FORM 10-Q

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

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED MARCH 31, 2006

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 1-11718

EQUITY LIFESTYLE PROPERTIES, INC.
(Exact name of registrant as specified in its Charter)

MARYLAND	36-3857664
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS	60606
(Address of principal executive offices)	(Zip Code)

(312) 279-1400
(Registrant's telephone number, including area code)

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 [X] No [ ]

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, or a non- accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act.

Large accelerated filer [X]   Accelerated filer [ ]   Non-accelerated filer [ ]

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date:

23,574,476 shares of Common Stock as of April 27, 2006.

EQUITY LIFESTYLE PROPERTIES, INC.

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PART II - OTHER INFORMATION

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
AS OF MARCH 31, 2006 AND DECEMBER 31, 2005
(AMOUNTS IN THOUSANDS)

	MARCH 31, 2006 (UNAUDITED)	DECEMBER 31, 2005
ASSETS		
Investment in real estate:		
Land	$ 519,866	$ 493,213
Land improvements	1,610,174	1,523,564
Buildings and other depreciable property	137,279	135,790
	2,267,319	2,152,567
Accumulated depreciation	(392,805)	(378,325)
Net investment in real estate	1,874,514	1,774,242
Cash and cash equivalents	24	610
Notes receivable	11,149	11,631
Investment in joint ventures	14,064	46,211
Rents receivable, net	1,650	1,619
Deferred financing costs, net	15,141	15,096
Inventory	66,124	59,412
Prepaid expenses and other assets	37,221	40,053
TOTAL ASSETS	$2,019,887	$1,948,874
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable and other	$1,572,575	$1,500,581
Unsecured lines of credit	18,600	37,700
Unsecured term loan	100,000	100,000
Accounts payable and accrued expenses	31,828	31,508
Accrued interest payable	8,623	8,549
Rents received in advance and security deposits	31,724	27,868
Distributions payable	2,250	773
TOTAL LIABILITIES	1,765,600	1,706,979
Commitments and contingencies	--	--
Minority interest - Common OP Units and other	11,906	9,379
Minority interest - Perpetual Preferred OP Units	200,000	200,000
Stockholders' Equity:		
Preferred stock, $.01 par value 10,000,000 shares authorized; none issued	--	--
Common stock, $.01 par value 50,000,000 shares authorized; 23,378,634 and 23,295,956 shares issued and outstanding for March 31, 2006 and December 31, 2005, respectively	228	226
Paid-in capital	301,000	299,444
Distributions in excess of accumulated earnings	(258,847)	(267,154)
TOTAL STOCKHOLDERS' EQUITY	42,381	32,516
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$2,019,887	$1,948,874

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE QUARTERS ENDED MARCH 31, 2006 AND 2005
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	QUARTERS ENDED MARCH 31, 2006	QUARTERS ENDED MARCH 31, 2005
PROPERTY OPERATIONS:		
Community base rental income	$ 55,330	$ 52,919
Resort base rental income	26,908	24,571
Utility and other income	8,144	7,698
Property operating revenues	90,382	85,188
Property operating and maintenance	27,717	26,294
Real estate taxes	6,598	6,160
Property management	4,852	3,649
Property operating expenses (exclusive of depreciation shown separately below)	39,167	36,103
Income from property operations	51,215	49,085
HOME SALES OPERATIONS:		
Gross revenues from inventory home sales	11,933	10,237
Cost of inventory home sales	(10,311)	(8,947)
Gross profit from inventory home sales	1,622	1,290
Brokered resale revenues, net	657	604
Home selling expenses	(2,474)	(2,038)
Ancillary services revenues, net	1,803	1,723
Income from home sales operations and other	1,608	1,579
OTHER INCOME (EXPENSES):		
Interest income	285	371
Income from other investments, net	4,504	4,049
General and administrative	(3,223)	(2,870)
Rent control initiatives	(94)	(570)
Interest and related amortization	(24,625)	(24,999)
Depreciation on corporate assets	(109)	(216)
Depreciation on real estate assets	(14,374)	(13,498)
Total other expenses, net	(37,636)	(37,733)
Income before minority interests, equity in income of unconsolidated joint ventures and discontinued operations	15,187	12,931
Income allocated to Common OP Units	(2,592)	(2,311)
Income allocated to Perpetual Preferred OP Units	(4,030)	(2,856)
Equity in income of unconsolidated joint ventures	1,304	717
Income from continuing operations	9,869	8,481
DISCONTINUED OPERATIONS:		
Discontinued operations	244	619
Depreciation on discontinued operations	--	(329)
Income allocated to Common OP Units from discontinued operations	(51)	(62)
Income from discontinued operations	193	228
NET INCOME AVAILABLE FOR COMMON SHARES	$ 10,062	$ 8,709

