pin Oak Parc	MH	O'Fallon	MO	502	—	98.0 %	96.6 %
Southfork	MH	Belton	MO	474	—	68.6 %	65.0 %
Countryside Village	MH	Great Falls	MT	226	—	97.3 %	98.7 %
Fort Tatham RV Resort & Campground ⁽²⁾	RV	Sylva	NC	56	34	100.0 %	100.0 %
Glen Laurel	MH	Concord	NC	260	—	99.2 %	98.5 %
Meadowbrook	MH	Charlotte	NC	321	—	99.7 %	100.0 %
Mi-Te-Jo Campground ⁽²⁾	RV	Milton	NH	106	118	100.0 %	N/A
Westward Shores Cottages & RV Resort ⁽²⁾	RV	West Ossipee	NH	322	136	100.0 %	N/A
Big Timber Lake RV Camping Resort ⁽²⁾	RV	Cape May Court House	NJ	322	206	100.0 %	100.0 %
Cape May Crossing	MH	Cape May	NJ	28	—	100.0 %	100.0 %
Cape May KOA ⁽²⁾	RV	Cape May	NJ	367	262	100.0 %	100.0 %
Driftwood RV Resort & Campground ⁽²⁾	RV	Clermont	NJ	621	86	100.0 %	100.0 %
Long Beach RV Resort & Campground ⁽²⁾	RV	Barneget	NJ	167	47	100.0 %	100.0 %
Seashore Campsites & RV Resort ⁽²⁾	RV	Cape May	NJ	433	243	100.0 %	100.0 %
Shady Pines	MH	Galloway Township	NJ	39	—	100.0 %	97.5 %
Shady Pines RV Resort ⁽²⁾	RV	Galloway Township	NJ	55	40	100.0 %	100.0 %
Sun Villa Estates	MH	Reno	NV	324	—	99.7 %	99.7 %
Adirondack Gateway RV Resort & Campground ⁽²⁾	RV	Gansevoort	NY	293	47	100.0 %	100.0 %
Jellystone Park™ at Birchwood Acres	MH	Greenfield Park	NY	1	—	100.0 %	100.0 %
Jellystone Park™ at Birchwood Acres RV Resort ⁽²⁾	RV	Greenfield Park	NY	95	209	100.0 %	100.0 %
Jellystone Park™ at Gardiner	RV	Gardiner	NY	—	320	N/A	N/A
Jellystone Park™ of Western New York	RV	North Java	NY	10	349	100.0 %	100.0 %
Parkside Village	MH	Cheektowaga	NY	156	—	100.0 %	100.0 %
Sky Harbor	MH	Cheektowaga	NY	522	—	96.7 %	94.8 %
The Villas at Calla Pointe	MH	Cheektowaga	NY	116	—	98.3 %	100.0 %
Forest Meadows	MH	Philomath	OR	75	—	98.7 %	100.0 %
Oceanside RV Resort & Campground ⁽²⁾	RV	Coos Bay	OR	—	88	N/A	N/A
Woodland Park Estates	MH	Eugene	OR	398	—	99.7 %	100.0 %
Countryside Estates	MH	Mckean	PA	304	—	98.0 %	98.7 %
Jellystone Park™ at Quarryville	RV	Quarryville	PA	—	243	N/A	N/A
Lake in Wood RV Resort ⁽²⁾	RV	Narvon	PA	278	141	100.0 %	100.0 %

SUN COMMUNITIES, INC.

Property	MH/RV City	State	MH and Annual	Transient	Occupancy as of 12/31/18		Occupancy as of 12/31/17	
			RV Sites as of 12/31/18	RV Sites as of 12/31/18	%	%	%	%
Pheasant Ridge	MH Lancaster	PA	553	—	100.0%	99.8 %		
Lakeside Crossing	MH Conway	SC	588	—	82.7 % ⁽¹⁾	76.0 % ⁽¹⁾		
Bell Crossing	MH Clarksville	TN	237	—	97.5 %	99.2 %		
Jellystone Park™ at Memphis ⁽²⁾	RV Horn Lake	TN	—	155	N/A	N/A		
Archview RV Resort & Campground ⁽²⁾	RV Moab	UT	—	114	N/A	N/A		
Canyonlands RV Resort & Campground ⁽²⁾	RV Moab	UT	—	131	N/A	N/A		
Moab Valley RV Resort & Campground ⁽²⁾	RV Moab	UT	—	131	N/A	N/A		
Pony Express RV Resort & Campground ⁽²⁾	RV North Salt Lake	UT	—	186	N/A	N/A		
Gwynn's Island RV Resort & Campground ⁽²⁾	RV Gwynn	VA	102	27	100.0%	100.0%		
Jellystone Park™ at Luray ⁽²⁾	RV East Luray	VA	—	255	N/A	N/A		
New Point RV Resort ⁽²⁾	RV New Point	VA	247	77	100.0%	100.0%		
Pine Ridge	MH Prince George	VA	323	—	82.4 % ⁽¹⁾	90.9 % ⁽¹⁾		
Sunset Beach RV Resort ⁽³⁾	RV Cape Charles	VA	—	—	N/A	N/A		
Thunderhill Estates	MH Sturgeon Bay	WI	266	—	93.6 %	99.1 %		
Westward Ho RV Resort & Campground ⁽²⁾	RV Glenbeulah	WI	226	96	100.0%	100.0%		
Other Total			15,847	6,206	96.7 %	96.0 %		
US TOTAL / AVERAGE			105,118	18,445	96.0 %	95.6 %		
CANADA								
Arran Lake RV Resort & Campground ⁽²⁾	RV Allenford	ON	149	40	100.0%	100.0%		
Craighleith RV Resort & Campground ⁽²⁾	RV Clarksburg	ON	68	43	100.0%	100.0%		
Deer Lake RV Resort & Campground ⁽²⁾	RV Huntsville	ON	168	72	100.0%	100.0%		
Grand Oaks RV Resort & Campground ⁽²⁾	RV Cayuga	ON	230	40	100.0%	100.0%		
Gulliver's Lake RV Resort & Campground	RV Millgrove	ON	199	—	100.0%	100.0%		
Hidden Valley RV Resort & Campground ⁽²⁾	RV Normandale	ON	203	42	100.0%	100.0%		
Lafontaine RV Resort & Campground ⁽²⁾	RV Tiny	ON	187	76	100.0%	100.0%		
Lake Avenue RV Resort & Campground ⁽²⁾	RV Cherry Valley	ON	115	12	100.0%	100.0%		
Pickering Park RV Resort & Campground ⁽²⁾	RV Napanee	ON	148	61	100.0%	100.0%		
Sherkston Shores Beach Resort & Campground ⁽²⁾	RV Sherkston	ON	1,419	296	100.0%	100.0%		
Silver Birches RV Resort & Campground ⁽²⁾	RV Lambton Shores	ON	132	30	100.0%	100.0%		
Trailside RV Resort & Campground ⁽²⁾	RV Seguin	ON	185	52	100.0%	100.0%		
Willow Lake RV Resort & Campground ⁽²⁾	RV Scotland	ON	365	8	100.0%	100.0%		
Willowood RV Resort & Campground ⁽²⁾	RV Amherstburg	ON	116	211	100.0%	100.0%		
Woodland Lake RV Resort & Campground ⁽²⁾	RV Bornholm	ON	161	63	100.0%	100.0%		
CANADA TOTAL / AVERAGE			3,845	1,046	100.0%	100.0%		
COMPANY TOTAL / AVERAGE			108,963	19,491	96.1 %	95.8 %		

⁽¹⁾ Occupancy in these Properties reflects the fact that these communities are in a lease-up phase following an expansion.

⁽²⁾ Occupancy percentage excludes transient RV sites. Percentage calculated by dividing revenue producing sites by developed sites. A revenue producing site is defined as a site that is occupied by a paying resident or reserved by a customer with annual or seasonal usage rights. A developed site is defined as an adequate sized parcel of land that has road and utility access which is zoned and licensed (if required) for use as a home site.

⁽³⁾ We have an ownership interest in Sunset Beach, but do not maintain and operate the property.

⁽⁴⁾ Occupancy in these Properties for 12/31/2018 reflects redevelopment following asset impairments resulting from Hurricane Irma in September 2017.

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ITEM 3. LEGAL PROCEEDINGS

We are involved in various legal proceedings arising in the ordinary course of business. All such proceedings, taken together, are not expected to have a material adverse impact on our results of operations or financial condition.

ITEM 4. MINE SAFETY DISCLOSURES

None.

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SUN COMMUNITIES, INC.**EXECUTIVE OFFICERS OF THE REGISTRANT**

The persons listed below are our executive officers.

Name	Age	Title
Gary A. Shiffman	64	Chairman and Chief Executive Officer
John B. McLaren	48	President and Chief Operating Officer
Karen J. Dearing	54	Executive Vice President, Treasurer, Chief Financial Officer and Secretary
Jonathan M. Colman	63	Executive Vice President

Gary A. Shiffman is our Chairman and Chief Executive Officer and has been a director and an executive officer since our inception in 1993. He is a member of our Executive Committee. He has been actively involved in the management, acquisition, construction and development of manufactured housing communities and has developed an extensive network of industry relationships over the past thirty years. He has overseen the acquisition, rezoning, development, expansion and marketing of numerous manufactured home communities, as well as recreational vehicle communities. Additionally, Mr. Shiffman, through his family-related interests, has had significant direct holdings in various real estate asset classes, which include office, multi-family, industrial, residential and retail. Mr. Shiffman is an executive officer and a director of SHS and all of our other corporate subsidiaries.

John B. McLaren has been in the manufactured housing industry since 1995. He has served as our President since 2014 and as our Chief Operating Officer since 2008. From 2008 to 2014, he served as an Executive Vice President of the Company. From 2005 to 2008, he was Senior Vice President of SHS with overall responsibility for home sales and leasing. Mr. McLaren spent approximately three years as Vice President of Leasing & Service for SHS with responsibility for developing and leading our Rental Program and also has experience in the multi-family REIT segment and the chattel lending industry.

Karen J. Dearing has served as our Chief Financial Officer and Executive Vice President since 2008. She joined us in 1998 as the Director of Finance where she worked extensively with accounting and finance matters related to our ground-up developments and expansions. Ms. Dearing became our Corporate Controller in 2002 and Senior Vice President in 2006. She is responsible for the overall management of our information technology, accounting, tax and finance departments, and all internal and external financial reporting. Prior to working for us, Ms. Dearing had 7.5 years of experience as the Financial Controller of a privately-owned automotive supplier and 4.5 years of experience as a certified public accountant with Deloitte.

Jonathan M. Colman has served as an Executive Vice President since March 2003. He joined us in 1994 as Vice President-Acquisitions and became a Senior Vice President in 1995. A certified public accountant, Mr. Colman has over thirty-five years of experience in the manufactured housing community industry. Prior to joining Sun, he was involved in the acquisition, financing and management of over 75 manufactured housing communities for two of the 10 largest manufactured housing community owners, including Uniprop, Inc. during its syndication of over \$90.0 million in public limited partnerships in the late 1980s. Mr. Colman is also a Vice President of all of our corporate subsidiaries.

SUN COMMUNITIES, INC.**PART II****ITEM MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS
5. AND ISSUER PURCHASES OF EQUITY SECURITIES****Market Information**

Our common stock has been listed on the NYSE since December 8, 1993, and traded under the symbol "SUI".

On February 14, 2019, the closing share price of our common stock was \$113.68 per share on the NYSE, and there were 238 holders of record for the 86,380,502 outstanding shares of common stock. On February 14, 2019, the Operating Partnership had (i) 2,720,427 common OP units issued and outstanding, not held by us, which were convertible into an equal number of shares of our common stock, (ii) 1,283,819 Aspen preferred OP units issued and outstanding which were exchangeable for 435,222 shares of our common stock, (iii) 328,991 Series A-1 preferred OP units issued and outstanding which were exchangeable for 802,417 shares of our common stock, (iv) 40,268 Series A-3 preferred OP units issued and outstanding which were exchangeable for 74,917 shares of our common stock, (v) 410,364 Series A-4 preferred OP units issued and outstanding, not held by us, which were exchangeable for 182,384 shares of our common stock, (vi) 314,438 Series C preferred OP units issued and outstanding which were exchangeable for 349,026 shares of our common stock, and (vii) 488,958 Series D preferred OP units issued and outstanding which were exchangeable for 391,166 shares of our common stock.

We have historically paid regular quarterly distributions to holders of our common stock and common OP units. In addition, we are obligated to make distributions to holders of shares of Series A-4 preferred stock, Aspen preferred OP units, Series A-1 preferred OP units, Series A-3 preferred OP units, Series A-4 preferred OP units, Series C preferred OP units and Series D preferred OP units. See "Structure of the Company" under Part I, Item 1 of this Annual Report on Form 10-K. Our ability to make distributions on our common and preferred stock and OP units, payments on our indebtedness, and to fund planned capital expenditures will depend on our ability to generate cash in the future. The decision to declare and pay distributions on shares of our common stock and common OP units in the future, as well as the timing, amount, and composition of any such future distributions, will be at the sole discretion of our Board of Directors in light of conditions then existing, including our earnings, financial condition, capital requirements, debt maturities, the availability of debt and equity capital, applicable REIT and legal restrictions, general overall economic conditions, and other factors.

Securities Authorized for Issuance Under Equity Compensation Plans

The following table reflects information about the securities authorized for issuance under our equity compensation plans as of December 31, 2018:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of shares of common stock remaining available for future issuance under equity compensation plans (excluding securities reflected in column a)
	(a)	(b)	(c)
Equity compensation plans approved by stockholders	3,000	\$ 33.45	1,136,194

Equity compensation plans not approved by stockholders	—	—	—
Total	3,000	\$ —	1,136,194

Issuer Purchases of Equity Securities

In November 2004, our Board of Directors authorized us to repurchase up to 1,000,000 shares of our common stock. We have 400,000 common shares remaining in the repurchase program. No common shares were repurchased under this program during 2018 or 2017. There is no expiration date specified for the repurchase program.

Recent Sales of Unregistered Securities

From time to time, we may issue shares of common stock in exchange for OP units that may be tendered to the Operating Partnership for redemption in accordance with the terms and provisions of the limited partnership agreement of the Operating Partnership.

SUN COMMUNITIES, INC.

Such shares are issued based on the exchange ratios and formulas described in “Structure of the Company” under Part I, Item 1 of this Annual Report on Form 10-K. Below is the activity of conversions during 2018, 2017, and 2016:

Series	Conversion Rate	Year Ended December 31, 2018		Year Ended December 31, 2017		Year Ended December 31, 2016	
		Units / Shares	Common Stock	Units / Shares	Common Stock	Units / Shares	Common Stock
Common OP unit	1	20,608	20,608	36,055	36,055	104,106	104,106
Series A-1 preferred OP unit	2.439	13,430	32,752	21,919	53,456	20,691	50,458
Series A-4 preferred OP unit	0.4444	13,765	6,116	10,000	4,440	120,906	53,733
Series A-4 preferred stock	0.4444	22,576	10,033	158,036	70,238	385,242	171,218
Series C preferred OP unit	1.11	1,919	2,130	16,806	18,651	7,043	7,815

In addition to the shares of common stock issued pursuant to OP unit conversions above, we issued 298,900 shares of common stock totaling \$26.4 million on July 27, 2017 in connection with an acquisition.

All of the securities described above were issued in private placements in reliance on Section 4(a)(2) of the Securities Act, including Regulation D promulgated thereunder, based on certain investment representations made by the parties to whom the securities were issued. No underwriters were used in connection with any of such issuances.

Performance Graph

Set forth below is a line graph comparing the yearly percentage change in the cumulative total shareholder return on our common stock against the cumulative total return of a broad market index composed of all issuers listed on the NYSE and an industry index comprised of fourteen publicly traded REITs, for the five year period ending on December 31, 2018. This line graph assumes a \$100 investment on December 31, 2013, a reinvestment of distributions and actual increase of the market value of our common stock relative to an initial investment of \$100. The comparisons in this table are required by the SEC and are not intended to forecast or be indicative of possible future performance of our common stock.

Peer Group

We utilize peer group data for quantitative benchmarking against external market participants. We select our peer group based on a number of quantitative and qualitative factors including, but not limited to, revenues, total assets, market capitalization, industry, sub-industry, location, total shareholder return history, executive compensation components, and peer decisions made by other companies. From time to time, we update our peer group based on analysis of the aforementioned factors and application of judgment. During 2018, we updated our peer group, as shown in the “SUI New Peer Group” caption in the table below.

SUN COMMUNITIES, INC.

Index	Period Ending					
	12/31/13	12/31/14	12/31/15	12/31/16	12/31/17	12/31/18
Sun Communities, Inc.	\$100.00	\$149.16	\$175.79	\$203.42	\$254.12	\$286.81
SNL U.S. REIT Residential Index	\$100.00	\$136.85	\$159.22	\$167.16	\$181.83	\$184.77
NYSE Composite Index	\$100.00	\$106.75	\$102.38	\$114.61	\$136.07	\$123.89
SUI New Peer Group ⁽¹⁾	\$100.00	\$138.90	\$159.06	\$163.79	\$167.48	\$163.60
SUI Old Peer Group ⁽²⁾	\$100.00	\$137.53	\$158.50	\$167.15	\$174.93	\$175.02

⁽¹⁾ SUI new peer group includes: American Campus Communities, Inc., Apartment Investment and Management Company, AvalonBay Communities, Inc., Brandywine Realty Trust, Camden Property Trust, CubeSmart, Equity Lifestyles Properties, Inc., Essex Property Trust, Inc., Mid-America Apartment Communities, Inc., Macerich Company, Kimco Realty Corp., UDR, Inc., Federal Realty Investment Trust, and Weingarten Realty Investors.

⁽²⁾ SUI old peer group included: American Campus Communities, Inc., Apartment Investment and Management Company, AvalonBay Communities, Inc., Brandywine Realty Trust, Camden Property Trust, CubeSmart, Equity Lifestyles Properties, Inc., Essex Property Trust, Inc., Mid-America Apartment Communities, Inc., Tanger Factory Outlet Centers, Inc., Taubman Centers, Inc., UDR, Inc., and Weingarten Realty Investors.

The information included under the heading “Performance Graph” is not to be treated as “soliciting material” or as “filed” with the SEC, and is not incorporated by reference into any filing by the Company under the Securities Act or the Exchange Act that is made on, before or after the date of filing of this Annual Report on Form 10-K.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial information on a historical basis. The historical financial data has been derived from our historical financial statements. The following information should be read in conjunction with the information included

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in “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” and the Consolidated Financial Statements and the Notes thereto. In addition to the results presented in accordance with GAAP below, we have provided net operating income (“NOI”) and funds from operations (“FFO”) as supplemental performance measures. Refer to *Non-GAAP Financial Measures* in Item 7 below for additional information.

	Year Ended December 31,				
	2018	2017 ⁽¹⁾	2016 ⁽¹⁾	2015 ⁽¹⁾	2014 ⁽¹⁾
	(In thousands, except for share related data)				
FINANCIAL INFORMATION					
Total revenues	\$1,126,825	\$982,570	\$833,778	\$674,731	\$484,259
Net income	\$120,158	\$81,819	\$31,471	\$170,473	\$33,196
Net income attributable to Sun Communities, Inc. common stockholders	\$105,493	\$65,021	\$17,369	\$137,325	\$22,376
Earnings per share - basic	\$1.29	\$0.85	\$0.27	\$2.53	\$0.54
Earnings per share - diluted	\$1.29	\$0.85	\$0.26	\$2.52	\$0.54
Cash distributions declared per common share	\$2.84	\$2.68	\$2.60	\$2.60	\$2.60
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities	\$385,615	\$320,119	\$225,653	\$192,128	\$134,549
Core FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities	\$394,369	\$337,384	\$266,131	\$210,559	\$148,356
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share - fully diluted	\$4.48	\$3.95	\$3.22	\$3.31	\$3.06
Core FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share - fully diluted	\$4.58	\$4.17	\$3.79	\$3.63	\$3.37
BALANCE SHEETS					
Total assets	\$6,710,026	\$6,111,957	\$5,870,776	\$4,181,799	\$2,925,546
Total debt	\$3,124,303	\$3,079,238	\$3,110,042	\$2,336,297	\$1,819,941
Total liabilities	\$3,479,112	\$3,405,204	\$3,441,605	\$2,562,421	\$1,997,540

⁽¹⁾ Financial information has been revised to reflect certain reclassifications in prior periods to conform to current period presentation.

SUN COMMUNITIES, INC.**ITEM MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION**

The following discussion and analysis of the consolidated financial condition and results of operations should be read in conjunction with the Consolidated Financial Statements and accompanying footnotes thereto included in this Annual Report on Form 10-K. In addition to the results presented in accordance with GAAP below, we have provided NOI and FFO as supplemental performance measures. Refer to *Non-GAAP Financial Measures* in this Item 7 for additional information.

OVERVIEW

We are a fully integrated, self-administered and self-managed REIT. As of December 31, 2018, we owned and operated, or had an interest in, a portfolio of 371 properties located throughout the United States and Ontario, Canada, including 230 MH communities, 110 RV communities, and 31 properties containing both MH and RV sites. We have been in the business of acquiring, operating, developing, and expanding MH and RV communities since 1975. We lease individual sites with utility access for placement of manufactured homes and RVs to our customers. We are also engaged through SHS in the marketing, selling, and leasing of new and pre-owned homes to current and future residents in our communities. The operations of SHS support and enhance our occupancy levels, property performance, and cash flows.

EXECUTIVE SUMMARY2018 Accomplishments:

- Total revenues for 2018 increased 14.7 percent to \$1.1 billion.
- Core FFO for 2018 was \$4.58 per diluted share and OP unit, an increase of 9.8 percent over 2017.
- Achieved Same Community NOI growth of 6.7 percent.
- Gained 2,600 revenue producing sites.
- Reached Same Community occupancy of 98.0 percent, excluding approximately 2,100 recently completed, but vacant expansion sites.
- Sold 3,629 homes, an increase of 10.6 percent over 2017.
- Brokered homes sales increased by 7.0 percent to 2,147 in 2018 as compared to 2,006 in 2017.
- Achieved 1-year, 3-year and 5-year total shareholder return of 14.2 percent, 66.9 percent and 191.3 percent, respectively, outperforming the MSCI US REIT, Russell 1000, U.S. REIT Residential, and S&P 500 indexes.
- Delivered approximately 1,300 expansion sites in 13 communities.
- Acquired 20 communities for total consideration of \$349.1 million.
- Entered into a strategic investment with Ingenia Communities Group ("Ingenia") along with a development joint venture.

Property Operations:

Occupancy in our Properties as well as our ability to increase rental rates directly affects revenues. Our revenue streams are predominantly derived from customers renting our sites on a long-term basis. Our Same Community properties continue to achieve revenue and occupancy increases which drive continued NOI growth. We continue to sell homes at a high level in our communities and expect this trend to continue.

Portfolio Information:	Year Ended December 31,			
	2018	2017	2016	
Occupancy % - Total Portfolio - MH and RV blended ⁽¹⁾	96.1	% 95.8	% 96.2	%

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Occupancy % - Same Community - MH and RV blended ⁽¹⁾⁽²⁾⁽³⁾	98.0	%	97.3	%	96.6	%
Core FFO	\$4.58		\$4.17		\$3.79	
NOI - Total Portfolio (<i>in thousands</i>)	\$533,321		\$479,662		\$403,337	
NOI - Same Community (<i>in thousands</i>)	\$512,357		\$382,210		\$332,919	
Homes Sold	3,629		3,282		3,172	
Number of Occupied Rental Homes	10,994		11,074		10,733	

⁽¹⁾ Occupancy percent includes annual RV sites, and excludes transient RV sites.

⁽²⁾ Occupancy percent excludes recently completed but vacant expansion sites.

⁽³⁾ Same community is based on the as reported year end same community count for each respective year.

SUN COMMUNITIES, INC.Acquisition Activity:

During the past three years, we have completed acquisitions of over 130 properties with over 36,000 sites located in high growth areas and retirement and vacation destinations such as California, Florida, Arizona, and Utah along with Eastern coastal areas and Ontario, Canada.

During 2018, we acquired 20 communities, as detailed in the table below:

Property/Portfolio	State	Type	Total Consideration (in thousands)	Number of sites	Expansion Sites
Leaf Verde RV Resort	Arizona	RV	\$ 11,647	376	—
Archview RV Resort & Campground	Utah	RV	14,550	114	50
Petoskey KOA RV Resort	Michigan	RV	9,000	210	—
The Sands RV & Golf Resort	California	RV	14,250	507	—
Sun NG RV Resorts LLC ⁽¹⁾⁽²⁾	Various	RV	241,878	2,700	940
Silver Creek RV Resort	Michigan	RV	7,250	264	176
Highway West ⁽¹⁾	Utah and Oregon	RV	36,500	536	—
Compass RV Resort	Florida	RV	14,000	175	—
Total			\$ 349,075	4,882	1,166

⁽¹⁾ Highway West and Sun NG RV Resorts LLC are comprised of 4 RV and 10 RV resorts, respectively.

⁽²⁾ Refer to Note 8, "Consolidated Variable Interest Entities," Note 9, "Debt and Lines of Credit," and Note 10, "Equity and Mezzanine Securities" in our accompanying Consolidated Financial Statements for additional information.

In 2018, we acquired the following land for expansion / development:

Name	Location	Type	Expansion / Development Sites	Cost (millions)	Month Acquired
Ocean West	McKinleyville, CA	MH	26	\$ 0.2	December
Water Oak Country Club Estates	Lady Lake, FL	MH	296	\$ 1.9	November
Oak Crest	Austin, TX	MH	220	\$ 4.2	October
Pecan Park RV Resort	Jacksonville, FL	RV	158	\$ 1.3	September
Smith Creek Crossing	Granby, CO	MH	310	\$ 0.9	September
Apple Carr	Egelston, MI	MH	121	\$ 0.2	May
River Run Ranch	Granby, CO	MH / RV	1,144	\$ 5.3	May
		Total	2,275	\$ 14.0	

Expansion Activity:

We have been focused on expansion opportunities adjacent to our existing communities, and we have developed over 3,500 sites within the past three years. We have expanded approximately 1,300 sites at 13 communities in 2018. The total cost to construct the sites was \$56.7 million. We continue to expand our Properties utilizing our inventory of owned and entitled land (approximately 11,300 sites available for development) and expect to construct over 1,600 additional expansion sites in 2019.

SUN COMMUNITIES, INC.Markets:

Our Properties are largely concentrated in Florida, Michigan, Texas and California. We have expanded our market share in California through recent acquisitions and increased our property holdings in other high growth areas of the U.S. including retirement and vacation destinations.

We have also experienced strong revenue growth through recent acquisitions of RV communities. The age demographic of RV communities is attractive, as the population of retirement age baby boomers in the U.S. is growing. RV communities have become a trending vacation opportunity not only for the retiree population, but as an affordable vacation alternative for families.

The following table identifies our markets by total sites:

Major Market	December 31, 2018			December 31, 2017		
	Number of Properties	Total Sites	% of Total Sites	Number of Properties	Total Sites	% of Total Sites
Florida	124	43,791	34.1 %	123	43,328	35.5 %
Michigan	70	27,080	21.1 %	68	26,137	21.4 %
Texas	23	8,674	6.8 %	21	7,974	6.5 %
California	30	7,706	6.0 %	27	6,498	5.3 %
Arizona	12	5,259	4.1 %	11	4,882	4.0 %
Ontario, Canada	15	4,891	3.8 %	15	4,882	4.0 %
Indiana	11	3,608	2.8 %	11	3,420	2.8 %
Ohio	9	2,920	2.3 %	9	2,904	2.4 %
New Jersey	7	2,916	2.3 %	7	2,917	2.4 %
Colorado	8	2,472	1.9 %	8	2,481	2.0 %
Illinois	5	2,150	1.6 %	5	2,150	1.8 %
New York	7	2,118	1.6 %	6	1,757	1.4 %
Maine	6	1,595	1.2 %	6	1,595	1.3 %
Pennsylvania	4	1,519	1.2 %	3	1,277	1.1 %
Maryland	4	1,382	1.1 %	3	1,156	1.0 %
Georgia	3	1,140	0.9 %	3	1,139	0.9 %
Virginia	5	1,031	0.8 %	4	718	0.6 %
Missouri	2	976	0.8 %	2	976	0.8 %
Delaware	2	916	0.7 %	2	916	0.8 %
New Hampshire	2	682	0.5 %	—	—	— %
Massachusetts	2	679	0.5 %	2	680	0.6 %
North Carolina	3	671	0.5 %	3	672	0.6 %
South Carolina	1	588	0.5 %	1	588	0.5 %
Wisconsin	2	588	0.5 %	2	548	0.4 %
Utah	4	562	0.4 %	—	—	— %
Oregon	3	561	0.4 %	2	473	0.4 %
Minnesota	1	475	0.4 %	1	475	0.4 %
Iowa	1	413	0.3 %	1	413	0.3 %
Tennessee	2	392	0.3 %	1	237	0.2 %
Nevada	1	324	0.3 %	1	324	0.3 %
Montana	1	226	0.2 %	1	226	0.2 %
Connecticut	1	149	0.1 %	1	149	0.1 %
	371	128,454		350	121,892	

SUN COMMUNITIES, INC.

NON-GAAP FINANCIAL MEASURES

In addition to the results reported in accordance with GAAP in our “Results of Operations” below, we have provided information regarding NOI and FFO as supplemental performance measures. We believe NOI and FFO are appropriate measures given their wide use by and relevance to investors and analysts following the real estate industry. 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. 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. In addition, NOI and FFO are commonly used in various ratios, pricing multiples/yields and returns and valuation calculations used to measure financial position, performance and value.

NOI is derived from revenues minus property operating expenses and real estate taxes. 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 (loss) (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 (loss) is the most directly comparable GAAP measurement to NOI. Because of the inclusion of items such as interest, depreciation, and amortization, the use of net income (loss) 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 NOI 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 interest expense and non-property specific expenses such as general and administrative expenses, all of which are significant costs. Therefore, NOI is a measure of the operating performance of the properties of the Company rather than of the Company overall.

FFO is defined by the National Association of Real Estate Investment Trusts (“NAREIT”) as net income (loss) computed in accordance with GAAP, 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. The Company 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, impairment 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 period over period, reflects the impact to operations from trends in occupancy rates, rental rates, and operating costs, providing perspective not readily apparent from net income (loss). 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. FFO is computed in accordance with the Company’s interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company. The Company also uses FFO excluding certain gain and loss items that management considers unrelated to the operational and financial performance of our core business (“Core FFO”). We believe that this provides investors with another financial measure of our operating performance that is more comparable when evaluating period over period results.

Because FFO excludes significant economic components of net income (loss) including depreciation and amortization, FFO should be used as an adjunct to net income (loss) and not as an alternative to net income (loss). 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 (loss) 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 (loss), cash flow from operating activities, investing activities and financing activities, provide investors with an indication of our ability to service debt and to fund acquisitions and other expenditures. Other REITs may use different methods for calculating FFO, accordingly, our FFO may not be comparable to other REITs.

SUN COMMUNITIES, INC.**RESULTS OF OPERATIONS**

We report operating results under two segments: Real Property Operations and Home Sales and Rentals. The Real Property Operations segment owns, operates, develops, or has an interest in, a portfolio of MH and RV communities throughout the U.S. and in Canada, and is in the business of acquiring, operating, and expanding MH and RV communities. The Home Sales and Rentals segment offers MH and RV park model sales and leasing services to tenants and prospective tenants of our communities. We evaluate segment operating performance based on NOI and gross profit. Refer to Note 12, "Segment Reporting," in our accompanying Consolidated Financial Statements for additional information.

SUMMARY STATEMENTS OF OPERATIONS

The following tables reconcile the Net income attributable to Sun Communities, Inc. common stockholders to NOI and summarize our consolidated financial results for the years ended December 31, 2018, 2017, and 2016 (in thousands):

	Years Ended		
	2018	2017	2016
Net income attributable to Sun Communities, Inc. common stockholders	\$105,493	\$65,021	\$17,369
Other revenues	(27,057)	(24,874)	(21,150)
Home selling expenses	15,722	12,457	9,744
General and administrative	81,438	74,232	63,662
Transaction costs	472	9,801	31,914
Catastrophic weather related charges, net	92	8,352	1,172
Depreciation and amortization	287,262	261,536	221,770
Loss on extinguishment of debt	2,657	6,019	1,127
Interest expense	132,783	130,242	122,315
Remeasurement of marketable securities	3,639	—	—
Other expense / (income), net	6,453	(8,982)	4,676
Current tax expense	595	446	683
Deferred tax benefit	(507)	(582)	(400)
Income from nonconsolidated affiliates	(646)	—	(500)
Preferred return to preferred OP units	4,486	4,581	5,006
Amounts attributable to noncontrolling interests	8,443	5,055	150
Preferred stock distribution	1,736	7,162	8,946
NOI/Gross Profit	\$623,061	\$550,466	\$466,484

	Years Ended		
	2018	2017	2016
Real Property NOI	\$533,321	\$479,662	\$403,337
Rental Program NOI	96,173	92,268	85,019
Home Sales NOI/Gross profit	42,698	32,294	30,087
Ancillary NOI/Gross profit	16,484	10,075	9,641
Site rent from Rental Program (included in Real Property NOI) ⁽¹⁾	(65,615)	(63,833)	(61,600)
NOI/Gross profit	\$623,061	\$550,466	\$466,484

⁽¹⁾ The renter's monthly payment includes the site rent and an amount attributable to the leasing of the home. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the incremental revenue gains associated with implementation of the Rental Program, and to assess the overall growth and performance of Rental Program and financial impact on our operations.

SUN COMMUNITIES, INC.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2018 AND 2017

REAL PROPERTY OPERATIONS – TOTAL PORTFOLIO

The following tables reflect certain financial and other information for our Total Portfolio as of and for the years ended December 31, 2018 and 2017:

Financial Information (in thousands)	Year Ended December 31,			
	2018	2017	Change	% Change
Income from Real Property	\$825,973	\$742,228	\$83,745	11.3%
Property operating expenses:				
Payroll and benefits	74,653	67,075	7,578	11.3%
Legal, taxes, and insurance	9,524	7,264	2,260	31.1%
Utilities	93,205	83,550	9,655	11.6%
Supplies and repair	28,594	25,871	2,723	10.5%
Other	30,121	26,518	3,603	13.6%
Real estate taxes	56,555	52,288	4,267	8.2%
Property operating expenses	292,652	262,566	30,086	11.5%
Real Property NOI	\$533,321	\$479,662	\$53,659	11.2%

Other Information	As of December 31,		
	2018	2017	Change
Number of properties	371	350	21
MH occupancy	95.0%		
RV occupancy	100.0%		
MH & RV blended occupancy ⁽¹⁾	96.1%	95.8%	0.3%
Sites available for development	11,258	9,617	1,641
Monthly base rent per site - MH	\$554	\$533	\$21
Monthly base rent per site - RV ⁽²⁾	\$455	\$435	\$20
Monthly base rent per site - Total	\$532	\$512	\$20

⁽¹⁾ Overall occupancy percentage includes MH and annual RV sites, and excludes transient RV sites.

⁽²⁾ Monthly base rent pertains to annual RV sites and excludes transient RV sites.

The \$53.7 million increase in Real Property NOI consists of \$21.5 million from recently acquired properties and \$32.2 million from our Same Community properties as detailed below.

SUN COMMUNITIES, INC.**REAL PROPERTY OPERATIONS – SAME COMMUNITY**

A key management tool used when evaluating performance and growth of our properties is a comparison of Same Communities. Same Communities consist of properties owned and operated throughout 2018 and 2017. The Same Community data may change from time-to-time depending on acquisitions, dispositions, management discretion, significant transactions, or unique situations. The Same Community data in this Form 10-K includes all properties which we have owned and operated continuously since January 1, 2017.

In order to evaluate the growth of the Same Communities, management has classified certain items differently than our GAAP statements. The reclassification difference between our GAAP statements and our Same Community portfolio is the reclassification of water and sewer revenues from income from real property to utilities. A significant portion of our utility charges are re-billed to our residents. We have reclassified \$32.2 million and \$30.6 million for the years ended December 31, 2018 and 2017, respectively, to reflect the utility expenses associated with our Same Community portfolio net of recovery.

The following tables reflect certain financial and other information for our Same Communities as of and for the years ended December 31, 2018 and 2017. The amounts in the table below reflect constant currency for comparative purposes. Canadian currency figures included within the year ended December 31, 2017 have been translated at 2018 average exchange rates:

Financial Information (in thousands)	Year Ended December 31,			
	2018	2017	Change	% Change
Income from Real Property	\$746,360	\$703,272	\$43,088	6.1 %
Property operating expenses:				
Payroll and benefits	66,502	65,524	978	1.5 %
Legal, taxes, and insurance	9,026	7,152	1,874	26.2 %
Utilities	54,949	51,480	3,469	6.7 %
Supplies and repair ⁽¹⁾	26,476	25,347	1,129	4.5 %
Other	22,952	21,960	992	4.5 %
Real estate taxes	54,098	51,695	2,403	4.6 %
Property operating expenses	234,003	223,158	10,845	4.9 %
Real Property NOI	\$512,357	\$480,114	\$32,243	6.7 %

Other Information	As of December 31,		
	2018	2017	Change
Number of properties	336	336	—
MH occupancy ⁽²⁾	97.4 %		
RV occupancy ⁽²⁾	100.0%		
MH & RV blended occupancy ⁽²⁾	98.0 %	95.8 % ⁽³⁾	2.2 %
Sites available for development	7,348	5,087	2,261
Monthly base rent per site - MH	\$554	\$533	\$21
Monthly base rent per site - RV ⁽⁴⁾	\$455	\$431	\$24
Monthly base rent per site - Total	\$532	\$511	\$21

⁽¹⁾ Year ended December 31, 2017 excludes \$2.6 million of expenses incurred for recently acquired properties to bring the properties up to Sun's operating standards. These costs did not meet the Company's capitalization policy.

⁽²⁾ The Same Community occupancy percentage for 2018 is derived from 104,059 developed sites, of which 101,988 were occupied. The number of developed sites excludes RV transient sites and approximately 2,100 recently completed but vacant MH expansion sites.

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⁽³⁾ The Same Community occupancy percentage for 2017 has been adjusted to reflect incremental growth period-over-period from filled expansion sites and the conversion of transient RV sites to annual RV sites.

⁽⁴⁾ Monthly base rent pertains to annual RV sites and excludes transient RV sites.

The 6.7 percent growth in NOI is primarily due to a 6.1 percent increase in Income from real property. The 6.1 percent increase in Income from real property is primarily due to a 2.2 percent increase in MH & RV blended occupancy and a 4.1 percent increase in total monthly base rent per site. The increase in Income from real property was partially offset by a 4.9 percent increase in Property operating expenses compared to 2017, which was primarily due to higher utilities, real estate taxes, and legal, taxes, and insurance in 2018.

SUN COMMUNITIES, INC.**HOME SALES AND RENTALS**

We purchase new homes and acquire pre-owned and repossessed manufactured homes, generally located within our communities, from lenders, dealers, and former residents to lease or sell to current and prospective residents.

The following table reflects certain financial and statistical information for our Home Sales Program for the years ended December 31, 2018 and 2017 (in thousands, except for average selling prices and statistical information):

Financial Information	Year Ended December 31,			
	2018	2017	Change	% Change
Revenue:				
New home sales	\$59,578	\$36,915	\$22,663	61.4 %
Pre-owned home sales	106,453	90,493	15,960	17.6 %
Revenue from homes sales	166,031	127,408	38,623	30.3 %
Expenses:				
New home cost of sales	51,913	31,578	20,335	64.4 %
Pre-owned home cost of sales	71,420	63,536	7,884	12.4 %
Cost of home sales	123,333	95,114	28,219	29.7 %
NOI / Gross profit	\$42,698	\$32,294	\$10,404	32.2 %
Gross profit – new homes	\$7,665	\$5,337	\$2,328	43.6 %
Gross margin % – new homes	12.9 %	14.5 %	(1.6)%	
Average selling price – new homes	\$113,266	\$101,975	\$11,291	11.1 %
Gross profit – pre-owned homes	\$35,033	\$26,957	\$8,076	30.0 %
Gross margin % – pre-owned homes	32.9 %	29.8 %	3.1 %	
Average selling price – pre-owned homes	\$34,306	\$30,991	\$3,315	10.7 %
Statistical Information				
New home sales volume	526	362	164	45.3 %
Pre-owned home sales volume	3,103	2,920	183	6.3 %
Total homes sold	3,629	3,282	347	10.6 %

Gross profit for new and pre-owned home sales increased \$2.3 million and \$8.1 million, respectively, in 2018 as compared to 2017. The increases for both new and pre-owned home sales are primarily the result of higher home sales volumes combined with higher average selling prices in 2018 as compared to 2017.