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
FOR THE QUARTERS ENDED MARCH 31, 2006 AND 2005
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	QUARTERS ENDED MARCH 31, 2006	QUARTERS ENDED MARCH 31, 2005
EARNINGS PER COMMON SHARE - BASIC:		
Income from continuing operations ...	$ 0.42	$ 0.37
Income from discontinued operations ...	0.01	0.01
Net income available for Common Shares ...	$ 0.43	$ 0.38
EARNINGS PER COMMON SHARE - FULLY DILUTED:		
Income from continuing operations ...	$ 0.41	$ 0.36
Income from discontinued operations ...	0.01	0.01
Net income available for Common Shares ...	$ 0.42	$ 0.37
Distributions declared per Common Share outstanding ...	$ 0.075	$ 0.025
Weighted average Common Shares outstanding - basic ...	23,331	22,974
Weighted average Common Shares outstanding - fully diluted ..	30,180	29,878

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTERS ENDED MARCH 31, 2006 AND 2005
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	MARCH 31, 2006	MARCH 31, 2005
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	$ 10,062	$ 8,709
Adjustments to reconcile net income to cash provided by operating activities:		
Income allocated to minority interests	6,673	5,229
Depreciation expense	14,930	14,471
Amortization expense	724	649
Debt premium amortization	(364)	(666)
Equity in income of unconsolidated joint ventures	(1,751)	(1,143)
Distributions from unconsolidated joint ventures	1,351	817
Amortization of deferred compensation	--	680
Increase(decrease) in provision for uncollectible rents receivable	(57)	296
Changes in assets and liabilities:		
Rents receivable	26	(177)
Inventory	(4,778)	(6,768)
Prepaid expenses and other assets	1,217	(4,285)
Accounts payable and accrued expenses	3,105	2,202
Rents received in advance and security deposits	704	1,066
Net cash provided by operating activities	31,842	21,080
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of rental properties	1,708	--
Joint Ventures:		
Investments in	--	(27)
Distributions from	--	1,660
Net repayment of notes receivable	482	88
Improvements:		
Improvements - corporate	(133)	(62)
Improvements - rental properties	(3,000)	(2,395)
Site development costs	(5,580)	(3,702)
Net cash used in investing activities	(6,523)	(4,438)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from stock options and employee stock purchase plan	1,909	1,208
Proceeds from issuance of Perpetual Preferred OP Units	--	25,000
Distributions to Common Stockholders, Common OP Unitholders, and Perpetual Preferred OP Unitholders	(4,773)	(3,249)
Lines of credit:		
Proceeds	28,300	12,900
Repayments	(47,400)	(39,650)
Term loan repayment	--	(7,200)
Principal payments	(3,863)	(3,053)
Debt issuance costs	(78)	(59)
Net cash used in financing activities	(25,905)	(14,103)
Net (decrease) increase in cash and cash equivalents	(586)	2,539
Cash and cash equivalents, beginning of year	610	5,305
Cash and cash equivalents, end of period	$ 24	$ 7,844

The accompanying notes are an integral part of the financial statements.

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
FOR THE QUARTERS ENDED MARCH 31, 2006 AND 2005
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	MARCH 31, 2006	MARCH 31, 2005
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for interest	$23,983	$25,136
Non-cash investing and financing activities:		
Real Estate Acquisition		
Mortgage debt assumed on acquisition of real estate	$25,898	$ --
Mortgage financed on acquisition of real estate	$47,100	$ --
Mezzanine Investment applied to real estate acquisition	$32,118	$ --
Other assets and liabilities, net, acquired on acquisition of real estate	$ 3,917	$ --
Financing fees incurred on acquisition	$ 691	$ --
Proceeds from loan to pay insurance premiums	$ 3,638	$ 2,404

The accompanying notes are an integral part of the financial statements.

DEFINITION OF TERMS:

Equity LifeStyle Properties, Inc., a Maryland corporation, together with MHC Operating Limited Partnership (the "Operating Partnership") and other consolidated subsidiaries ("Subsidiaries"), are referred to herein as the "Company," "ELS," "we," "us," and "our." Capitalized terms used but not defined herein are as defined in the Company's Annual Report on Form 10-K ("2005 Form 10-K") for the year ended December 31, 2005.