SUN COMMUNITIES, INC.

The following table reflects certain financial and other information for our Rental Program as of and for the years ended December 31, 2018 and 2017 (in thousands, except for statistical information):

Financial Information	Year Ended December 31,			
	2018	2017	Change	% Change
Revenues:				
Rental home revenue	\$53,657	\$50,549	\$3,108	6.1 %
Site rent from Rental Program ⁽¹⁾	65,615	63,833	1,782	2.8 %
Rental Program revenue	119,272	114,382	4,890	4.3 %
Expenses:				
Commissions	2,291	2,734	(443)	(16.2)%
Repairs and refurbishment	10,312	9,864	448	4.5 %
Taxes and insurance	6,364	6,102	262	4.3 %
Marketing and other	4,132	3,414	718	21.0 %
Rental Program operating and maintenance	23,099	22,114	985	4.5 %
Rental Program NOI	\$96,173	\$92,268	\$3,905	4.2 %
Other Information				
Number of occupied rentals, end of period	10,994	11,074	(80)	(0.7)%
Investment in occupied rental homes, end of period	\$530,006	\$494,945	\$35,061	7.1 %
Number of sold rental homes	1,122	1,168	(46)	(3.9)%
Weighted average monthly rental rate, end of period	\$949	\$901	\$48	5.3 %

⁽¹⁾ The renter's monthly payment includes the site rent and an amount attributable to the rental home lease. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the incremental revenue gains associated with implementation of the Rental Program, and assess the overall growth and performance of Rental Program and financial impact to our operations.

Rental Program NOI increased by 4.2 percent compared to 2017. The increase is due to a 4.3 percent increase in Rental Program revenue which is primarily attributable to a 5.3 percent increase in weighted average monthly rental rates.

The 4.5 percent increase in Rental Program operating and maintenance expenses is primarily due to higher Marketing and other expenses, driven by higher utility and bad debt expenses in 2018 as compared to 2017, partially offset by the decrease in commission expenses due to a decrease in the number of sold rental homes in 2018 as compared to 2017.

SUN COMMUNITIES, INC.

OTHER INCOME STATEMENT ITEMS

The following table summarizes other income and expenses for the years ended December 31, 2018 and 2017 (amounts in thousands):

	Year Ended December 31,			
	2018	2017	Change	% Change
Ancillary revenue, net	\$16,484	\$10,075	\$6,409	63.6 %
Interest income	\$20,853	\$21,180	\$(327)	(1.5)%
Brokerage commissions and other revenues, net	\$6,204	\$3,694	\$2,510	67.9 %
Home selling expenses	\$15,722	\$12,457	\$3,265	26.2 %
General and administrative expenses	\$81,438	\$74,232	\$7,206	9.7 %
Transaction costs	\$472	\$9,801	\$(9,329)	(95.2)%
Catastrophic weather related charges, net	\$92	\$8,352	\$(8,260)	(98.9)%
Depreciation and amortization	\$287,262	\$261,536	\$25,726	9.8 %
Loss on extinguishment of debt	\$2,657	\$6,019	\$(3,362)	(55.9)%
Interest expense	\$132,783	\$130,242	\$2,541	2.0 %
Remeasurement of marketable securities	\$(3,639)	\$—	\$(3,639)	N/A
Other (expense) / income, net	\$(6,453)	\$8,982	\$(15,435)	(171.8)%
Income from nonconsolidated affiliates	\$646	\$—	\$646	N/A
Current tax expense	\$(595)	\$(446)	\$(149)	(33.4)%
Deferred tax benefit	\$507	\$582	\$(75)	(12.9)%

Ancillary revenue, net - increased primarily due to RV vacation home rental income as a result of acquisition activities, in addition to an increase in golf course, restaurant, and resort activity net profit during the year ended December 31, 2018 as compared to the same period in 2017.

Brokerage commissions and other revenues, net - increased primarily due to a higher number of broker homes sold during the year ended December 31, 2018 as compared to the same period in 2017, in addition to \$1.9 million in business interruption insurance proceeds related to Hurricane Irma.

Home selling expenses - increased as a result of higher commissions due to a higher volume of home sales for the year ended December 31, 2018 as compared to the same period in 2017.

General and administrative expenses - increased primarily due to employee related costs including salaries, incentive compensation, and deferred compensation amortization, in addition to higher software support and maintenance fees during the year ended December 31, 2018 as compared to the same period in 2017.

Transaction costs - for the year ended December 31, 2018, decreased by \$9.3 million as compared to the same period in 2017. Beginning January 2018, only direct acquisition related costs are capitalized as part of the purchase price. Acquisition costs that do not meet the criteria for capitalization are expensed as incurred.

Catastrophic weather related charges, net - decreased primarily due to a smaller impact from Hurricanes Florence and Michael for the year ended December 31, 2018 as compared to a larger impact from Hurricane Irma in the same period in 2017.

Depreciation and amortization - increased as a result of our recent property acquisitions and our ongoing expansion and development activities. Refer to Note 3, "Real Estate Acquisitions," in our accompanying Consolidated Financial Statements for additional information.

Loss on extinguishment of debt - decreased \$3.4 million primarily due to lower prepayment penalties related to debt and financing activity as compared to 2017. Refer to Note 9, "Debt and Lines of Credit," in our accompanying Consolidated Financial Statements for additional information.

SUN COMMUNITIES, INC.

Interest expense - for the year ended December 31, 2018, increased \$2.5 million as compared to the same period in 2017, primarily due to entering into two collateralized term loans totaling \$249.7 million. Refer to Note 9, "Debt and Lines of Credit," in our accompanying Consolidated Financial Statements for additional information.

Remeasurement of marketable securities - was \$3.6 million in 2018, primarily due to the change in the fair value of exchange traded marketable securities. Refer to Note 7, "Investment in Nonconsolidated Affiliates," in our accompanying Consolidated Financial Statements for additional information.

Other (expense) / income, net - for the year ended December 31, 2018, was primarily comprised of foreign currency translation loss of \$8.4 million, and \$0.4 million in other expenses, partially offset by contingent liability remeasurement gain of \$2.3 million compared to 2017 which consisted of foreign currency translation gains of \$5.9 million and a contingent liability remeasurement gain of \$3.0 million.

Income from nonconsolidated affiliates - was \$0.6 million in 2018, primarily due to equity earnings from our investments in GTSC and Origen Financial Services, LLC. Refer to Note 7, "Investment in Nonconsolidated Affiliates," in our accompanying Consolidated Financial Statements for additional information.

SUN COMMUNITIES, INC.

COMPARISON OF THE YEARS ENDED DECEMBER 31, 2017 AND 2016

REAL PROPERTY OPERATIONS – TOTAL PORTFOLIO

The following tables reflect certain financial and other information for our Total Portfolio as of and for the years ended December 31, 2017 and 2016:

Financial Information (in thousands)	Year Ended December 31,			
	2017	2016	Change	% Change
Income from Real Property	742,228	620,917	\$ 121,311	19.5 %
Property operating expenses:				
Payroll and benefits	67,075	56,744	10,331	18.2 %
Legal, taxes, and insurance	7,264	5,941	1,323	22.3 %
Utilities	83,550	67,495	16,055	23.8 %
Supplies and repair	25,871	20,732	5,139	24.8 %
Other	26,518	22,362	4,156	18.6 %
Real estate taxes	52,288	44,306	7,982	18.0 %
Property operating expenses	262,566	217,580	44,986	20.7 %
Real Property NOI	\$479,662	\$403,337	\$76,325	18.9 %

Other Information	As of December 31,		
	2017	2016	Change
Number of properties	350	341	9
MH occupancy	94.6 %		
RV occupancy	100.0%		
MH & RV blended occupancy ⁽¹⁾	95.8 %	96.2 %	(0.4)%
Sites available for development	9,617	10,337	(720)
Monthly base rent per site - MH	\$533	\$515	\$18
Monthly base rent per site - RV ⁽²⁾	\$439	\$420	\$19
Monthly base rent per site - Total	\$512	\$495	\$17

⁽¹⁾ Overall occupancy (percentage) includes MH and annual RV sites, and excludes transient RV sites.

⁽²⁾ Monthly base rent pertains to annual RV sites and excludes transient RV sites.

The \$76.3 million growth in Real Property NOI consists of \$51.7 million from newly acquired properties and \$24.6 million from Same Community properties as detailed below.

SUN COMMUNITIES, INC.

REAL PROPERTY OPERATIONS – SAME COMMUNITY

The following tables reflect certain financial and other information for our Same Communities, which includes all properties we have owned and operated continuously since January 1, 2016 as of and for the years ended December 31, 2017 and 2016. We have reclassified \$26.9 million and \$25.8 million for the year ended December 31, 2017 and 2016, respectively, to reflect the utility expenses associated with our Same Community portfolio net of recovery.

Financial Information (in thousands)	Year Ended December 31,			
	2017	2016	Change	% Change
Income from Real Property	\$533,942	\$503,770	\$30,172	6.0 %
Property operating expenses:				
Payroll and benefits	45,240	43,078	2,162	5.0 %
Legal, taxes, and insurance	5,562	5,174	388	7.5 %
Utilities	29,726	28,475	1,251	4.4 %
Supplies and repair ⁽¹⁾	19,109	18,729	380	2.0 %
Other	13,696	13,988	(292)	(2.1)%
Real estate taxes	38,399	36,708	1,691	4.6 %
Property operating expenses	151,732	146,152	5,580	3.8 %
Real Property NOI	\$382,210	\$357,618	\$24,592	6.9 %

Other Information	As of December 31,		
	2017	2016	Change
Number of properties	231	231	—
MH occupancy ⁽²⁾	96.9 %		
RV occupancy ⁽²⁾	100.0%		
MH & RV blended occupancy ⁽²⁾	97.3 %	95.4 % ⁽³⁾	1.9 %
Sites available for development	5,087	6,263	(1,176)
Monthly base rent per site - MH	\$518	\$500	\$18
Monthly base rent per site - RV ⁽⁴⁾	\$459	\$441	\$18
Monthly base rent per site - Total	\$510	\$492	\$18

⁽¹⁾ Year ended December 31, 2016 excludes \$0.1 million of expenses incurred for recently acquired properties to bring the properties up to Sun's operating standards. These costs did not meet the Company's capitalization policy.

⁽²⁾ The Same Community occupancy percentage for 2017 is derived from 80,407 developed sites, of which 78,257 were occupied. The number of developed sites excludes RV transient sites and approximately 1,800 recently completed by vacant MH expansion sites.

⁽³⁾ The Same Community occupancy percentage for 2016 has been adjusted to reflect incremental growth period-over-period from filled expansion sites and the conversion of transient RV sites to annual RV sites.

⁽⁴⁾ Monthly base rent pertains to annual RV sites and excludes transient RV sites.

The 6.9 percent growth in NOI is primarily due to a 6.0 percent increase in Income from real property. The 6.0 percent increase in Income from real property is primarily due to a 1.9 percent increase in MH & RV blended occupancy, a 3.6 percent increase in total monthly base rent per site, and a 0.5 percent increase in transient revenue and other revenue. The increase in Income from real property was partially offset by a 3.8 percent increase in Property operating expenses compared to 2016, which was primarily due to higher payroll and benefits, real estate taxes, and utilities in 2017.

SUN COMMUNITIES, INC.**HOME SALES AND RENTALS**

The following table reflects certain financial and statistical information for our Home Sales Program for the years ended December 31, 2017 and 2016 (in thousands, except for average selling prices and statistical information):

Financial Information	Year Ended December 31,			% Change
	2017	2016	Change	
Revenue:				
New home sales	\$36,915	\$30,977	\$5,938	19.2%
Pre-owned home sales	90,493	79,530	10,963	13.8%
Revenue from homes sales	127,408	110,507	16,901	15.3%
Expenses:				
New home cost of sales	31,578	26,802	4,776	17.8%
Pre-owned home cost of sales	63,536	53,618	9,918	18.5%
Cost of home sales	95,114	80,420	14,694	18.3%
NOI / Gross profit	\$32,294	\$30,087	\$2,207	7.3%
Gross profit – new homes	\$5,337	\$4,175	\$1,162	27.8%
Gross margin % – new homes	14.5%	13.5%	1.0%	
Average selling price – new homes	\$101,975	\$94,156	\$7,819	8.3%
Gross profit – pre-owned homes	\$26,957	\$25,912	\$1,045	4.0%
Gross margin % – pre-owned homes	29.8%	32.6%	(2.8)%	
Average selling price – pre-owned homes	\$30,991	\$27,974	\$3,017	10.8%
Statistical Information				
New home sales volume	362	329	33	10.0%
Pre-owned home sales volume	2,920	2,843	77	2.7%
Total homes sold	3,282	3,172	110	3.5%

Gross profit for new and pre-owned home sales increased \$1.2 million and \$1.0 million, respectively, in 2017 as compared to 2016. The increases for both new and pre-owned home sales are primarily the result of higher volume of home sales combined with higher average selling prices in 2017 as compared to 2016.

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The following table reflects certain financial and other information for our Rental Program as of and for the years ended December 31, 2017 and 2016 (in thousands, except for statistical information):

Financial Information	Year Ended December 31,			
	2017	2016	Change	% Change
Revenues:				
Rental home revenue	\$50,549	\$47,780	\$2,769	5.8 %
Site rent from Rental Program ⁽¹⁾	63,833	61,600	2,233	3.6 %
Rental Program revenue	114,382	109,380	5,002	4.6 %
Expenses:				
Commissions	2,734	2,309	425	18.4 %
Repairs and refurbishment	9,864	12,825	(2,961)	(23.1)%
Taxes and insurance	6,102	5,734	368	6.4 %
Marketing and other	3,414	3,493	(79)	(2.3)%
Rental Program operating and maintenance	22,114	24,361	(2,247)	(9.2)%
Rental Program NOI	\$92,268	\$85,019	\$7,249	8.5 %
Other Information				
Number of occupied rentals, end of period	11,074	10,733	341	3.2 %
Investment in occupied rental homes, end of period	\$494,945	\$457,691	\$37,254	8.1 %
Number of sold rental homes	1,168	1,089	79	7.3 %
Weighted average monthly rental rate, end of period	\$901	\$882	\$19	2.2 %

⁽¹⁾ The renter's monthly payment includes the site rent and an amount attributable to the rental home lease. The site rent is reflected in the Real Property Operations segment. For purposes of management analysis, the site rent is included in the Rental Program revenue to evaluate the incremental revenue gains associated with implementation of the Rental Program, and assess the overall growth and performance of Rental Program and financial impact to our operations.

Rental Program NOI increased by 8.5 percent compared to 2016. The increase is due to a 4.6 percent increase in Rental Program revenue attributable to a 2.2 percent increase in weighted average monthly rental rates and a 3.2 percent increase in the number of occupied rentals, combined with an overall decrease in Rental Program operating and maintenance expenses.

The 9.2 percent decrease in Rental Program operating and maintenance expenses is primarily due to lower Repairs and refurbishment expenses in 2017 as compared to 2016.

SUN COMMUNITIES, INC.**OTHER INCOME STATEMENT ITEMS**

The following table summarizes other income and expenses for the years ended December 31, 2017 and 2016 (amounts in thousands):

	Year Ended December 31,			
	2017	2016	Change	% Change
Ancillary revenue, net	\$10,075	\$9,641	\$434	4.5 %
Interest income	\$21,180	\$18,113	\$3,067	16.9 %
Brokerage commissions and other revenues, net	\$3,694	\$3,037	\$657	21.6 %
Home selling expenses	\$12,457	\$9,744	\$2,713	27.8 %
General and administrative expenses	\$74,232	\$63,662	\$10,570	16.6 %
Transaction costs	\$9,801	\$31,914	\$(22,113)	(69.3) %
Catastrophic weather related charges, net	\$8,352	\$1,172	\$7,180	612.6 %
Depreciation and amortization	\$261,536	\$221,770	\$39,766	17.9 %
Loss on extinguishment of debt	\$6,019	\$1,127	\$4,892	434.1 %
Interest expense	\$130,242	\$122,315	\$7,927	6.5 %
Other income / (expense), net	\$8,982	\$(4,676)	\$13,658	292.1 %
Income from nonconsolidated affiliates	\$—	\$500	\$(500)	(100.0) %
Current tax expense	\$(446)	\$(683)	\$237	(34.7) %
Deferred tax benefit	\$582	\$400	\$182	45.5 %

Interest income - increased primarily due to an increase in our installment notes receivable, partially offset by a decrease in our collateralized receivables, as compared to December 31, 2016.

Brokerage commissions and other revenues, net - increased due to the sale of 2,006 brokered homes in 2017 as compared to 1,655 in 2016, a 21.2 percent increase.

Home selling expenses - increased primarily due to higher volumes and higher weighted average selling prices for both new and used homes in 2017, which resulted in higher commissions.

General and administrative expenses - increased primarily due to additional employee related costs as headcount increased in connection with our growth through acquisitions.

Transaction costs - relate to diligence and other expenses incurred in connection with our acquisitions. These costs were significantly lower in 2017 as compared to 2016, due to the acquisition of Carefree Communities, Inc. ("Carefree") in 2016.

Catastrophic weather related charges, net - In September 2017, Hurricane Irma impacted 121 of our communities in Florida and three in Georgia. We recognized charges totaling \$31.7 million comprised of \$21.3 million for debris and tree removal, common area repairs, and minor flooding damage, as well as \$10.4 million for impaired assets at the three Florida Keys communities. These charges were partially offset by estimated insurance recoveries of \$23.7 million.

In 2016, Catastrophic weather related charges, net were primarily attributable to debris and tree removal, common area repairs, and minor flooding damage from hurricanes Hermine and Matthew.

Depreciation and amortization - increased as a result of our acquisition of Carefree in 2016, as well as other properties in the second half of 2016 and during 2017.

Loss on extinguishment of debt - in 2017 of \$6.0 million was recognized in connection with defeasement or repayment of collateralized term loans totaling \$61.4 million. In 2016, the loss on extinguishment of debt of \$1.1 million was in connection with repayment of a total of \$79.1 million of collateralized term loans. Refer to Note 9, "Debt and Lines for Credit," in our accompanying Consolidated Financial Statements for additional information.

Interest expense - increased primarily due to 2017 including a full year of interest expense from incremental borrowings of

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\$338.0 million, \$405.0 million, and \$139.0 million in connection with our Fannie Mae Financing, NML Financing, and Freddie Mac Financing arrangements, respectively. The \$338.0 million and \$405.0 million borrowings were entered into in June 2016, and the \$139.0 million was entered into in September 2016.

Other income / (expense), net - in 2017 consisted of foreign currency translation gains of \$5.9 million and a contingent liability remeasurement gain of \$3.0 million, compared to 2016 which consisted of foreign currency translation losses of \$5.0 million and a contingent liability remeasurement loss of \$0.2 million, partially offset by a \$0.5 million gain related to the acquisition of a community.

Income from nonconsolidated affiliates - of \$0.5 million in 2016 was due to the sale of our entire interest in Origen Financial, Inc. Prior to the sale, the carrying value of our investment was zero.

SUN COMMUNITIES, INC.**RECONCILIATION OF NET INCOME ATTRIBUTABLE TO SUN COMMUNITIES, INC. COMMON STOCKHOLDERS TO FFO**

The following table reconciles Net income attributable to Sun Communities, Inc. common stockholders to FFO for the years ended December 31, 2018, 2017, and 2016 (in thousands, except per share amounts):

	Year Ended December 31,		
	2018	2017	2016
Net income attributable to Sun Communities, Inc. common stockholders	\$ 105,493	\$ 65,021	\$ 17,369
Adjustments:			
Depreciation and amortization	288,206	262,211	221,576
Remeasurement of marketable securities	3,639	—	—
Amounts attributable to noncontrolling interests	7,740	4,535	(41)
Preferred return to preferred OP units	2,206	2,320	2,462
Preferred distribution to Series A-4 Preferred Stock	1,737	2,107	—
Gain on disposition of assets, net	(23,406)	(16,075)	(15,713)
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities ⁽¹⁾	\$ 385,615	\$ 320,119	\$ 225,653
Adjustments:			
Transaction costs ⁽²⁾	—	9,801	31,914
Other acquisition related costs ⁽³⁾	1,001	2,810	3,328
Income from nonconsolidated affiliates	—	—	(500)
Loss on extinguishment of debt	2,657	6,019	1,127
Catastrophic weather related costs, net	92	8,352	1,172
Loss of earnings - catastrophic weather related ⁽⁴⁾	(292)	292	—
Other expense / (income), net	6,453	(8,982)	4,676
Debt premium write-off	(1,467)	(1,343)	(839)
Ground lease intangible write-off	817	898	—
Deferred tax benefit	(507)	(582)	(400)
Core FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities ⁽¹⁾	\$ 394,369	\$ 337,384	\$ 266,131
Weighted average common shares outstanding - basic:	81,387	76,084	65,856
Add:			
Common stock issuable upon conversion of stock options	2	2	8
Restricted stock	651	625	457
Common OP units	2,733	2,756	2,844
Common stock issuable upon conversion of Series A-1 preferred OP units	821	869	925
Common stock issuable upon conversion of Series A-4 preferred stock	472	585	—
Common stock issuable upon conversion of Series A-3 preferred OP units	75	75	75
Weighted average common shares outstanding - fully diluted	86,141	80,996	70,165
FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share - fully diluted	\$ 4.48	\$ 3.95	\$ 3.22
Core FFO attributable to Sun Communities, Inc. common stockholders and dilutive convertible securities per share - fully diluted	\$ 4.58	\$ 4.17	\$ 3.79

⁽¹⁾ The effect of certain anti-dilutive convertible securities is excluded from these items.

⁽²⁾ In January 2018, we adopted ASU 2017-01. Under previous guidance, substantially all of our property acquisitions were accounted for as business combinations with acquisition related costs expensed as incurred and reported as Transaction costs. Under ASU 2017-01, direct acquisition related costs are

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capitalized as part of the purchase price. Acquisitions costs that do not meet the criteria for capitalization are expensed as incurred.

⁽³⁾ These costs represent the expenses incurred to bring recently acquired properties up to our operating standards, including items such as tree trimming and painting costs that do not meet our capitalization policy.

⁽⁴⁾ During 2018, the adjustment was for the previously estimated FFO impact of the income related to the loss of earnings in excess of the applicable business interruption deductible in relation to our Florida Keys communities, impaired by Hurricane Irma, that was not recognized as income in those respective periods. The income related to the loss of earnings was recognized during the three months ended December 31, 2018 upon notification of payment by the insurance company. During 2017, the adjustment represented the related estimated loss of earnings in excess of the applicable business interruption deductible.

SUN COMMUNITIES, INC.**LIQUIDITY AND CAPITAL RESOURCES**

Our principal liquidity demands have historically been, and are expected to continue to be, distributions to our stockholders and the unit holders of the Operating Partnership, capital improvement of properties, the purchase of new and pre-owned homes, property acquisitions, development and expansion of properties, and debt repayment.

Subject to market conditions, we intend to continue to identify opportunities to expand our development pipeline and acquire existing communities. We finance acquisitions through available cash, secured financing, draws on our lines of credit, the assumption of existing debt on properties, and the issuance of equity securities. We will continue to evaluate acquisition opportunities that meet our criteria. During the year ended December 31, 2018, we acquired 20 communities. Refer to Note 3, “Real Estate Acquisitions” in our accompanying Consolidated Financial Statements for information regarding recent community acquisitions.

We also intend to continue to strengthen our capital and liquidity positions by focusing on our core fundamentals, which are generating positive cash flows from operations, maintaining appropriate debt levels and leverage ratios, and controlling overhead costs. We intend to meet our liquidity requirements through available cash balances, cash flows generated from operations, draws on our lines of credit, and the use of debt and equity offerings under our shelf registration statement. Refer to Note 9, “Debt and Lines of Credit” and Note 10, “Equity and Mezzanine Securities” in our accompanying Consolidated Financial Statements for additional information.

Our capital expenditures include expansion sites and ground-up development construction costs, lot modifications, recurring capital expenditures and rental home purchases. For the years ended December 31, 2018 and 2017, expansion and development activities of \$152.7 million and \$88.3 million, respectively, related to costs consisting primarily of construction of sites and other costs necessary to complete home site improvements.

For the years ended December 31, 2018 and 2017, lot modification expenditures were \$22.9 million and \$18.1 million, respectively. These expenditures improve asset quality in our communities and are incurred when an existing home is removed and the site is prepared for a new home (more often than not, a multi-sectional home). These activities, which are mandated by strict manufacturer’s installation requirements and state building codes, include items such as new foundations, driveways, and utility upgrades.

For the years ended December 31, 2018 and 2017, recurring capital expenditures were \$24.3 million and \$14.2 million, respectively, related to our continued commitment to the upkeep of our properties.

We invest in the acquisition of homes intended for the Rental Program. Expenditures for these investments depend upon the condition of the markets for repossessions and new home sales, as well as rental homes. We finance new home purchases with a \$12.0 million manufactured home floor plan facility. Our ability to purchase homes for sale or rent may be limited by cash received from third-party financing of our home sales, available manufactured home floor plan financing and working capital available on our lines of credit.

Our cash flow activities are summarized as follows (in thousands):

	Year Ended December 31,		
	2018	2017	2016
Net Cash Provided by Operating Activities	\$363,114	\$257,983	\$241,455
Net Cash Used for Investing Activities	\$(733,743)	\$(401,642)	\$(1,614,512)
Net Cash Provided by Financing Activities	\$409,905	\$141,557	\$1,338,970
Effect of exchange rate on cash, cash equivalents and restricted cash	\$(523)	\$298	\$(73)

Cash, cash equivalents, and restricted cash increased by \$38.8 million from \$23.5 million as of December 31, 2017, to \$62.3 million as of December 31, 2018.

Operating Activities

Net cash provided by operating activities increased by \$105.1 million from \$258.0 million for the year ended December 31, 2017 to \$363.1 million for the year ended December 31, 2018.

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Our net cash flows provided by operating activities from continuing operations may be adversely impacted by, among other things: (a) the market and economic conditions in our current markets generally, and specifically in metropolitan areas of our current markets; (b) lower occupancy and rental rates of our properties; (c) increased operating costs, such as wage and benefit costs, insurance premiums, real estate taxes and utilities, that cannot be passed on to our tenants; (d) decreased sales of manufactured homes; and (e) current volatility in economic conditions and the financial markets. See “Risk Factors” in Part I, Item 1A in this Annual Report on Form 10-K.

Investing Activities

Net cash used for investing activities was \$733.7 million for the year ended December 31, 2018, compared to \$401.6 million for the year ended December 31, 2017.

Financing Activities

Net cash provided by financing activities was \$409.9 million for the year ended December 31, 2018, compared to \$141.6 million for the year ended December 31, 2017. Refer to Note 9, “Debt and Lines of Credit” and Note 10, “Equity and Mezzanine Securities” in our accompanying Consolidated Financial Statements for additional information.

Financial Flexibility

In July 2017, we entered into a new at the market offering sales agreement (the “Sales Agreement”) with certain sales agents (collectively, the “Sales Agents”), whereby we may offer and sell shares of our common stock, having an aggregate offering price of up to \$450.0 million, from time to time through the Sales Agents. The Sales Agents are entitled to compensation in an agreed amount not to exceed 2.0 percent of the gross price per share for any shares sold from time to time under the Sales Agreement. Through December 31, 2018, we have sold shares of our common stock for gross proceeds of \$163.8 million under the Sales Agreement.

In April 2017, we amended and restated our credit agreement (the “A&R Credit Agreement”) with Citibank, N.A. (“Citibank”) and certain other lenders. Pursuant to the A&R Credit Agreement, we entered into a senior revolving credit facility with Citibank and certain other lenders in the amount of \$650.0 million, comprised of a \$550.0 million revolving loan and a \$100.0 million term loan (the “A&R Facility”). We repaid the term loan in full on September 7, 2018 and are unable to reborrow on the term loan. The A&R Credit Agreement has a four-year term ending April 25, 2021, which can be extended for two additional six-month periods at our option, subject to the satisfaction of certain conditions as defined in the A&R Credit Agreement. The A&R Credit Agreement also provides for, subject to the satisfaction of certain conditions, additional commitments in an amount not to exceed \$350.0 million. If additional borrowings are made pursuant to any such additional commitments, the aggregate borrowing limit under the A&R Facility may be increased up to \$900.0 million.

The A&R Facility bears interest at a floating rate based on the Eurodollar rate plus a margin that is determined based on our leverage ratio calculated in accordance with the A&R Credit Agreement, which margin can range from 1.35 percent to 2.20 percent for the revolving loan. As of December 31, 2018, the margin on our leverage ratio was 1.35 percent on the revolving loan. We had \$128.0 million borrowings on the revolving loan and no borrowings on the term loan as of December 31, 2018.

The A&R Facility provides us with the ability to issue letters of credit. Our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, but does reduce the borrowing amount available. At December 31, 2018 and December 31, 2017, approximately \$3.9 million and \$1.3 million of availability was used to back standby letters of credit.

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Pursuant to the terms of the A&R Facility, we are subject to various financial and other covenants. We are currently in compliance with these covenants. The most restrictive financial covenants for the A&R Facility are as follows:

Covenant	Requirement	As of December 31, 2018
Maximum Leverage Ratio	< 65.0%	31.3%
Minimum Fixed Charge Coverage Ratio	> 1.40	2.95
Minimum Tangible Net Worth (in thousands)	> \$2,918,046	\$4,677,834
Maximum Dividend Payout Ratio	< 95.0%	58.7%

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We anticipate meeting our long-term liquidity requirements, such as scheduled debt maturities, large property acquisitions, construction of expansion sites and ground-up development communities, and Operating Partnership unit redemptions through the issuance of certain debt or equity securities and/or the collateralization of our properties. At December 31, 2018, we had 186 unencumbered properties, of which 61 support the borrowing base for our \$650.0 million line of credit.

From time to time, we may also issue shares of our capital stock, issue equity units in our Operating Partnership, obtain debt financing, or sell selected assets. Our ability to finance our long-term liquidity requirements in such a manner will be affected by numerous economic factors affecting the MH and RV community industry at the time, including the availability and cost of mortgage debt, our financial condition, the operating history of the properties, the state of the debt and equity markets, and the general national, regional, and local economic conditions. When it becomes necessary for us to approach the credit markets, the volatility in those markets could make borrowing more difficult to secure, more expensive, or effectively unavailable. See “Risk Factors” in Part I, Item 1A in this Annual Report on Form 10-K. If we are unable to obtain additional debt or equity financing on acceptable terms, our business, results of operations and financial condition would be adversely impacted.

Contractual Cash Obligations

Our primary long-term liquidity needs are principal payments on outstanding indebtedness. As of December 31, 2018, our outstanding contractual obligations, including interest expense, were as follows:

	Total Due	Payments Due By Period			
		(In thousands)			
Contractual Cash Obligations ⁽¹⁾		<1 year	1-3 years	3-5 years	After 5 years
Collateralized term loans - Life Companies	\$1,262,351	\$27,576	\$75,797	\$62,806	\$1,096,172
Collateralized term loans - FNMA	762,632	16,416	221,560	223,628	301,028
Collateralized term loans - CMBS	405,864	7,890	136,570	81,619	179,785
Collateralized term loans - FMCC	382,754	6,281	13,305	131,827	231,341
Secured borrowings	107,731	5,265	11,917	12,754	77,795
Lines of credit	128,000	—	128,000	—	—
Preferred Equity - Sun NG Resorts - mandatorily redeemable	35,277	—	—	35,277	—
Preferred OP units - mandatorily redeemable	37,338	2,675	—	—	34,663
Total principal payments	\$3,121,947	\$66,103	\$587,149	\$547,911	\$1,920,784
Interest expense ⁽²⁾	\$899,780	\$129,261	\$237,145	\$185,468	\$347,906
Operating leases	64,070	3,765	7,530	7,530	45,245
Capital lease obligation	4,660	120	240	240	4,060
Total contractual cash obligations	\$4,090,457	\$199,249	\$832,064	\$741,149	\$2,317,995

⁽¹⁾ Contractual cash obligations in this table exclude debt premiums, discounts and deferred financing costs, as applicable.

⁽²⁾ Our contractual cash obligations related to interest expense are calculated based on the current debt levels, rates and maturities as of December 31, 2018 (including capital leases and excluding secured borrowings), and actual payments required in future periods may be different than the amounts included above. Perpetual securities include one year of interest expense in the “After 5 years” category.

As of December 31, 2018, our net debt to enterprise value approximated 25.2 percent (assuming conversion of all common OP units, Series A-1 preferred OP units, Series A-3 preferred OP units, Series A-4 preferred OP units, and Series C preferred OP units to shares of common stock). Our debt had a weighted average maturity of approximately 9.0 years and a weighted average interest rate of 4.5 percent.

SUN COMMUNITIES, INC.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our Consolidated Financial Statements are prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), which require the use of estimates, judgments and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses in the periods presented. We believe that the accounting estimates employed are appropriate and resulting balances are reasonable; however, due to inherent uncertainties in making estimates, actual results could differ from the original estimates, requiring adjustments to these balances in future periods.

The critical accounting estimates that affect the Consolidated Financial Statements and that use judgments and assumptions are listed below. In addition, the likelihood that materially different amounts could be reported under varied conditions and assumptions is discussed.

Refer to Note 1, “Significant Accounting Policies,” in our accompanying Consolidated Financial Statements for information regarding our critical accounting estimates.

Impact of New Accounting Standards

Refer to Note 17, “Recent Accounting Pronouncements,” in our accompanying Consolidated Financial Statements for information regarding new accounting pronouncements.

Off-Balance Sheet Arrangements

We do not have any off-balance sheet arrangements with any unconsolidated entities that we believe have or are reasonably likely to have a material effect on its financial condition, results of operations, liquidity, or capital resources.

SUN COMMUNITIES, INC.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the exposure to loss resulting from changes in market factors such as interest rates, foreign currency exchange rates, commodity prices, and equity prices.

Interest Rate Risk

Our principal market risk exposure is interest rate risk. We mitigate this risk by maintaining prudent amounts of leverage, minimizing capital costs, and interest expense while continuously evaluating all available debt and equity resources and following established risk management policies and procedures, which include the periodic use of derivatives. Our primary strategy in entering into derivative contracts is to minimize the variability that interest rate changes could have on our future cash flows. From time to time, we employ derivative instruments that effectively convert a portion of our variable rate debt to fixed rate debt. We do not enter into derivative instruments for speculative purposes.

Our variable rate debt totaled \$128.0 million and \$194.7 million as of December 31, 2018 and 2017, respectively, and bears interest based on Prime or various LIBOR rates. If Prime or LIBOR increased or decreased by 1.0 percent, our interest expense would have increased or decreased by approximately \$2.4 million and \$2.3 million for the years ended December 31, 2018 and 2017, respectively, based on the \$235.9 million and \$229.6 million average balances outstanding under our variable rate debt facilities, respectively.

Foreign Currency Exchange Rate Risk

Foreign currency exchange rate risk is the risk that fluctuations in currencies against the U.S. dollar will negatively impact our results of operations. We are exposed to foreign currency exchange rate risk as a result of remeasurement and translation of the assets and liabilities of our Canadian properties, and our Australian equity investment and joint venture into U.S. dollars. Fluctuations in foreign currency exchange rates can therefore create volatility in our results of operations and may adversely affect our financial condition.

At December 31, 2018 and 2017, our stockholder's equity included \$141.4 million and \$91.5 million from our Canadian subsidiaries and Australian equity investments, respectively, which represented 4.6 percent and 3.4 percent of total equity, respectively. Based on our sensitivity analysis, a 10.0 percent strengthening of the U.S. dollar against the Canadian and Australian dollars would have caused a reduction of \$14.1 million and \$9.2 million to our total stockholder's equity at December 31, 2018 and 2017, respectively.

SUN COMMUNITIES, INC.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Financial statements and supplementary data are filed herewith under Item 15.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

We maintain disclosure controls and procedures designed to provide reasonable assurance that information required to be disclosed in reports filed under the Exchange Act is recorded, processed, summarized and reported within the specified time periods and accumulated and communicated to our management, including our principal executive officer and principal financial officer, as appropriate to allow timely decisions regarding required disclosure.

Our management, with the participation of our CEO and CFO, evaluated the effectiveness of our disclosure controls and procedures (pursuant to Rules 13a-15(e) or 15d-15(e) of the Exchange Act) at December 31, 2018. Based upon this evaluation, our CEO and CFO concluded that our disclosure controls and procedures were effective as of December 31, 2018.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining effective internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act. This system is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of consolidated financial statements for external purposes in accordance with U.S. GAAP. Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, misstatements due to error or fraud may not be prevented or detected on a timely basis.

Our management performed an assessment of the effectiveness of our internal control over financial reporting at December 31, 2018, utilizing the criteria discussed in the "*Internal Control - Integrated Framework (2013)*" issued by the Committee of Sponsoring Organizations of the Treadway Commission. The objective of this assessment was to determine whether our internal control over financial reporting was effective at December 31, 2018. Based on management's assessment, we have concluded that our internal control over financial reporting was effective at December 31, 2018.

The effectiveness of our internal control over financial reporting has been audited by Grant Thornton LLP, an independent registered public accounting firm, as stated in its report which is included herein.

Changes in Internal Control Over Financial Reporting

There were no material changes in our internal control over financial reporting during the year ended December 31, 2018.

ITEM 9B. OTHER INFORMATION

None.

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SUN COMMUNITIES, INC.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Pursuant to instruction 3 to paragraph (b) of Item 401 of Regulation S-K, certain information regarding our executive officers is contained in Part I of this Form 10-K. Unless provided in an amendment to this Annual Report on Form 10-K, the other information required by this Item is incorporated herein by reference to the applicable information in the proxy statement for our 2019 annual meeting (the "Proxy Statement,") including the information set forth under the captions "Board of Directors and Corporate Governance - Incumbent Directors and Nominees," "Management and Executive Compensation - Executive Officers," "Section 16(a) Beneficial Ownership Reporting Compliance," "Board of Directors and Corporate Governance - Board of Directors and Committees" and "Board of Directors and Corporate Governance - Consideration of Director Nominees."

ITEM 11. EXECUTIVE COMPENSATION

Unless provided in an amendment to this Annual Report on Form 10-K, the information required by this Item is incorporated by reference to the applicable information in the Proxy Statement, including the information set forth under the captions "Management and Executive Compensation," "Board of Directors and Corporate Governance - Director Compensation Table," "Compensation Committee Interlocks and Insider Participation" and "Compensation Committee Report." The information in the section captioned "Compensation Committee Report" in the Proxy Statement or an amendment to this Annual Report on Form 10-K is incorporated by reference herein but shall be deemed furnished, not filed, and shall not be deemed to be incorporated by reference into any filing we make under the Securities Act or the Exchange Act.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Unless provided in an amendment to this Annual Report on Form 10-K, the information required by this Item is incorporated by reference to the applicable information in the Proxy Statement, including the information set forth under the captions "Security Ownership of Certain Beneficial Owners and Management" and "Securities Authorized for Issuance Under Equity Compensation Plans."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Unless provided in an amendment to this Annual Report on Form 10-K, the information required by this Item is incorporated by reference to the Proxy Statement, including the information set forth under the captions "Certain Relationships and Related Transactions and Director Independence," "Board of Directors and Corporate Governance - Board of Directors and Committees" and "Board of Directors and Corporate Governance - Board Leadership Structure and Independence of Non-Employee Directors."

ITEM 14. PRINCIPAL ACCOUNTANT FEES AND SERVICES

Unless provided in an amendment to this Annual Report on Form 10-K, the information required by this Item is incorporated by reference to the Proxy Statement, including the information set forth under the caption "Ratification of Selection of Grant Thornton LLP."

SUN COMMUNITIES, INC.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES

The following documents are filed herewith as part of this Form 10-K:

1. Financial Statements

A list of the financial statements required to be filed as a part of this Annual Report on Form 10-K is shown in the “Index to the Consolidated Financial Statements and Financial Statement Schedules” filed herewith.

2. Financial Schedule

The financial statement schedule required to be filed as a part of this Annual Report on Form 10-K is shown in the “Index to the Consolidated Financial Statements and Financial Statement Schedules” filed herewith.