PRESENTATION:

These unaudited Consolidated Financial Statements have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto included in the 2005 Form 10-K. The following Notes to Consolidated Financial Statements highlight significant changes to the Notes included in the 2005 Form 10-K and present interim disclosures as required by the SEC. The accompanying Consolidated Financial Statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. Certain reclassifications have been made to the prior periods' financial statements in order to conform with current period presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

The Company consolidates its majority-owned subsidiaries in which it has the ability to control the operations of the subsidiaries and all variable interest entities with respect to which the Company is the primary beneficiary. The Company also consolidates entities in which it has a controlling direct or indirect voting interest. All inter-company transactions have been eliminated in consolidation. The Company's acquisitions were all accounted for as purchases in accordance with Statement of Financial Accounting Standards No. 141, "Business Combinations" ("SFAS No. 141").

The Company has applied the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46R, Consolidation of Variable Interest Entities ("FIN 46R") - an interpretation of ARB 51. The objective of FIN 46R is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate such entity if the company absorbs a majority of the entity's expected losses or receives a majority of the entity's expected residual returns if they occur, or both (i.e., the primary beneficiary). The Company has also applied Emerging Issues Task Force Issue No. 04-5 - Accounting for Investments in Limited Partnerships When the Investor is the Sole General Partner and the Limited Partners have Certain Rights ("EITF 04-5") which determines whether a general partner or the general partners as a group control a limited partnership or similar entity and therefore should consolidate the entity. The Company will apply FIN 46R and EITF 04-5 to all types of entity ownership (general and limited partnerships and corporate interests).

The Company applies the equity method of accounting to entities in which the Company does not have a controlling direct or indirect voting interest or is 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 both (i) the investment is minimal (typically less than 5%) and (ii) the Company's investment is passive.

(b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Markets

The Company manages all its operations on a property-by-property basis. Since each Property has similar economic and operational characteristics, the Company has one reportable segment, which is the operation of land lease Properties. The distribution of the Properties throughout the United States reflects our belief that geographic diversification helps insulate the portfolio from regional economic influences. The Company intends to target new acquisitions in or near markets where the Properties are located and will also consider acquisitions of Properties outside such markets.

(d) Inventory

Inventory primarily consists of new and used Site Set homes and is stated at the lower of cost or market after consideration of the N.A.D.A. (National Automobile Dealers Association) Manufactured Housing Appraisal Guide and the current market value of each home included in the home inventory. Inventory sales revenues and resale revenues are recognized when the home sale is closed. Inventory is recorded net of an inventory reserve of $580,000 as of March 31, 2006 and December 31, 2005. Resale revenues are stated net of commissions paid to employees of $356,000 and $338,000 for the quarters ended March 31, 2006 and 2005, respectively.

(e) Real Estate

In accordance with SFAS No. 141, we allocate the purchase price of Properties we acquire 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 a number of sources, including independent appraisals that may be available in connection with the acquisition or financing of the respective Property and other market data. We also consider information obtained about each Property as a result of our due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

Real estate is recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. We use a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen-year estimated life for building upgrades and a three-to-seven-year estimated life for furniture, fixtures and equipment. The values of above and below market leases are amortized and recorded as either an increase (in the case of below market leases) or a decrease (in the case of above market leases) to rental income over the remaining term of the associated lease. The value associated with in-place leases is amortized over the expected term, which includes an estimated probability of lease renewal. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred, and significant renovations and improvements that improve the asset and extend the useful life of the asset are capitalized and then expensed over the asset's estimated useful life.

The Company evaluates its Properties for impairment when conditions exist which may indicate that it is probable that the sum of expected future cash flows (undiscounted) from a Property over the anticipated holding period is less than its carrying value. Upon determination that a permanent impairment has occurred, the applicable Property is reduced to fair value.

For Properties to be disposed of, an impairment loss is recognized when the fair value of the Property, less the estimated cost to sell, is less than the carrying amount of the Property measured at the time the Company has a commitment to sell the Property and/or is actively marketing the Property for sale. A Property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less costs to sell. Subsequent to the date that a Property is held for disposition, depreciation expense is not recorded. The Company accounts for its Properties held for disposition in accordance with Statement of Financial Accounting Standards No. 144 ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets". Accordingly, the results of operations for all assets sold or held for sale have been classified as discontinued operations in all periods presented.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and Cash Equivalents

The Company considers all demand and money market accounts and certificates of deposit with a maturity, when purchased, of three months or less to be cash equivalents.