3. Exhibits

A list of the exhibits required by Item 601 of Regulation S-K to be filed as a part of this Annual Report on Form 10-K is shown on the “Exhibit Index” filed herewith.

ITEM 16. FORM 10-K SUMMARY

None.

SUN COMMUNITIES, INC.

EXHIBIT INDEX

Exhibit Number	Description	Method of Filing
3.1	<u>Sun Communities, Inc. Articles of Restatement</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 10-K filed on February 22, 2018
3.2	<u>Third Amended and Restated Bylaws</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed on May 12, 2017
4.1	<u>Registration Rights Agreement dated February 8, 2013 among Sun Communities, Inc., and the holders of Series A-3 Preferred Units that are parties thereto</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed February 12, 2013
4.2	<u>Form of Registration Rights Agreement between Sun Communities, Inc. and Carefree Communities Intermediate Holdings, L.L.C.</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed March 22, 2016
4.3	<u>Form of certificate evidencing common stock</u>	Incorporated by reference to Sun Communities, Inc.'s Registration Statement on Form 8-A filed November 9, 2012
4.4	<u>Form of certificate evidencing 6.50% Series A-4 Cumulative Convertible Preferred Stock</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed December 2, 2014
10.1	<u>Master Credit Facility Agreement, dated June 3, 2016, by and among Sun Apple Creek LLC; Sun Bell Crossing LLC; Sun Boulder Ridge LLC; Aspen-Brentwood Project, LLC; Sun Cave Creek LLC; Sun Countryside Lake Lanier LLC; Sun Cutler Estates LLC; Aspen-Grand Project, LLC; Sun Hamlin LLC; Sun Hawaiian Holly LLC; Holiday West Village Mobile Home Park, LLC; Sun Meadowbrook FL LLC; Sun Oakcrest LLC; Sun Pine Ridge LLC; Sun Scio Farms LLC; Sun Villa MHC LLC; Waverly Shores Village Mobile Home Park, LLC, as Borrowers, and Regions Bank, as Lender</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 9, 2016
10.2	<u>Master Loan Agreement dated June 9, 2016, by and among Carefree Communities CA LLC, NHC-CA101, LLC and The Northwestern Mutual Life Insurance Company</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 9, 2016
10.3	<u>Promissory Note dated June 9, 2016 in the original principal amount of \$162.0 million executed by Carefree Communities CA LLC and NHC-CA101, LLC in favor of The Northwestern Mutual Life Insurance Company</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 9, 2016
10.4	<u>Master Loan Agreement dated June 9, 2016, by and between Carefree Communities CA LLC and The Northwestern Mutual Life Insurance Company</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 9, 2016
10.5	<u>Promissory Note dated June 9, 2016 in the original principal amount of \$163.0 million executed by Carefree Communities CA LLC in favor of The Northwestern Mutual Life Insurance Company</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 9, 2016
10.6	<u>Amended and Restated Mortgage and Security Agreement dated June 9, 2016, by and between SNF Property LLC and The Northwestern Mutual Life Insurance Company</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 9, 2016
10.7	<u>Amended and Restated Promissory Note dated June 9, 2016 in the original principal amount of \$80.0 million executed by SNF Property LLC in favor of The Northwestern Mutual Life Insurance Company</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 9, 2016
10.8	<u>Lease, dated November 1, 2002, by and between Sun Communities Operating Limited Partnership as Tenant and American Center LLC as Landlord</u>	Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, December 31, 2002, as amended
10.9	<u>Sixth Lease Modification dated June 26, 2018 by and between Sun Communities Operating Limited Partnership as Tenant and American Center LLC as Landlord</u>	Filed herewith
10.10	<u>Fourth Amended and Restated Agreement of Limited Partnership of Sun Communities Operating Limited Partnership, dated January 31, 2019.</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed February 5, 2019
10.11	<u>First Amended and Restated 2004 Non-Employee Director Option Plan#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed July 25, 2012
10.12	<u>First Amendment to First Amended and Restated 2004 Non-Employee Director Option Plan#</u>	Incorporate by reference to Exhibit A to Sun Communities, Inc.'s Definitive Proxy Statement filed on March 29, 2018
10.13	<u>Sun Communities, Inc. 2015 Equity Incentive Plan#</u>	

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Incorporated by reference to Sun Communities, Inc.'s Proxy Statement dated April 29, 2015 for the Annual meeting of Stockholders held July 20, 2015

10.14 Form of Stock Option Agreement between Sun Communities, Inc. and certain directors, officers and other individuals#

Incorporated by reference to Sun Communities, Inc.'s Registration Statement No. 33 69340

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SUN COMMUNITIES, INC.

10.15	<u>Form of Non-Employee Director Stock Option Agreement between Sun Communities, Inc. and certain directors#</u>	Incorporated by reference to Sun Communities, Inc.'s Registration Statement No. 33 80972
10.16	<u>Form of Restricted Stock Award Agreement#</u>	Incorporated by reference to Sun Communities, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2004
10.17	<u>First Amendment to Restricted Stock Award Agreement between Sun Communities, Inc. and Gary A. Shiffman dated July 15, 2014#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed July 15, 2014
10.18	<u>Employment Agreement dated June 20, 2013 among Sun Communities, Inc., Sun Communities Operating Limited Partnership and Gary A. Shiffman#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed June 24, 2013
10.19	<u>First Amendment to Employment Agreement among Sun Communities, Inc., Sun Communities Operating Limited Partnership and Gary A. Shiffman dated July 15, 2014#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed July 15, 2014
10.20	<u>Second Amendment to Employment Agreement among Sun Communities, Inc., Sun Communities Operating Limited Partnership and Gary A. Shiffman dated March 8, 2017#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed on March 8, 2017
10.21	<u>Employment Agreement dated May 19, 2015 among Sun Communities, Inc., Sun Communities Operating Limited Partnership and John B. McLaren#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed May 20, 2015
10.22	<u>First Amendment to Employment Agreement among Sun Communities, Inc. Sun Communities Operating Limited Partnership, and John B. McLaren dated March 8, 2017#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed on March 8, 2017
10.23	<u>Employment Agreement July 16, 2015 among Sun Communities, Inc., Sun Communities Operating Limited Partnership and Karen J. Dearing#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed July 17, 2015
10.24	<u>First Amendment Employment Agreement among Sun Communities, Inc., Sun Communities Operating Partnership, and Karen J. Dearing dated March 8, 2017#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed on March 8, 2017
10.25	<u>Sun Communities, Inc. Executive Compensation "Clawback" Policy#</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed July 15, 2014
10.26	<u>At the Market Offering Sales Agreement, dated July 28, 2017, among Sun Communities, Inc., Sun Communities Operating Limited Partnership, BMO Capital Markets Corp., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Robert W. Baird & Co. Incorporated, Fifth Third Securities, Inc., RBC Capital Markets, LLC, BTIG, LLC, Jefferies LLC, Credit Suisse Securities (USA) LLC and Samuel A. Ramirez & Company, Inc. Amendment dated April 26, 2018 to the At the Market Offering Sales Agreement dated July 28, 2017, among Sun Communities, Inc., Sun Communities Operating Limited Partnership, BMO Capital Markets Corp., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Citigroup Global Markets Inc., Robert W. Baird & Co. Incorporated, Fifth Third Securities, Inc., RBC Capital Markets, LLC, BTIG, LLC, Jefferies LLC, Credit Suisse Securities (USA) LLC and Samuel A. Ramirez & Company, Inc.</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed on July 28, 2017.
10.27	<u>Second Amended and Restated Credit Agreement, dated April 25, 2017 with Citibank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and BMO Capital Markets, as Joint Lead Arrangers, and Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Joint Bookrunners, and Bank of America, N.A. and Bank of Montreal, as Co-Syndication Agents and Fifth Third Bank, an Ohio Banking Corporation, Regions Bank and RBC Capital Markets as Co-Documentation Agents and the other lenders, PNC Bank, National Association, U.S. Bank National Association, Credit Suisse, Associated Bank, N.A. and Flagstar Bank, FSB.</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed on April 26, 2018.
10.28	<u>Second Amended and Restated Credit Agreement, dated April 25, 2017 with Citibank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer, Citigroup Global Markets Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and BMO Capital Markets, as Joint Lead Arrangers, and Citigroup Global Markets Inc. and Merrill Lynch, Pierce, Fenner & Smith Incorporated as Joint Bookrunners, and Bank of America, N.A. and Bank of Montreal, as Co-Syndication Agents and Fifth Third Bank, an Ohio Banking Corporation, Regions Bank and RBC Capital Markets as Co-Documentation Agents and the other lenders, PNC Bank, National Association, U.S. Bank National Association, Credit Suisse, Associated Bank, N.A. and Flagstar Bank, FSB.</u>	Incorporated by reference to Sun Communities, Inc.'s Current Report on Form 8-K filed on April 27, 2017
21.1	<u>List of Subsidiaries of Sun Communities, Inc.</u>	Filed herewith
23.1	<u>Consent of Grant Thornton LLP</u>	Filed herewith
31.1	<u>Certification of Chief Executive Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>	Filed herewith
31.2	<u>Certification of Chief Financial Officer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</u>	Filed herewith
32.1		Furnished herewith

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Certification of Chief Executive Officer and Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002

101.INS XBRL Instance Document

101.SCH XBRL Taxonomy Extension Schema Document

101.CAL XBRL Taxonomy Extension Calculation Linkbase Document

101.DEF XBRL Taxonomy Extension Definition Linkbase Document

101.LAB XBRL Taxonomy Extension Label Linkbase Document

101.PRE XBRL Taxonomy Extension Presentation Linkbase Document

The instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL document.

Filed herewith

Filed herewith

Filed herewith

Filed herewith

Management contract or compensatory plan or arrangement.

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SUN COMMUNITIES, INC.**SIGNATURES**

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

**SUN
COMMUNITIES,
INC.**

(Registrant)

Dated: February 21, 2019 By /s/ Gary A. Shiffman

**Gary A. Shiffman
Chief Executive Officer**

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Name	Capacity	Date
/s/ Gary A. Shiffman Gary A. Shiffman	Chief Executive Officer and Chairman of the Board of Directors (Principal Executive Officer)	February 21, 2019
/s/ Karen J. Dearing Karen J. Dearing	Executive Vice President, Chief Financial Officer, Treasurer and Secretary (Principal Financial Officer and Principal Accounting Officer)	February 21, 2019
/s/ Meghan G. Baivier Meghan G. Baivier	Director	February 21, 2019
/s/ Stephanie W. Bergeron Stephanie W. Bergeron	Director	February 21, 2019
/s/ Brian M. Hermelin Brian M. Hermelin	Director	February 21, 2019
/s/ Ronald A. Klein Ronald A. Klein	Director	February 21, 2019
/s/ Clunet R. Lewis Clunet R. Lewis	Director	February 21, 2019
/s/ Arthur A. Weiss Arthur A. Weiss	Director	February 21, 2019

SUN COMMUNITIES, INC.

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FINANCIAL STATEMENT SCHEDULE**

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SUN COMMUNITIES, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Sun Communities, Inc.

Opinion on the financial statements

We have audited the accompanying consolidated balance sheets of Sun Communities, Inc. (a Maryland corporation) and subsidiaries (the “Company”) as of December 31, 2018 and 2017, and the related consolidated statements of operations, comprehensive income, stockholders’ equity, and cash flows for each of the three years in the period ended December 31, 2018, and the related notes, and the financial statement schedule, Real Estate and Accumulated Depreciation, Schedule III (collectively referred to as the “financial statements”). In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2018, in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the Company’s internal control over financial reporting as of December 31, 2018, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”), and our report dated February 21, 2019 expressed an unqualified opinion.

Basis for opinion

These financial statements are the responsibility of the Company’s management. Our responsibility is to express an opinion on the Company’s financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB. We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits provide a reasonable basis for our opinion.

/s/ GRANT THORNTON LLP

We have served as the Company’s auditor since 2003.

Southfield, Michigan
February 21, 2019

SUN COMMUNITIES, INC.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Board of Directors and Stockholders
Sun Communities, Inc.

Opinion on internal control over financial reporting

We have audited the internal control over financial reporting of Sun Communities, Inc. (a Maryland corporation) and subsidiaries (the “Company”) as of December 31, 2018, based on criteria established in the 2013 Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”). In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2018, based on criteria established in the 2013 Internal Control-Integrated Framework issued by COSO.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (“PCAOB”), the consolidated financial statements of the Company as of and for the year ended December 31, 2018, and our report dated February 21, 2019 expressed an unqualified opinion on those financial statements.

Basis for opinion

The Company’s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company’s internal control over financial reporting based on our audit.

We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Company in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audit in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

Definition and limitations of internal control over financial reporting

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ GRANT THORNTON LLP

Southfield, Michigan
February 21, 2019

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SUN COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share amounts)

	As of December 31,	
	2018	2017
ASSETS		
Land	\$ 1,201,945	\$ 1,107,838
Land improvements and buildings	5,586,250	5,102,014
Rental homes and improvements	571,661	528,074
Furniture, fixtures and equipment	201,090	144,953
Investment property	7,560,946	6,882,879
Accumulated depreciation	(1,442,630)	(1,237,525)
Investment property, net (including \$308,171 and \$50,193 for consolidated variable interest entities at December 31, 2018 and December 31, 2017; see Note 8)	6,118,316	5,645,354
Cash and cash equivalents	50,311	10,127
Inventory of manufactured homes	49,199	30,430
Notes and other receivables, net	160,077	163,496
Collateralized receivables, net	106,924	128,246
Other assets, net (including \$19,809 and \$1,659 for consolidated variable interest entities at December 31, 2018 and December 31, 2017; see Note 8)	225,199	134,304
TOTAL ASSETS	\$ 6,710,026	\$ 6,111,957
LIABILITIES		
Mortgage loans payable (including \$44,172 and \$41,970 for consolidated variable interest entities at December 31, 2018 and December 31, 2017; see Note 8)	\$ 2,815,957	\$ 2,867,356
Secured borrowings on collateralized receivables	107,731	129,182
Preferred Equity - Sun NG RV Resorts LLC - mandatorily redeemable (fully attributable to consolidated variable interest entities at December 31, 2018; See Note 8)	35,277	—
Preferred OP units - mandatorily redeemable	37,338	41,443
Lines of credit	128,000	41,257
Distributions payable	63,249	55,225
Advanced reservation deposits and rent	133,698	132,205
Other liabilities (including \$6,914 and \$1,468 for consolidated variable interest entities at December 31, 2018 and December 31, 2017; see Note 8)	157,862	138,536
TOTAL LIABILITIES	3,479,112	3,405,204
Commitments and contingencies (see Note 18)		
Series A-4 preferred stock, \$0.01 par value. Issued and outstanding: 1,063 shares at December 31, 2018 and 1,085 shares at December 31, 2017	31,739	32,414
Series A-4 preferred OP units	9,877	10,652
Equity Interests - NG Sun LLC (fully attributable to consolidated variable interest entities at December 31, 2018; See Note 8)	21,976	—
STOCKHOLDERS' EQUITY		
Common stock, \$0.01 par value. Authorized: 180,000 shares; Issued and outstanding: 86,357 shares at December 31, 2018 and 79,679 shares at December 31, 2017	864	797
Additional paid-in capital	4,398,949	3,758,533
Accumulated other comprehensive (loss) income	(4,504)	1,102
Distributions in excess of accumulated earnings	(1,288,486)	(1,162,001)
Total Sun Communities, Inc. stockholders' equity	3,106,823	2,598,431
Noncontrolling interests		
Common and preferred OP units	53,354	60,971
Consolidated variable interest entities	7,145	4,285
Total noncontrolling interests	60,499	65,256
TOTAL STOCKHOLDERS' EQUITY	3,167,322	2,663,687
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 6,710,026	\$ 6,111,957

See accompanying Notes to Consolidated Financial Statements.

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SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)

	Year Ended December 31,		
	2018	2017	2016
REVENUES			
Income from real property	\$825,973	\$742,228	\$620,917
Revenue from home sales	166,031	127,408	110,507
Rental home revenue	53,657	50,549	47,780
Ancillary revenue	54,107	37,511	33,424
Interest	20,853	21,180	18,113
Brokerage commissions and other revenues, net	6,204	3,694	3,037
Total Revenues	1,126,825	982,570	833,778
COSTS AND EXPENSES			
Property operating and maintenance	236,097	210,278	173,274
Real estate taxes	56,555	52,288	44,306
Cost of home sales	123,333	95,114	80,420
Rental home operating and maintenance	23,099	22,114	24,361
Ancillary expenses	37,623	27,436	23,783
Home selling expenses	15,722	12,457	9,744
General and administrative	81,438	74,232	63,662
Transaction costs	472	9,801	31,914
Catastrophic weather related charges, net	92	8,352	1,172
Depreciation and amortization	287,262	261,536	221,770
Loss on extinguishment of debt	2,657	6,019	1,127
Interest	129,089	127,128	119,163
Interest on mandatorily redeemable preferred OP units / equity	3,694	3,114	3,152
Total Expenses	997,133	909,869	797,848
Income Before Other Items	129,692	72,701	35,930
Remeasurement of marketable securities	(3,639)	—	—
Other (expense) / income, net	(6,453)	8,982	(4,676)
Income from nonconsolidated affiliates	646	—	500
Current tax expense	(595)	(446)	(683)
Deferred tax benefit	507	582	400
Net Income	120,158	81,819	31,471
Less: Preferred return to preferred OP units / equity	(4,486)	(4,581)	(5,006)
Less: Amounts attributable to noncontrolling interests	(8,443)	(5,055)	(150)
Net Income Attributable to Sun Communities, Inc.	107,229	72,183	26,315
Less: Preferred stock distribution	(1,736)	(7,162)	(8,946)
Net Income Attributable to Sun Communities, Inc. Common Stockholders	\$105,493	\$65,021	\$17,369
Weighted average common shares outstanding:			
Basic	81,387	76,084	65,856
Diluted	82,040	76,711	66,321
Earnings per share (Refer to Note 14):			
Basic	\$1.29	\$0.85	\$0.27
Diluted	\$1.29	\$0.85	\$0.26

See accompanying Notes to Consolidated Financial Statements.

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SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
Net Income	\$ 120,158	\$ 81,819	\$ 31,471
Foreign currency translation (loss) / gain	(5,878)	4,527	(3,401)
Total Comprehensive Income	114,280	86,346	28,070
Less: Comprehensive income / (loss) attributable to noncontrolling interests	8,171	5,299	(70)
Comprehensive Income Attributable to Sun Communities, Inc.	\$ 106,109	\$ 81,047	\$ 28,140

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(In thousands)

	Stockholders' Equity								
	Temporary	7.125% Series A Cumulative Redeemable Preferred Stock		Common Stock	Additional Paid-In Capital	Distributions in Excess of Accumulated Earnings	Accumulated Other Comprehensive Income / (Loss)	Non-controlling Interests	Total Stockholders' Equity
Balance at December 31, 2015	\$ 82,797	\$ 34	\$ 584	\$ 2,319,314	\$ (864,122)	\$ —	\$ 80,771	\$ 1,536,581	
Issuance of common stock from exercise of options, net	—	—	—	149	—	—	—	149	
Issuance, conversion of OP units and associated costs of common stock, net	(3,248)	—	144	981,174	—	—	(2,687)	978,631	
Conversion of Series A-4 preferred stock	(11,503)	—	—	11,503	—	—	—	11,503	
Share-based compensation - amortization and forfeitures	—	—	4	9,301	252	—	—	9,557	
Foreign currency translation loss	—	—	—	—	—	(3,181)	(220)	(3,401)	
Net income	90	—	—	—	31,321	—	60	31,381	
Distributions	(1,192)	—	—	—	(190,866)	—	(11,308)	(202,174)	
Balance at December 31, 2016	\$ 66,944	\$ 34	\$ 732	\$ 3,321,441	\$ (1,023,415)	\$ (3,181)	\$ 66,616	\$ 2,362,227	
Issuance of common stock and common OP units, net	—	—	63	514,024	—	—	2,001	516,088	
Conversion of OP units	(259)	—	1	3,556	—	—	(3,298)	259	
Redemption of Series A-4 preferred stock	(13,093)	—	—	(3,867)	—	—	—	(3,867)	
Conversion of Series A-4 preferred stock	(4,720)	—	1	4,719	—	—	—	4,720	
Redemption of Series A-4 preferred OP units	(5,166)	—	—	(2,571)	—	—	—	(2,571)	
Redemption of Series A Cumulative Convertible Preferred Stock	—	(34)	—	(84,966)	—	—	—	(85,000)	
Share-based compensation - amortization and forfeitures	—	—	—	12,398	297	—	—	12,695	
Acquisition of noncontrolling interests	—	—	—	(6,201)	—	—	6,101	(100)	
Foreign currency translation gain	—	—	—	—	—	4,283	244	4,527	
Net income	205	—	—	—	76,765	—	4,849	81,614	
Distributions	(845)	—	—	—	(215,648)	—	(11,257)	(226,905)	
Balance at December 31, 2017	\$ 43,066	\$ —	\$ 797	\$ 3,758,533	\$ (1,162,001)	\$ 1,102	\$ 65,256	\$ 2,663,687	
Issuance of common stock and common OP units, net	—	—	66	623,474	—	—	—	623,540	
Conversion of OP units	(342)	—	1	1,514	—	—	(1,173)	342	
Conversion of Series A-4 preferred stock	(675)	—	—	675	—	—	—	675	
Share-based compensation - amortization and forfeitures	—	—	—	14,753	313	—	—	15,066	
Equity Interest - NG Sun LLC	21,976	—	—	—	—	—	—	—	
Foreign currency translation	—	—	—	—	—	(5,606)	(272)	(5,878)	
Net income	241	—	—	—	111,715	—	8,202	119,917	
Distributions	(674)	—	—	—	(238,513)	—	(11,514)	(250,027)	
Balance at December 31, 2018	\$ 63,592	\$ —	\$ 864	\$ 4,398,949	\$ (1,288,486)	\$ (4,504)	\$ 60,499	\$ 3,167,322	

See accompanying Notes to Consolidated Financial Statements.

SUN COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended December 31,		
	2018	2017	2016
OPERATING ACTIVITIES:			
Net income	\$ 120,158	\$ 81,819	\$ 31,471
Adjustments to reconcile net income to net cash provided by operating activities:			
Gain on disposition of assets	(9,376)	(9,338)	(11,224)
Gain on acquisition of property	—	—	(510)
Unrealized foreign currency translation loss / (gain)	8,234	(6,146)	5,005
Remeasurement of marketable securities	3,639	—	—
Contingent liability remeasurement (gain) / loss	(2,336)	(3,035)	181
Asset impairment charges	—	742	—
Share-based compensation	15,066	12,695	9,557
Depreciation and amortization	274,432	256,193	218,669
Deferred tax benefit	(507)	(582)	(400)
Amortization of below market lease	(7,399)	(7,402)	(6,570)
Amortization of debt premium	(7,821)	(9,548)	(10,693)
Amortization of deferred financing costs	3,867	2,910	2,160
Amortization of ground lease intangibles	1,638	1,914	600
Loss on extinguishment of debt	2,024	6,019	1,127
Income from nonconsolidated affiliates	—	—	(500)
Change in notes receivable from financed sales of inventory homes, net of repayments	(2,299)	(26,193)	(20,933)
Change in inventory, other assets and other receivables, net	(40,304)	(33,031)	30,880
Change in other liabilities	4,098	(9,034)	(7,365)
NET CASH PROVIDED BY OPERATING ACTIVITIES	363,114	257,983	241,455
INVESTING ACTIVITIES:			
Investment in properties	(389,399)	(288,537)	(223,429)
Acquisitions of properties, net of cash acquired	(320,268)	(120,377)	(1,487,593)
Proceeds from nonconsolidated affiliate transactions	—	—	500
Proceeds from dispositions of assets and depreciated homes, net	55,855	8,575	4,709
Proceeds from disposition of properties	—	—	88,696
Issuance of notes and other receivables	(216)	(3,918)	(10,633)
Repayments of notes and other receivables	4,312	2,615	13,238
Investments in nonconsolidated affiliates	(84,027)	—	—
NET CASH USED FOR INVESTING ACTIVITIES	(733,743)	(401,642)	(1,614,512)
FINANCING ACTIVITIES:			
Issuance of common stock, OP units, and preferred OP units, net	623,540	487,677	750,534
Redemption of Series B-3 preferred OP units	(4,105)	(4,460)	—
Borrowings on lines of credit	1,542,677	661,000	580,754
Payments on lines of credit	(1,456,486)	(719,536)	(505,409)
Proceeds from issuance of other debt	250,000	185,153	964,252
Payments on other debt	(298,754)	(124,427)	(230,785)
Prepayment penalty on debt	(2,024)	(6,019)	(1,127)
Redemption of Series A-4 preferred stock and OP units	—	(24,698)	—
Redemption of Series A cumulative convertible preferred stock	—	(85,000)	—
Distributions to stockholders, OP unit holders, and preferred OP unit holders	(242,813)	(224,483)	(193,740)
Payments for deferred financing costs	(2,130)	(3,650)	(25,509)
NET CASH PROVIDED BY FINANCING ACTIVITIES	409,905	141,557	1,338,970

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Effect of exchange rate changes on cash, cash equivalents and restricted cash	(523)	298	(73)
Net change in cash, cash equivalents and restricted cash	38,753	(1,804)	(34,160)
Cash, cash equivalents and restricted cash, beginning of period	23,509	25,313	59,473
Cash, cash equivalents and restricted cash, end of period (See Note 1 and 17)	\$ 62,262	\$ 23,509	\$ 25,313

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	Year Ended December 31,		
	2018	2017	2016
SUPPLEMENTAL INFORMATION:			
Cash paid for interest (net of capitalized interest of \$4,328, \$2,755 and \$1,595, respectively)	\$ 126,153	\$ 124,046	\$ 121,480
Cash paid for interest on mandatorily redeemable debt	\$ 2,551	\$ 3,114	\$ 3,152
Cash paid (refunds) for income taxes	\$ 461	\$ (194)	\$ 452
Noncash investing and financing activities:			
Reduction in secured borrowing balance	\$ 21,451	\$ 23,449	\$ 19,734
Change in distributions declared and outstanding	\$ 7,889	\$ 3,267	\$ 9,626
Conversion of common and preferred OP units	\$ 1,515	\$ 3,556	\$ 5,933
Conversion of Series A-4 preferred stock	\$ 675	\$ 4,720	\$ 11,503
Capital lease	\$ —	\$ 4,114	\$ —
Noncash investing and financing activities at the date of acquisition:			
Acquisitions - Common stock and OP units issued	\$ —	\$ 28,410	\$ 225,000
Acquisitions - Equity Interests - NG Sun LLC (see Note 8)	\$ 21,976	\$ —	\$ —
Acquisitions - Preferred Equity - Sun NG RV Resorts LLC (see Note 8)	\$ 35,277	\$ —	\$ —
Acquisitions - debt assumed	\$ 3,120	\$ 4,592	\$ —
Acquisitions - contingent consideration liability	\$ —	\$ —	\$ 9,830

See accompanying Notes to Consolidated Financial Statements.

1. Significant Accounting Policies

Business

Sun Communities, Inc., a Maryland corporation, and all wholly-owned or majority-owned and controlled subsidiaries, including Sun Communities Operating Limited Partnership, a Michigan limited partnership (the “Operating Partnership”), and Sun Home Services, Inc., a Michigan corporation (“SHS”) are referred to herein as the “Company,” “us,” “we,” and “our”. We are a fully integrated, self-administered and self-managed real estate investment trust (“REIT”).

We own, operate, or have an interest in a portfolio, and develop manufactured housing (“MH”) and recreational vehicle (“RV”) communities throughout the United States (“U.S.”). As of December 31, 2018, we owned, operated or had an interest in a portfolio of 371 developed properties located in 31 states and Ontario, Canada (collectively the “Properties”), including 230 MH communities, 110 RV communities, and 31 communities containing both MH and RV sites. As of December 31, 2018, the Properties contained an aggregate of 128,454 developed sites comprised of 84,428 developed MH sites, 24,535 annual RV sites, and 19,491 transient RV sites. There are approximately 11,300 additional MH and RV sites suitable for development.

Principles of Consolidation

We consolidate our majority-owned subsidiaries in which we have the ability to control the operations of our subsidiaries and all variable interest entities with respect to which we are the primary beneficiary. We also consolidate entities in which we have a direct or indirect controlling or voting interest. All significant inter-company transactions have been eliminated. Any subsidiaries in which we have an ownership percentage equal to or greater than 50%, but less than 100%, or considered a VIE, represent subsidiaries with a noncontrolling interest. The noncontrolling interests in our subsidiaries are allocated their proportionate share of the subsidiaries’ financial results. This allocation is recorded as the noncontrolling interest in our Consolidated Financial Statements.

Certain prior period amounts have been reclassified on our Consolidated Financial Statements to conform with current year presentation.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles (“GAAP”) requires management to make estimates and assumptions related to the reported amounts included in our Consolidated Financial Statements and accompanying footnotes thereto. Actual results could differ from those estimates.

Investment Property

Investment property is recorded at cost, less accumulated depreciation. We review the carrying value of long-lived assets to be held and used for impairment quarterly or whenever events or changes in circumstances indicate a possible impairment. Our primary indicator for potential impairment is based on NOI trends period over period. Circumstances that may prompt a test of recoverability may include a significant decrease in the anticipated market price, an adverse change to the extent or manner in which an asset may be used or in its physical condition or other such events that may significantly change the value of the long-lived asset. An impairment loss is recognized when a long-lived asset’s carrying value is not recoverable and exceeds estimated fair value. We estimate the fair value of our long-lived assets based on discounted future cash flows and any potential disposition proceeds for a given asset. Forecasting cash flows requires management to make estimates and assumptions about such variables as the estimated holding period, rental rates, occupancy, development, and operating expenses during the holding period, as well as disposition proceeds. Management uses its best judgment when developing these estimates and assumptions, but the development of the projected future cash flows is based on subjective variables. Future events could occur which would cause us to conclude that impairment indicators exist, and significant adverse changes in national, regional, or local market conditions or trends may cause us to change the estimates and assumptions used in our impairment analysis. The results of an impairment analysis could be material to our financial statements.

We periodically receive offers from interested parties to purchase certain of our properties. These offers may be the result of an active program initiated by us to sell the property, or from an unsolicited offer to purchase the property. The typical sale process involves a significant negotiation and due diligence period between us and the potential purchaser. As the intent of this process is to determine if there are items that would cause the purchaser to be unwilling to purchase or we would be unwilling to sell, it is not unusual for such potential offers of sale/purchase to be withdrawn as such issues arise. We classify assets as “held for sale”

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

when it is probable, in our opinion, that a sale transaction will be completed within one year. This typically occurs when all significant contingencies surrounding the closing have been resolved, which often corresponds with the closing date.

We allocate the purchase price of properties to net tangible and identified intangible assets acquired based on their fair values. In making estimates of fair values for purposes of allocating purchase price, we utilize an independent third-party to value the net tangible and identified intangible assets in connection with the acquisition of the respective property. We provide historical and pro forma financial information obtained about each property, as well as any other information needed in order for the third-party to ascertain the fair value of the tangible and intangible assets (including in-place leases) acquired.

On January 1, 2018, we adopted Financial Accounting Standards Board (“FASB”) Accounting Standards Update (“ASU”) 2017-01, “*Business Combinations (Topic 805): Clarifying the Definition of a Business.*” Upon adoption of this standard, substantially all of our property acquisitions are accounted for as asset acquisitions. Refer to Note 17, “Recent Accounting Pronouncements,” for additional information regarding adoption of this ASU.

Capitalized Costs

We capitalize certain costs incurred in connection with the development, redevelopment, capital enhancement and leasing of our properties. Management is required to use professional judgment in determining whether such costs meet the criteria for immediate expense or capitalization. The amounts are dependent on the volume and timing of such activities and the costs associated with such activities. Maintenance, repairs and minor improvements to properties are expensed when incurred. Renovations and improvements to properties are capitalized and depreciated over their estimated useful lives and real estate project costs related to the development of new community or expansion sites are capitalized until the property is substantially complete and available for occupancy. Costs incurred to initially renovate pre-owned and repossessed homes that we acquire for our Rental Program are capitalized and the majority of costs incurred to refurbish the homes at turnover and repair the homes while occupied are expensed, unless they extend the life of the home. Certain expenditures to dealers and residents related to obtaining lessees in our communities are capitalized and amortized based on the anticipated term of occupancy of a resident. Costs associated with implementing our computer systems are capitalized and amortized over the estimated useful lives of the related software and hardware. Costs incurred to obtain new debt financing are capitalized and amortized over the terms of the related loan agreement using the straight-line method (which approximates the effective interest method).

Cash and Cash Equivalents

We consider all highly liquid investments with a maturity of three months or less from the date of purchase to be cash and cash equivalents. The maximum amount of credit risk arising from cash deposits in excess of federally insured amounts was approximately \$49.5 million and \$17.7 million as of December 31, 2018 and 2017, respectively.

Marketable Securities

Marketable securities are recorded at fair value with changes in fair value recorded in Remeasurement of marketable securities within the Consolidated Statement of Operations. We hold a less than 10 percent ownership in Ingenia. The value of marketable securities as of December 31, 2018 was \$49.0 million and is included within Other assets, net on the Consolidated Balance Sheet.

Restricted Cash

Restricted cash consists of amounts held in deposit for tax, insurance and repair escrows held by lenders in accordance with certain debt agreements. At December 31, 2018 and 2017, \$12.0 million and \$13.4 million of restricted cash, respectively, was included as a component of Other assets, net on the Consolidated Balance Sheets.

Inventory

Inventory of manufactured homes is stated at lower of specific cost or market based on the specific identification method.

Investments in Nonconsolidated Affiliates

We apply the equity method of accounting to entities in which we do not have a direct or indirect controlling interest or for variable interest entities where we are not considered the primary beneficiary, but can exercise influence over the entity with respect to its operations and major decisions. The cost method is applied when (i) the investment is minimal (typically less than 5.0%) and (ii) our investment is passive. Our exposure to losses associated with unconsolidated joint ventures is primarily limited to the

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SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

carrying value of these investments. Accordingly, distributions from a joint venture in excess of our carrying value are recognized in earnings. We review the carrying value of our investments in nonconsolidated affiliates for other than temporary impairment whenever events or changes in circumstances indicate a possible impairment. Financial condition, operational performance, and other economic trends are among the factors we consider when we evaluate the existence of impairment indicators. Refer to Note 7, "Investments in Nonconsolidated Affiliates," for additional information.

Notes and Other Receivables

Notes receivable includes both installment loans for manufactured homes purchased by the Company as well as transferred loans that have not met the requirements for sale accounting which are presented herein as collateralized receivables. The notes are collateralized by the underlying manufactured home sold. For purposes of accounting policy, all notes receivable are considered one homogeneous segment, as the notes are typically underwritten using the same requirements and terms. Notes receivable are reported at their outstanding unpaid principal balance adjusted for an allowance for loan loss. Interest income is accrued based upon the unpaid principal balance of the loans.

Past due status of our notes receivable is determined based upon the contractual terms of the note. When a note receivable becomes 60 days delinquent, we stop accruing interest on the note receivable. The interest on nonaccrual loans is accounted for on the cash basis until qualifying for return to accrual. Loans are returned to accrual when all principal and interest amounts contractually due are brought current and future payments are reasonably assured. The ability to collect our notes receivable is measured based on current and historical information and events. We consider numerous factors including: length of delinquency, estimated costs to lease or sell, and repossession history. Our experience supports a high recovery rate for notes receivable; however, there is some degree of uncertainty about the recoverability of our investment in these notes receivable. We are generally able to recover our recorded investment in uncollectible notes receivable by repossessing the homes on the notes retained by us and repurchasing the homes on the collateralized receivables, and subsequently selling or leasing these homes to potential residents in our communities. We have established a loan loss reserve based on our estimated unrecoverable costs associated with repossessed/repurchased homes. We estimate our unrecoverable costs to be the repurchase price of the home collateralizing the note receivable plus repair and remarketing costs in excess of the estimated selling price of the home being repossessed. A historical average of this excess cost is calculated based on prior repossessions/repurchases and is applied to our estimated annual future repossessions to create the allowance for both installment and collateralized notes receivable.

We evaluate the collectability of a loan based on our ability to collect the scheduled payments of principal and interest when due according to the contractual terms of the loan agreement. We generally see that if the obligor is delinquent on the loan they are also delinquent on site rent. If the scheduled payment is delinquent beyond the grace period required by law or by the loan agreement, notice is given to start the collection process.

Credit quality is evaluated at the inception of the receivable. Factors that are considered in order to determine the credit quality of the applicant include, but are not limited to: rental payment history; home debt to income ratio; loan value to the collateralized asset; total debt to income ratio; length of employment; previous landlord references; and FICO scores.

Other receivables are generally comprised of amounts due from residents for rent and related charges, home sale proceeds receivable from sales near year end and various other miscellaneous receivables. Accounts receivable from residents are typically due within 30 days and stated at amounts due from residents net of an allowance for doubtful

accounts. Accounts outstanding longer than the contractual payment terms are considered past due. We evaluate the recoverability of our receivables whenever events occur or there are changes in circumstances such that management believes it is probable that it will be unable to collect all amounts due according to the contractual terms of the loan and lease agreements. Receivables related to community rents are reserved when we believe that collection is less than probable, which is generally after a resident balance reaches 60 to 90 days past due.

Intangible Assets

The Company amortizes identified intangible assets that are determined to have finite lives over the period the assets are expected to contribute directly or indirectly to the future cash flows of the property or business. The carrying amounts of the identified intangible assets are included in Other assets, net on our Consolidated Balance Sheets. Refer to Note 6, "Intangible Assets," for additional information.

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SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Deferred Taxes

We are subject to certain state taxes that are considered to be income taxes and have certain subsidiaries that are taxed as regular corporations for U.S. (i.e., federal, state, local, etc.) and non-U.S. income tax purposes. Deferred tax assets or liabilities are recognized for temporary differences between the tax basis of assets and liabilities and their carrying amounts in the financial statements and net operating loss carryforwards in certain subsidiaries, including those domiciled in foreign jurisdictions, which may be realized in future periods if the respective subsidiary generates sufficient taxable income. Deferred tax assets and liabilities are measured using currently enacted tax rates. A valuation allowance is established if, based on the available evidence, it is considered more likely than not that some portion or all of the deferred tax assets will not be realized. Refer to Note 13, "Income Taxes," for additional information.

Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain long-term financing. The costs are amortized over the terms of the respective loans. Unamortized deferred financing costs are written off when debt is retired before the maturity date. Upon amendment of the line of credit or refinancing of mortgage debt, unamortized deferred financing costs are accounted for in accordance with FASB Accounting Standards Codification ("ASC") 470-50-40, "*Modifications and Extinguishments.*"

Share-Based Compensation

Share-based compensation cost for service vesting restricted stock awards is measured based on the closing share price of our common stock on the date of grant. We measure the fair value of awards with performance conditions based on an estimate of shares expected to vest using the closing price of our common stock as of the grant date. If it is not probable that the performance conditions will be satisfied, we do not recognize compensation expense. We estimate the fair value of share-based compensation for restricted stock with market conditions using a Monte Carlo simulation. We recognize compensation cost ratably over each tranche of shares based on the fair value estimated by the model.

Share-based compensation cost for stock options is estimated at the grant date based on each option's fair-value as calculated by the Binomial (lattice) option-pricing model. The Binomial (lattice) option-pricing model incorporates various assumptions including expected volatility, expected life, dividend yield, and interest rates. Refer to Note 11, "Share-Based Compensation" for additional information.

Fair Value of Financial Instruments

Our financial instruments consist of cash, cash equivalents and restricted cash, accounts and notes receivable, marketable securities, accounts payable, debt, and contingent consideration liability. We utilize fair value measurements to record fair value adjustments to certain assets and liabilities and to determine fair value disclosures, pursuant to FASB ASC 820, "*Fair Value Measurements and Disclosures.*" Refer to Note 16, "Fair Value of Financial Instruments," for additional information regarding the estimates and assumptions used to estimate the fair value of each financial instrument class.