(g) Notes Receivable

Notes receivable generally are stated at their outstanding unpaid principal balances net of any deferred fees or costs on originated loans, or unamortized discounts or premiums net of a valuation allowance. Interest income is accrued on the unpaid principal balance. Discounts or premiums are amortized to income using the interest method. In certain cases we finance the sales of homes to our customers (referred to as "Chattel Loans") which loans are secured by the homes. The valuation allowance for the Chattel Loans is calculated based on a comparison of the outstanding principal balance of each note compared to the N.A.D.A. value and the current market value of the underlying manufactured home collateral.

(h) Investments in Joint Ventures

Investments in joint ventures in which the Company does not have a controlling direct or indirect voting interest, but can exercise significant influence over the entity with respect to its operations and major decisions, are accounted for using the equity method of accounting whereby the cost of an investment is adjusted for the Company's share of the equity in net income or loss from the date of acquisition and reduced by distributions received. 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. Differences between the carrying amount of the Company's investment in the respective entities and the Company's share of the underlying equity of such unconsolidated entities are amortized over the respective lives of the underlying assets, as applicable.

(i) Income from Other Investments, net

On November 10, 2004, the Company entered into an approximately 15 year operating lease with Thousand Trails Operations Holding Company, L.P. ("TT"), with monthly lease payments that currently generates approximately $16.5 million per year and provides for annual increases of 3.25%. Under applicable accounting pronouncements, revenue under the lease is generally recognized on a straight-line basis taking into account fixed escalations required under the terms of the lease. The annual straight-line revenue is approximately $20 million. The excess of straight-line revenue over the cash payment received was approximately $1 million for the quarters ended March 31, 2006 and March 31, 2005. The Company has deferred and not recognized the excess of the straight-line revenue over the cash payments received under the lease due to the following: (1) the cash payments under the lease do not exceed straight-line revenue until the ninth year of the lease term, (2) the current owner of the operating business may not be a long-term owner of the TT business, and (3) certain portions of the lessee's business operations are dependent upon sales of new memberships and upgrades of existing memberships which can be volatile year to year. To the extent any of the conditions noted herein change, the Company may recognize previously deferred amounts. On April 14, 2006, TT was acquired by Privileged Access L.P. ("Privileged Access") (See Note 10 - Subsequent Events).

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Insurance Claims

The Properties are covered against fire, flood, property damage, earthquake, windstorm and business interruption by insurance policies containing various deductible requirements and coverage limits. Recoverable costs are classified in other assets as incurred. Insurance proceeds are applied against the asset when received. Recoverable costs relating to capital items are treated in accordance with the Company's capitalization policy. The book value of the original capital item is written off once the value of the impaired asset has been determined. Insurance proceeds relating to the capital costs are recorded as income in the period they are received.

Approximately 70 Florida Properties suffered damage from the four hurricanes that struck the state during August and September 2004. As of April 26, 2006, the Company estimates its total claim to be $20.1 million of which, approximately $18.9 million of claims, including business interruption, have been submitted to our insurance companies for reimbursement. Through March 31, 2006, the Company has made total expenditures of approximately $12.3 million and expects to incur additional expenditures to complete the work necessary to restore our Properties to their pre-hurricanes condition. The Company has received proceeds from insurance carriers of approximately $3.5 million through March 31, 2006. The Company has reserved approximately $2.0 million related to these expenditures ($0.7 million in 2005 and $1.3 million in 2004). Approximately $3.5 million of these expenditures have been capitalized per the Company's capitalization policy through March 31, 2006.

Approximately 33 Properties located in southern Florida were impacted by Hurricane Wilma in October 2005. As of April 17, 2006, approximately $1.3 million of claims have been submitted to our insurance company for reimbursement. Through March 31, 2006, the Company has made total expenditures of approximately $2.0 million and is still evaluating the total costs it expects to incur. Through March 31, 2006, $1.4 million has been charged to operations ($0.1 million in 2006 and $1.3 million in 2005) and $0.2 million was capitalized to fixed assets.

Approximately $3.5 million is included in other assets as a receivable from insurance providers as of March 31, 2006, and approximately $3.9 million was included in other assets as of December 31, 2005.

(k) Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain long-term financing. The costs are being amortized over the terms of the respective loans on a level yield basis. Unamortized deferred financing fees are written-off when debt is retired before the maturity date. Upon amendment of the line of credit, unamortized deferred financing fees are accounted for in accordance with EITF No. 98-14, Debtor's Accounting for Changes in Line-of-Credit or Revolving-Debt Arrangements. Accumulated amortization for such costs was $7.3 million and $6.6 million at March 31, 2006 and December 31, 2005, respectively.