Revenue Recognition

Rental income attributable to site and home leases is recorded on a straight-line basis when earned from tenants. The majority of our leases entered into by tenants are generally for one year terms, but may range from month-to-month to two years and are renewable by mutual agreement from us and the resident, or in some cases, as provided by state statute. A small portion of tenant leases are for greater than two years. Revenue from the sale of manufactured homes is recognized upon transfer of title at the closing of the sales transaction. Interest income on notes receivable is recorded on a level yield basis over the life of the notes. We report real estate taxes collected from residents and remitted to taxing authorities in revenue. On January 1, 2018, we adopted ASU 2014-09 “*Revenue from Contracts with Customers (Topic 606)*” and the related updates subsequently issued by the FASB. The adoption of ASU 2014-09 did not result in any changes to our accounting policies for revenue recognition. Refer to Note 2, “Revenue Recognition,” for additional information.

Advertising Costs

Advertising costs are expensed as incurred. As of December 31, 2018, 2017 and 2016, we had advertising costs of \$6.2 million, \$5.9 million and \$4.2 million, respectively.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Depreciation and Amortization

Depreciation and amortization are computed on a straight-line basis over the estimated useful lives of the assets. Useful lives are thirty years for land improvements and buildings, ten years for rental homes, seven years for furniture, fixtures and equipment, four years for computer hardware and software, and two years to seventy-five years for intangible assets.

Foreign Currency

The assets and liabilities of our Australian and Canadian operations, where the functional currency is the Australian dollar and Canadian dollar, are translated into U.S. dollars using the exchange rate in effect as of the balance sheet date. Income statement amounts are translated at the average exchange rate prevailing during the period. The resulting translation adjustments are recorded as a component of accumulated other comprehensive income (loss). Foreign currency exchange gains and losses arising from fluctuations in currency exchange rates on transactions and the effects of remeasurement of monetary balances denominated in currencies other than the functional currency are recorded in earnings.

For the year ended December 31, 2018, we recorded a foreign currency translation loss of \$8.4 million within Other income / (expense), net on our Consolidated Statements of Operations, as compared to a foreign currency translation gain of \$5.9 million, for the year ended December 31, 2017 and \$5.0 million foreign currency translation loss for the year ended December 31, 2016.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

2. Revenue

Disaggregation of Revenue

The following table disaggregates our revenue by major source (in thousands):

	Year Ended December 31, 2018			Year Ended December 31, 2017			Year Ended December 31, 2016		
	Real Property Operations	Home Sales and Rentals	Consolidated	Real Property Operations	Home Sales and Rentals	Consolidated	Real Property Operations	Home Sales and Rentals	Consolidated
REVENUE									
Income from real property	\$825,973	\$—	\$825,973	\$742,228	\$—	\$742,228	\$620,917	\$—	\$620,917
Revenue from home sales	—	166,031	166,031	—	127,408	127,408	—	110,507	110,507
Rental home revenue	—	53,657	53,657	—	50,549	50,549	—	47,780	47,780
Ancillary revenues	54,107	—	54,107	37,511	—	37,511	33,424	—	33,424
Interest	20,853	—	20,853	21,181	(1)	21,180	18,113	—	18,113
Brokerage commissions and other revenues, net	6,204	—	6,204	3,694	—	3,694	3,037	—	3,037
Total revenue	\$907,137	\$219,688	\$1,126,825	\$804,614	\$177,956	\$982,570	\$675,491	\$158,287	\$833,778

Revenue Recognition Policies and Performance Obligations

On January 1, 2018, we adopted FASB Accounting Standards Update (“ASU”) 2014-09 “*Revenue from Contracts with Customers*” and the other related ASUs and amendments to the codification (collectively “ASC 606”). The core principle of ASC 606 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. A five-step transactional analysis is required to determine how and when to recognize revenue. ASC 606 applies to all contracts with customers, except those that are within the scope of other topics in the FASB accounting standards codification.

As a real estate owner and operator, the majority of our revenue is derived from site and home leases that are accounted for pursuant to ASC 840 “*Leases.*” For transactions in the scope of ASC 606, we recognize revenue when control of goods or services transfers to the customer, in the amount that we expect to receive for the transfer of goods or provision of services. The adoption of ASC 606 did not result in any change to our accounting policies for revenue recognition. Accordingly, retrospective application to prior periods or a cumulative catch-up adjustment was unnecessary.

Income from real property - Residents in our communities lease the site on which their home is located, and either own or lease their home. Lease revenues for sites and homes fall under the scope of ASC 840, and are accounted for as operating leases with straight-line recognition. Resident leases are generally for one-year or month-to-month terms, and are renewable by mutual agreement from us and the resident, or in some cases, as provided by jurisdictional statute. Non-lease components of our site lease contracts, which are primarily provision of utility services, are accounted for with the site lease as a single lease under ASC 840. Additionally, we include collections of real estate taxes from residents within Income from real property.

Revenue from home sales - Our taxable REIT subsidiary, SHS, sells manufactured homes and RV park models to current and prospective residents in our communities. Prior to adoption of ASC 606, we recognized revenue for home sales pursuant to ASC 605 “*Revenue Recognition,*” as manufactured homes are tangible personal property that can be

located on any land parcel. Manufactured homes are not permanent fixtures or improvements to the underlying real estate, and were therefore not considered to be subject to the guidance in ASC 360-20 "Real Estate Sales" by the Company. In accordance with the core principle of ASC 606, we recognize revenue from home sales at the time of closing when control of the home transfers to the customer. After closing of the sale transaction, we have no remaining performance obligation.

Rental home revenue - is comprised of rental agreements whereby we lease homes to residents in our communities. We account for these revenues under ASC 840.

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SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Ancillary revenues - are primarily composed of proceeds from restaurant, golf, merchandise and other activities at our RV communities. Revenues are recognized at point of sale when control of the good or service transfers to the customer and our performance obligation is satisfied. Sales and other taxes that we collect concurrent with revenue-producing activities are excluded from transaction price.

Interest income - is earned primarily on our notes and collateralized receivables, which includes installment loans for manufactured homes purchased by the Company from loan originators and transferred loans that previously did not meet the requirements for sale accounting. Interest income on these receivables is accrued based on the unpaid principal balances of the underlying loans on a level yield basis over the life of the loans. Interest income is not in the scope of ASC 606. Refer to notes 4, "Collateralized Receivables and Transfers of Financial Assets" and 5, "Notes and Other Receivables" for additional information.

Broker commissions and other revenues, net - is primarily comprised of brokerage commissions for sales of manufactured homes, where we act as agent and arrange for a third party to transfer a manufactured home to a customer within one of our communities. Brokerage commission revenues are recognized on a net basis at closing, when the transaction is completed and our performance obligations have been fulfilled. Loan loss reserve expenses for our collateralized receivables and notes receivables are also included herein. Refer to notes 4, "Collateralized Receivables and Transfers of Financial Assets" and 5, "Notes and Other Receivables" for additional information regarding our loan loss reserves.

Contract Balances

As of December 31, 2018 and 2017, we had \$16.1 million and \$13.8 million, respectively, of receivables from contracts with customers. Receivables from contracts with customers are presented as a component of Notes and other receivables on our Consolidated Balance Sheets. These receivables represent balances owed to us for previously completed performance obligations for sales of manufactured homes. Due to the nature of our revenue from contracts with customers, we do not have material contract assets or liabilities that fall under the scope of ASC 606.

3. Real Estate Acquisitions

2018 Acquisitions

In 2018 we acquired the following communities and portfolios:

Community Name	Type	Sites	Development Sites	State	Month Acquired
Leaf Verde RV Resort	RV	376	—	AZ	October
Archview RV Resort & Campground	RV	114	50	UT	August
Petoskey KOA RV Resort	RV	210	—	MI	August
The Sands RV & Golf Resort	RV (Age Restricted)	507	—	CA	July
Sun NG RV Resorts LLC ⁽¹⁾⁽²⁾	RV	2,700	940	Various	June
Silver Creek RV Resort	RV	264	176	MI	June
Highway West (Four Resorts) ⁽¹⁾	RV	536	—	UT & OR	June
Compass RV	RV	175	—	FL	May
	Total	4,882	1,166		

⁽¹⁾ Highway West and Sun NG RV Resorts LLC are comprised of 4 RV and 10 RV resorts, respectively.

⁽²⁾ Refer to Note 8, "Consolidated Variable Interest Entities," Note 9, "Debt and Lines of Credit," and Note 10, "Equity and Mezzanine Securities" in our accompanying Consolidated Financial Statements for additional information.

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The following table summarizes the amounts of assets acquired net of liabilities assumed at the acquisition date and the consideration paid for the acquisitions completed in 2018 (in thousands):

At Acquisition Date	Leaf Verde	Archview	Petoskey KOA	Sands	Sun NG Resorts	Silver Creek	Highway West	Compass	Total
Investment in property	\$ 11,587	\$ 14,550	\$ 8,730	\$ 13,790	\$ 240,649	\$ 7,250	\$ 36,500	\$ 13,930	\$ 346,986
In-place leases and other intangible assets	60	—	270	460	16,339	—	—	70	17,199
Debt assumed	—	—	—	—	(3,120)	—	—	—	(3,120)
Other liabilities, net	—	—	—	—	(11,990)	—	—	—	(11,990)
Total identifiable assets acquired net of liabilities assumed	\$ 11,647	\$ 14,550	\$ 9,000	\$ 14,250	\$ 241,878	\$ 7,250	\$ 36,500	\$ 14,000	\$ 349,075
Consideration									
Cash	\$ 11,647	\$ 14,550	\$ 9,000	\$ 14,250	\$ 184,625	\$ 7,250	\$ 36,500	\$ 14,000	\$ 291,822
Preferred Equity - Sun NG Resorts	—	—	—	—	35,277	—	—	—	35,277
Equity Interests - NG Sun LLC	—	—	—	—	21,976	—	—	—	21,976
Total consideration	\$ 11,647	\$ 14,550	\$ 9,000	\$ 14,250	\$ 241,878	\$ 7,250	\$ 36,500	\$ 14,000	\$ 349,075

In 2018, we acquired the following land for expansion / development:

Name	Location	Type	Expansion / Development Sites	Cost (millions)	Month Acquired
Ocean West	McKinleyville, CA	MH	26	\$ 0.2	December
Water Oak Country Club Estates	Lady Lake, FL	MH	296	\$ 1.9	November
Oak Crest	Austin, TX	MH	220	\$ 4.2	October
Pecan Park RV Resort	Jacksonville, FL	RV	158	\$ 1.3	September
Smith Creek Crossing	Granby, CO	MH	310	\$ 0.9	September
Apple Carr	Egelston, MI	MH	121	\$ 0.2	May
River Run Ranch	Granby, CO	MH / RV	1,144	\$ 5.3	May
		Total	2,275	\$ 14.0	

Refer to Note 20, "Subsequent Events," for information regarding real estate acquisition activity after December 31, 2018.

The total amount of revenues and net income included in the Consolidated Statements of Operations for the year ended December 31, 2018 related to the acquisitions completed in 2018 are set forth in the following table (in thousands):

	Year Ended December 31, 2018 (unaudited)
Total revenues	\$ 41,937
Net income	\$ 6,718

The following unaudited pro forma financial information presents the results of our operations for the years ended December 31, 2018 and 2017, as if the properties acquired in 2018 had been acquired on January 1, 2017. The unaudited pro forma results reflect certain adjustments for items that are not expected to have a continuing impact, such as adjustments for transaction costs incurred, management fees, and purchase accounting.

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SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The information presented below has been prepared for comparative purposes only and does not purport to be indicative of either future results of operations or the results of operations that would have actually occurred had the acquisition been consummated on January 1, 2017 (in thousands, except per-share data):

	Year Ended December 31, (unaudited)	
	2018	2017
Total revenues	\$1,136,581	\$1,028,894
Net income attributable to Sun Communities, Inc. common stockholders	\$103,308	\$75,607
Net income per share attributable to Sun Communities, Inc. common stockholders - basic	\$1.27	\$0.99
Net income per share attributable to Sun Communities, Inc. common stockholders - diluted	\$1.26	\$0.99

Transaction costs of \$0.5 million, \$9.8 million, and \$31.9 million have been incurred for the years ended December 31, 2018, 2017, and 2016, respectively. These costs are presented as Transaction costs in our Consolidated Statements of Operations. Beginning January 1, 2018, substantially all of our property acquisitions are considered asset acquisitions, and direct acquisition related costs are capitalized as part of the purchase price. Acquisitions costs that do not meet the criteria for capitalization are expensed as incurred. Refer to Note 17, "Recent Accounting Pronouncements," for additional information.

2017 Acquisitions

In 2017, we acquired the following communities:

Community Name	Type	Sites	Development Sites	State	Month Acquired
Colony in the Wood	MH (Age Restricted)	383	—	FL	December
Emerald Coast	MH and RV	201	14	FL	November
Lazy J Ranch	MH (Age Restricted)	220	—	CA	September
Ocean West	MH (Age Restricted)	130	4	CA	September
Caliente Sands	MH (Age Restricted)	118	—	CA	September
Pismo Dunes	RV (Age Restricted)	331	—	CA	July
Arbor Woods	MH	458	—	MI	June
Sunset Lakes	RV	498	—	IL	May
49er Village	RV	328	—	CA	March
	Total	2,667	18		

The following table summarizes the amounts of assets acquired net of liabilities assumed at the acquisition date and the consideration paid for the acquisitions completed in 2017 (in thousands):

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

At Acquisition Date	Colony in the Wood	Emerald Coast	Lazy J Ranch	Ocean West	Caliente Sands	Pismo Dunes	Arbor Woods	Sunset Lakes	49er Village	Total
Investment in property	\$31,818	\$19,400	\$13,938	\$9,453	\$8,640	\$21,260	\$15,725	\$7,835	\$12,890	\$140,959
Notes receivable	—	—	—	—	—	—	23	—	—	23
Inventory of manufactured homes	—	—	2	—	21	—	465	—	—	488
In-place leases and other intangible assets	660	100	360	220	210	660	730	210	110	3,260
Total identifiable assets acquired net of liabilities assumed	\$32,478	\$19,500	\$14,300	\$9,673	\$8,871	\$21,920	\$16,943	\$8,045	\$13,000	\$144,730
Consideration										
Cash	\$32,478	\$19,500	\$14,300	\$5,081	\$8,871	\$—	\$14,943	\$8,045	\$13,000	\$116,218
Equity	—	—	—	—	—	26,410	2,000	—	—	28,410
Liabilities assumed	—	—	—	4,592	—	510	—	—	—	5,102
Cash proceeds from seller	—	—	—	—	—	(5,000)	—	—	—	(5,000)
Total consideration	\$32,478	\$19,500	\$14,300	\$9,673	\$8,871	\$21,920	\$16,943	\$8,045	\$13,000	\$144,730

In 2017, we acquired the following land for expansion:

Development Name	Location	Type	Development Sites	Cost (millions)	Month Acquired
Carolina Pines	Myrtle Beach, SC	RV	841	\$ 5.9	April
			Total	841	

4. Collateralized Receivables and Transfers of Financial Assets

We previously completed various transactions with an unrelated entity involving our notes receivable under which we received cash proceeds in exchange for relinquishing our right, title, and interest in certain notes receivable. We have no further obligations or rights with respect to the control, management, administration, servicing, or collection of the installment notes receivable. However, we are subject to certain recourse provisions requiring us to purchase the underlying homes collateralizing such notes, in the event of a note default and subsequent repossession of the home by the unrelated entity. The recourse provisions are considered to be a form of continuing involvement, and therefore these transferred loans did not meet the requirements for sale accounting. We continue to recognize these transferred loans on our balance sheet and refer to them as collateralized receivables. The proceeds from the transfer have been recognized as a secured borrowing.

In the event of a note default and subsequent repossession of a manufactured home by the unrelated entity, the terms of the agreement require us to repurchase the manufactured home. Default is defined as the failure to repay the installment note receivable according to contractual terms. The repurchase price is calculated as a percentage of the outstanding principal balance of the collateralized receivable, plus any outstanding late fees, accrued interest, legal fees, and escrow advances associated with the installment note receivable. The percentage used to determine the repurchase price of the outstanding principal balance on the installment note receivable is based on the number of payments made on the note. In general, the repurchase price is determined as follows:

Number of Payments	Repurchase Percentage
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Fewer than or equal to 15	100	%
Greater than 15 but fewer than 64	90	%
Equal to or greater than 64 but fewer than 120	65	%
120 or more	50	%

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SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The transferred assets have been classified as Collateralized receivables, net and the cash proceeds received from these transactions have been classified as Secured borrowings on collateralized receivables within the Consolidated Balance Sheets. The balance of the collateralized receivables was \$106.9 million (net of allowance of \$0.8 million) and \$128.2 million (net of allowance of \$0.9 million) as of December 31, 2018, and December 31, 2017, respectively. The receivables have a weighted average interest rate and maturity of 9.9 percent and 14.1 years as of December 31, 2018, and 10.0 percent and 15.3 years as of December 31, 2017.

The outstanding balance on the secured borrowing was \$107.7 million and \$129.2 million as of December 31, 2018, and December 31, 2017, respectively.

The collateralized receivables earn interest income, and the secured borrowings accrue interest expense at the same interest rates. The amount of interest income and expense recognized was \$11.2 million, \$13.2 million and \$14.0 million for the years ended December 31, 2018, 2017, and 2016, respectively.

The balances of the collateralized receivables and secured borrowings fluctuate. The balances increase as additional notes receivable are transferred and exchanged for cash proceeds. The balances are reduced as the related collateralized receivables are collected from the customers, or as the underlying collateral is repurchased. The change in the aggregate gross principal balance of the collateralized receivables is as follows (in thousands):

	Year Ended	
	December 31, 2018	December 31, 2017
Beginning balance	\$ 129,182	\$ 144,477
Financed sales of manufactured homes	—	8,153
Principal payments and payoffs from our customers	(12,577)	(12,186)
Principal reduction from repurchased homes	(8,874)	(11,262)
Total activity	(21,451)	(15,295)
Ending balance	\$ 107,731	\$ 129,182

The following table sets forth the allowance for the collateralized receivables (in thousands):

	Year Ended	
	December 31, 2018	December 31, 2017
Beginning balance	\$(936)	\$(607)
Lower of cost or market write-downs	660	1,024
Increase to reserve balance	(531)	(1,353)
Total activity	129	(329)
Ending balance	\$(807)	\$(936)

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

5. Notes and Other Receivables

The following table sets forth certain information regarding notes and other receivables (in thousands):

	Year Ended	
	December 31, 2018	December 31, 2017
Installment notes receivable on manufactured homes, net	\$ 112,798	\$ 115,797
Other receivables, net	47,279	47,699
Total notes and other receivables, net	\$ 160,077	\$ 163,496

Installment Notes Receivable on Manufactured Homes

The installment notes of \$112.8 million (net of allowance of \$0.7 million) and \$115.8 million (net of allowance of \$0.4 million) as of December 31, 2018 and December 31, 2017, respectively, are collateralized by manufactured homes. The notes represent financing provided to purchasers of manufactured homes primarily located in our communities and require monthly principal and interest payments. The notes have a weighted average interest rate (net of servicing costs) and maturity of 8.0 percent and 16.6 years as of December 31, 2018, and 8.2 percent and 17.2 years as of December 31, 2017.

The change in the aggregate gross principal balance of the installment notes receivable is as follows (in thousands):

	Year Ended	
	December 31, 2018	December 31, 2017
Beginning balance	\$ 116,174	\$ 59,524
Financed sales of manufactured homes	14,237	66,104
Acquired notes	—	23
Principal payments and payoffs from our customers	(8,966)	(6,128)
Principal reduction from repossessed homes	(7,950)	(3,349)
Total activity	(2,679)	56,650
Ending balance	\$ 113,495	\$ 116,174

Allowance for Losses for Installment Notes Receivable

The following table sets forth the allowance change for the installment notes receivable (in thousands):

	Year Ended	
	December 31, 2018	December 31, 2017
Beginning balance	\$(377)	\$(205)
Lower of cost or market write-downs	678	170
Increase to reserve balance	(998)	(342)
Total activity	(320)	(172)
Ending balance	\$(697)	\$(377)

Other Receivables

As of December 31, 2018, other receivables were comprised of amounts due from residents for rent, and water and sewer usage of \$7.1 million (net of allowance of \$1.5 million), home sale proceeds of \$16.1 million, and insurance and other receivables of \$24.1 million. As of December 31, 2017, other receivables were comprised of amounts due from residents for rent, and water and sewer usage of \$7.0 million (net of allowance of \$1.5 million), home sale proceeds of \$13.8 million, insurance and other receivables of \$26.9 million.

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SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

6. Intangible Assets

Our intangible assets include below market ground leases, in-place leases, franchise agreements and other intangible assets. These intangible assets are recorded in Other assets, net on the Consolidated Balance Sheets.

In June 2018, we acquired 50 percent of a land parcel that was previously subject to a ground lease at one of our California communities for \$8.0 million. As a result of the transaction, we wrote off \$1.1 million of the gross carrying amount of the ground lease intangible and \$0.3 million of the related accumulated amortization. The \$0.8 million net write off is included within the Property operating and maintenance expenses in our Consolidated Statements of Operations for the year ended December 31, 2018.

In December 2017, we acquired 25.0 percent of the land that was previously under a ground lease at one of our California communities for \$4.0 million, and amended the ground lease agreement to include an option to purchase an additional 25.0 percent of the land. As a result of these transactions, we wrote off \$1.1 million of the gross carrying amount of the ground lease intangible and \$0.2 million of accumulated amortization. The \$0.9 million net write off is included within Property operating and maintenance expense in our Consolidated Statements of Operations for the year ended December 31, 2017.

The gross carrying amounts and accumulated amortization are as follows (in thousands):

Intangible Asset	Useful Life	December 31, 2018		December 31, 2017	
		Gross Carrying Amount	Accumulated Amortization	Gross Carrying Amount	Accumulated Amortization
Below market ground leases	2 - 75 years	\$31,060	\$(1,942)	\$32,165	\$(1,409)
In-place leases	7 years	103,547	(59,068)	100,843	(45,576)
Franchise agreements and other intangible assets	7 - 20 years	16,641	(1,942)	1,880	(1,451)
Total		\$151,248	\$(62,952)	\$134,888	\$(48,436)

Total amortization expenses related to our intangible assets are as follows (in thousands):

Intangible Asset	Year Ended December 31,		
	2018	2017	2016
Below market ground leases	\$821	\$809	\$600
In-place leases	12,913	13,812	11,559
Franchise fees and other intangible assets	507	301	535
Total	\$14,241	\$14,922	\$12,694

We anticipate amortization expense for our intangible assets to be as follows for the next five years (in thousands):

	Year				
	2019	2020	2021	2022	2023
Estimated expense	\$14,630	\$12,902	\$12,510	\$7,908	\$4,533

SUN COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

7. Investments in Nonconsolidated Affiliates

Investments in joint ventures in which we do not have a controlling direct or indirect voting interest, but can exercise significant influence over the entity with respect to our operations and major decisions, are accounted for using the equity method of accounting whereby the cost of an investment is adjusted for our share of the equity in net income or loss from the date of acquisition, reduced by distributions received and increased by contributions made. The income or loss of each entity is allocated in accordance with the provisions of the applicable operating agreements. The allocation provisions in these agreements may differ from the ownership interests held by each investor.

Sungenia JV - In November 2018, the Company and Ingenia Communities Group entered into a joint venture (“JV”) to establish and grow a manufactured housing community development program in Australia. The JV is referred to as “Sungenia JV.” We hold a 50 percent interest in the JV entity. We account for our interest in the Sungenia JV under the equity method of accounting as prescribed by FASB ASC Topic 323, “*Investments - Equity Method and Joint Ventures*,” as neither party of the Sungenia JV has individual control and we have equal exercise of significant influence. As of December 31, 2018 we had a \$0.7 million investment in the Sungenia JV. During the year ended December 31, 2018, we recognized no equity gain or loss on the Consolidated Statement of Operations related to our ownership interest.

GTSC LLC (“GTSC”) - In February 2018, we became a noncontrolling member of GTSC. GTSC engages in acquiring, holding and selling loans secured, directly or indirectly, by manufactured homes located in our communities. At December 31, 2018, we had a 40 percent ownership interest in GTSC. The remaining 60 percent interest is owned by an unrelated third party. We account for our interest in GTSC under the equity method of accounting as prescribed by FASB ASC Topic 323 “*Investments - Equity Method and Joint Ventures*.” During the year ended December 31, 2018, there was \$0.5 million net gain in Income from nonconsolidated affiliates on the Consolidated Statement of Operations related to our ownership interest. Our investment in GTSC as of December 31, 2018, is \$29.8 million and recorded within Other assets, net on the Consolidated Balance Sheet.

Origen Financial Services, LLC (“OFS LLC”) - At December 31, 2018 and 2017, we had a 22.9 percent ownership interest in OFS LLC, an entity that specializes in resident screening services. Previously we had suspended equity method accounting as the carrying value of our investment was zero as prescribed by FASB ASC Topic 323 “*Investments - Equity Method and Joint Ventures*.” Subsequently in 2018, we resumed equity method accounting as our unrecorded losses were recovered. As of December 31, 2018 and 2017 our investment in OFS LLC was \$0.1 million and zero, respectively and is recorded within Other assets, net on the Consolidated Balance Sheet. During the year ended December 31, 2018 and 2017, we recognized \$0.2 million and zero income, respectively, in the Income from nonconsolidated affiliates on the Consolidated Statement of Operations.

8. Consolidated Variable Interest Entities

In 2016, we adopted (“ASU 2015-02”) *Consolidation (Topic 810): Amendments to the Consolidation Analysis*. ASU 2015-02 modified the evaluation of whether limited partnerships and similar legal entities are VIEs or voting interest entities. We evaluated the application of ASU 2015-02 and concluded that no change was required to our accounting for interests in less than wholly-owned Joint ventures. However, the Operating Partnership now meets the criteria as a VIE. Our significant asset is our investment in the Operating Partnership, and consequently, substantially all of our assets and liabilities represent those assets and liabilities of the Operating Partnership. We are the sole general partner and generally have the power to manage and have complete control over the Operating Partnership and the obligation to absorb its losses or the right to receive its benefits. Accordingly, we consolidate the Operating Partnership under this new guidance.

Effective June 1, 2018, we acquired a majority interest in Sun NG RV Resorts LLC (“Sun NG Resorts”), which is comprised of ten RV resorts and one ground up RV development with 2,700 RV sites and an additional 940 sites available for development. We purchased an 80 percent interest in Sun NG Resorts for \$61.6 million through Sun NG LLC; the remaining 20 percent interest of \$15.4 million is held by an unrelated third party. We paid additional consideration of \$123.3 million, consisting of a \$1.8 million preferred equity investment and a \$121.5 million temporary loan to Sun NG Resorts.

We consolidate Sun NG Resorts under the guidance set forth in FASB ASC Topic 810 “Consolidation.” We concluded that Sun NG Resorts is a VIE where we are the primary beneficiary, as we have power to direct the significant activities, absorb the significant losses and receive the significant benefits from the entity. Refer to Note 3, “Real Estate Acquisitions,” Note 9, “Debt and Lines of Credit,” and Note 10, “Equity and Mezzanine Securities” for additional information.

We consolidate Rudgate Village SPE, LLC; Rudgate Clinton SPE, LLC; and Rudgate Clinton Estates SPE, LLC (collectively, “Rudgate”) as a variable interest entity (“VIE”). We evaluated our arrangement with this property under the guidance set forth in FASB ASC Topic 810 “Consolidation.” We concluded that Rudgate qualified as a VIE where we are the primary beneficiary, as we have power to direct the significant activities, absorb the significant losses and receive the significant benefits from the entity.

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The following table summarizes the assets and liabilities included in our Consolidated Balance Sheets after appropriate eliminations have been made (in thousands):

	December 31, 2018	December 31, 2017
ASSETS		
Investment property, net	\$ 308,171	\$ 50,193
Other assets	19,809	1,659
Total Assets	\$ 327,980	\$ 51,852
LIABILITIES AND OTHER EQUITY		
Debt	\$ 44,172	\$ 41,970
Preferred Equity - Sun NG Resorts - mandatorily redeemable	35,277	—
Other liabilities	6,914	1,468
Total Liabilities	86,363	43,438
Equity Interest - NG Sun LLC	21,976	—
Noncontrolling interests	7,145	4,285
Total Liabilities and Other Equity	\$ 115,484	\$ 47,723

Investment property, net and other assets, net related to the consolidated VIEs, with the exception of SCOLP, comprised approximately 4.9 percent and 0.8 percent of our consolidated total assets at December 31, 2018 and December 31, 2017, respectively. Debt, Preferred Equity and other liabilities comprised approximately 2.6 percent and 1.2 percent of our consolidated total liabilities at December 31, 2018 and December 31, 2017, respectively. Equity Interests and Noncontrolling interests related to the consolidated VIEs, on an absolute basis, comprised less than 1.0 percent of our consolidated total equity at December 31, 2018 and December 31, 2017.

9. Debt and Lines of Credit

The following table sets forth certain information regarding debt including premiums, discounts, and deferred financing costs (in thousands):

	Carrying Amount		Weighted Average Years to Maturity		Weighted Average Interest Rates		
	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017	December 31, 2017
Collateralized term loans - Life Companies	\$ 1,259,158	\$ 1,044,246	14.4	13.9	3.9%	3.9	%
Collateralized term loans - FNMA	770,417	1,026,014	5.1	5.6	4.4%	4.4	%
Collateralized term loans - CMBS	405,702	410,747	4.1	5.0	5.1%	5.1	%
Collateralized term loans - FMCC	380,680	386,349	5.9	6.9	3.9%	3.9	%
Secured borrowings	107,731	129,182	14.4	15.3	9.9%	10.0	%
Lines of credit	128,000	41,257	2.3	3.1	3.8%	2.8	%
Preferred Equity - Sun NG Resorts - mandatorily redeemable	35,277	—	3.8	—	6.0%	—	%
Preferred OP units - mandatorily redeemable	37,338	41,443	4.7	5.0	6.6%	6.7	%
Total debt	\$ 3,124,303	\$ 3,079,238	9.0	8.9	4.5%	4.5	%

Collateralized Term Loans

During the three months ended December 31, 2018, we repaid a term loan of \$10.2 million with an interest rate of 5.66 percent. The loan was due to mature on February 28, 2019. Concurrently, we entered into a \$21.7 million collateralized term loan with a 4.10 fixed interest rate and 20-year term.

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During the three months ended September 30, 2018, we entered into a \$228.0 million collateralized term loan with a 4.10 percent fixed interest rate and a 20-year term. During the three months ended September 30, 2018, we repaid one collateralized term loan of \$30.5 million with an interest rate of 6.34 percent, releasing one encumbered community, which was due to mature March 1, 2019. We recognized a loss on extinguishment of debt of \$0.3 million as a result of the repayment transaction in our Consolidated Statement of Operations.

During the three months ended June 30, 2018 we repaid three collateralized term loans totaling \$177.7 million with a weighted average interest rate of 4.53 percent, releasing 11 encumbered communities. One loan was due to mature on August 1, 2018 and two loans were due to mature on May 1, 2023. We recognized a loss on extinguishment of debt of \$1.5 million as a result of the repayment transaction.

During the three months ended March 31, 2018, we repaid four collateralized term loans totaling \$24.4 million with a weighted average interest rate of 6.36 percent, releasing three encumbered communities. The loans were due to mature on March 1, 2019. We recognized a loss on extinguishment of debt of \$0.2 million as a result of the repayment transactions.

In December 2017, we defeased a \$38.6 million collateralized term loan with a 5.25 percent fixed interest rate that was due to mature on June 1, 2022. As a result of the transaction we recognized a loss on extinguishment of debt of \$5.2 million in our Consolidated Statements of Operations. Concurrent with the defeasance, we entered into a new \$100.0 million collateralized term loan, encumbered by the same property, with a 4.25 percent fixed rate of interest and 30-year term.

In September 2017, in connection with the Ocean West acquisition, we assumed a \$4.6 million collateralized term loan with Fannie Mae, with an interest rate of 4.34 percent and a remaining term of 9.8 years.

In June 2017, we entered into a \$77.0 million collateralized term loan which bears interest at a rate of 4.16 percent amortizing over a 25-year term. We also repaid a \$3.9 million collateralized term loan with an interest rate of 6.54 percent that was due to mature on August 31, 2017. As a result of the repayment transaction, we recognized a loss on extinguishment of debt of \$0.3 million in our Consolidated Statements of Operations.

During the first quarter of 2017, we defeased an \$18.9 million collateralized term loan with an interest rate of 6.49 percent that was due to mature on August 1, 2017, releasing one encumbered community. As a result of the transaction, we recognized a loss on extinguishment of debt of \$0.5 million in our Consolidated Statements of Operations. In addition, we repaid a \$10.0 million collateralized term loan with an interest rate of 5.57 percent that was due to mature on May 1, 2017, releasing an additional encumbered community.

The collateralized term loans totaling \$2.8 billion as of December 31, 2018, are secured by 185 properties comprised of 72,799 sites representing approximately \$3.2 billion of net book value.

Secured Borrowings

See Note 4, "Collateralized Receivables and Transfers of Financial Assets," for information regarding our collateralized receivables and secured borrowing transactions.

Preferred OP Units

Preferred OP units at December 31, 2018 and 2017 include \$34.7 million of Aspen preferred OP units issued by the Operating Partnership. As of December 31, 2018, these units are convertible indirectly into 447,049 shares of our common stock. Subject to certain limitations, at any time prior to January 1, 2024, the holder of each Aspen preferred OP unit at its option may convert such Aspen preferred OP unit into: (a) if the market price of our common stock is \$68.00 per share or less, 0.397 common OP units; or (b) if the market price of our common stock is greater than \$68.00 per share, the number of common OP units is determined by dividing (i) the sum of (A) \$27.00 plus (B) 25 percent of the amount by which the market price of our common stock exceeds \$68.00 per share, by (ii) the per-share market price of our common stock. The current preferred distribution rate is 6.5 percent. On January 2, 2024, we are required to redeem all Aspen preferred OP units that have not been converted to common OP units.

Preferred OP units also include \$2.7 million and \$6.7 million at December 31, 2018 and 2017, respectively, of Series B-3 preferred OP units, which are not convertible. During the year ended December 31, 2018, we redeemed 41,051 of the Series B-3 preferred OP units at an average redemption price per unit, which included accrued and unpaid distributions, of \$100.065753. In the aggregate, we paid \$4.1 million to redeem these units. In January 2019, we redeemed all remaining 26,750 Series B-3 preferred OP units.

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The weighted average redemption price per unit, which included accrued and unpaid distributions, was \$100.153425. In the aggregate, we paid \$2.7 million to redeem the Series B-3 preferred OP units.

Preferred Equity - Sun NG Resorts - mandatorily redeemable

In June 2018, in connection with the investment in Sun NG Resorts, \$35.3 million of mandatorily redeemable Preferred Equity (“Preferred Equity - Sun NG Resorts”) was purchased by unrelated third parties. The Preferred Equity - Sun NG Resorts carries a preferred rate of return of 6.0 percent per annum. The Preferred Equity - Sun NG Resorts has a 7-year term and can be redeemed in the fourth quarter of 2022 at the holders’ option. The Preferred Equity - Sun NG Resorts as of December 31, 2018 was \$35.3 million. Refer to Note 3, “Real Estate Acquisitions,” Note 8, “Consolidated Variable Interest Entities,” and Note 10, “Equity and Mezzanine Securities” for additional information.

Lines of Credit

In April 2017, we amended and restated our credit agreement (the “A&R Credit Agreement”) with Citibank, N.A. (“Citibank”) and certain other lenders. Pursuant to the A&R Credit Agreement, we entered into a senior revolving credit facility with Citibank and certain other lenders in the amount of \$650.0 million, comprised of a \$550.0 million revolving loan and a \$100.0 million term loan (the “A&R Facility”). We repaid the term loan in full on September 7, 2018. The A&R Credit Agreement has a four-year term ending April 25, 2021, which can be extended for two additional six-month periods at our option, subject to the satisfaction of certain conditions as defined in the credit agreement. The A&R Credit Agreement also provides for, subject to the satisfaction of certain conditions, additional commitments in an amount not to exceed \$350.0 million. If additional borrowings are made pursuant to any such additional commitments, the aggregate borrowing limit under the A&R Facility may be increased up to \$900.0 million.

The A&R Facility bears interest at a floating rate based on the Eurodollar rate plus a margin that is determined based on our leverage ratio calculated in accordance with the A&R Credit Agreement, which margin can range from 1.35 percent to 2.20 percent for the revolving loan. As of December 31, 2018, the margin based on our leverage ratio was 1.35 percent on the revolving loan. We had \$128.0 million borrowings on the revolving loan and no borrowings on the term loan as of December 31, 2018.

The A&R Facility provides us with the ability to issue letters of credit. Our issuance of letters of credit does not increase our borrowings outstanding under our line of credit, but does reduce the borrowing amount available. At December 31, 2018 and December 31, 2017, \$3.9 million and \$1.3 million, respectively, of availability was used to back standby letters of credit.

We have a \$12.0 million manufactured home floor plan facility renewable indefinitely until our lender provides us at least a twelve month notice of their intent to terminate the agreement. The interest rate is 100 basis points over the greater of the prime rate as quoted in the *Wall Street Journal* on the first business day of each month or 6.0 percent. At December 31, 2018, the effective interest rate was 7.0 percent. The outstanding balance was zero and \$4.0 million as of December 31, 2018 and December 31, 2017, respectively.

Covenants

Pursuant to the terms of the A&R Facility, we are subject to various financial and other covenants. The most restrictive of our debt agreements place limitations on secured borrowings and contain minimum fixed charge coverage, leverage, distribution, and net worth requirements. At December 31, 2018, we were in compliance with all

covenants.

In addition, certain of our subsidiary borrowers own properties that secure loans. These subsidiaries are consolidated within our accompanying Consolidated Financial Statements, however, each of these subsidiaries' assets and credit are not available to satisfy the debts and other obligations of the Company, any of its other subsidiaries or any other person or entity.

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Long-term Debt Maturities

As of December 31, 2018, the total of maturities and amortization of our debt (excluding premiums and discounts) and lines of credit during the next five years were as follows (in thousands):

	Maturities and Amortization By Year						
	Total Due	2019	2020	2021	2022	2023	Thereafter
Mortgage loans payable:							
Maturities	\$2,078,926	\$—	\$58,078	\$270,680	\$82,155	\$307,465	\$1,360,548
Principal amortization	734,675	58,164	59,630	58,843	56,822	53,437	447,779
Secured borrowings	107,731	5,265	5,746	6,171	6,379	6,374	77,796
Preferred Equity - Sun NG Resorts - mandatorily redeemable	35,277	—	—	—	35,277	—	—
Preferred OP units - mandatorily redeemable	37,338	2,675	—	—	—	—	34,663
Lines of credit	128,000	—	—	128,000	—	—	—
Total	\$3,121,947	\$66,104	\$123,454	\$463,694	\$180,633	\$367,276	\$1,920,786

10. Equity and Mezzanine Securities

Public Equity Offerings

In September 2018, we closed an underwritten registered public offering of 5,060,000 shares of common stock. Proceeds from the offering were \$499.9 million after deducting expenses related to the offering. We used the net proceeds of this offering to repay borrowings under the revolving loan and the term loan under our senior credit facility. The Company intends to use the remaining net proceeds of this offering to fund possible future acquisitions and for working capital and general corporate purposes.

In May 2017, we closed an underwritten registered public offering of 4,830,000 shares of common stock. Proceeds from the offering were \$408.9 million after deducting expenses related to the offering, which were used to repay borrowings outstanding under the revolving loan under our A&R Facility, fund acquisitions, working capital and general corporate purposes.

At the Market Offering Sales Agreement

In July 2017, we entered into a new at the market offering sales agreement (the “Sales Agreement”) with certain sales agents (collectively, the “Sales Agents”), whereby we may offer and sell shares of our common stock, having an aggregate offering price of up to \$450.0 million, from time to time through the Sales Agents. The Sales Agents are entitled to compensation in an agreed amount not to exceed 2.0 percent of the gross price per share for any shares sold from time to time under the Sales Agreement. Through December 31, 2018 we have sold shares of our common stock for gross proceeds of \$163.8 million under the Sales Agreement.

Issuances of common stock under the Sales Agreement through December 31, 2018 were as follows:

Quarter Ended	Common Stock Issued	Weighted Average Sales Price	Net Proceeds (in Millions)
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September 30, 2018	398,516	\$ 100.19	\$ 39.4
June 30, 2018	1,008,699	\$ 92.98	\$ 92.6
December 31, 2017	321,800	\$ 93.33	\$ 29.7