NOTE 2 - EARNINGS PER COMMON SHARE

Earnings per common share are based on the weighted average number of common shares outstanding during each year. Statement of Financial Accounting Standards No. 128, "Earnings Per Share" ("SFAS No. 128") defines the calculation of basic and fully diluted earnings per share. Basic and fully diluted earnings per share are based on the weighted average shares outstanding during each period and basic earnings per share excludes any dilutive effects of options, warrants and convertible securities. The conversion of OP Units has been excluded from the basic earnings per share calculation. The conversion of an OP Unit to a share of Common Stock has no material effect on earnings per common share.

The following table sets forth the computation of basic and diluted earnings per common share for the quarters ended March 31, 2006 and March 31, 2005 (amounts in thousands):

	QUARTERS ENDED MARCH 31, 2006	QUARTERS ENDED MARCH 31, 2005
NUMERATORS:		
INCOME FROM CONTINUING OPERATIONS:		
Income from continuing operations - basic	$ 9,869	$ 8,481
Amounts allocated to dilutive securities	2,592	2,311
Income from continuing operations - fully diluted	$12,461	$10,792
INCOME FROM DISCONTINUED OPERATIONS:		
Income from discontinued operations - basic	$ 193	$ 228
Amounts allocated to dilutive securities	51	62
Income from discontinued operations - fully diluted	$ 244	$ 290
NET INCOME AVAILABLE FOR COMMON SHARES - FULLY DILUTED:		
Net income available for Common Shares - basic	$10,062	$ 8,709
Amounts allocated to dilutive securities	2,643	2,373
Net income available for Common Shares - fully diluted	$12,705	$11,082
DENOMINATOR:		
Weighted average Common Shares outstanding - basic	23,331	22,974
Effect of dilutive securities:		
Redemption of Common OP Units for Common Shares	6,207	6,335
Employee stock options and restricted shares	642	569
Weighted average Common Shares outstanding - fully diluted	30,180	29,878

NOTE 3 - COMMON STOCK AND OTHER EQUITY RELATED TRANSACTIONS

On April 14, 2006, the Company paid a $0.075 per share distribution for the quarter ended March 31, 2006 to stockholders of record on March 31, 2006. On March 31, 2006, the Operating Partnership paid distributions of 8.0625% per annum on the $150 million Series D 8% Units and 7.95% per annum on the $50 million of Series F 7.95% Units.

NOTE 4 - INVESTMENT IN REAL ESTATE

Investment in real estate is comprised of (amounts in thousands):

Properties Held for Long Term	MARCH 31, 2006	DECEMBER 31, 2005
Investment in real estate:		
Land	$ 512,952	$ 486,299
Land improvements	1,581,032	1,494,427
Buildings and other depreciable property ..	135,673	134,187
	2,229,657	2,114,913
Accumulated depreciation	(380,168)	(365,688)
Net investment in real estate	$1,849,489	$1,749,225

Properties Held for Sale	MARCH 31, 2006	DECEMBER 31, 2005
Investment in real estate:		
Land	$ 6,914	$ 6,914
Land improvements	29,142	29,137
Buildings and other depreciable property ..	1,606	1,603
	37,662	37,654
Accumulated depreciation	(12,637)	(12,637)
Net investment in real estate	$ 25,025	$ 25,017

Land improvements consist primarily of improvements such as grading, landscaping and infrastructure items such as streets, sidewalks or water mains. Building and other depreciable property consists of permanent buildings in the Properties such as clubhouses, laundry facilities, maintenance storage facilities, and furniture, fixtures and equipment.

We actively seek to acquire additional properties and currently are engaged in negotiations relating to the possible acquisition of a number of properties. At any time these negotiations are at varying stages that may include outstanding contracts to acquire certain properties which are subject to satisfactory completion of our due diligence review.

During the quarter ended March 31, 2006, we purchased the remaining interest in the Mezzanine Properties (the "Mezzanine Portfolio") in which we had initially invested approximately $30.0 million to acquire preferred equity interests during the first quarter of 2004. The Mezzanine Portfolio consists of 11 Properties containing 5,057 sites: five Properties are located in Arizona, four in Florida, and one each in North Carolina and South Carolina. The total purchase price was approximately $105 million, including our existing investment in these Properties of $32.2 million and our general partnership investment of $1.4 million. The acquisition was funded by new debt financing of $47.1 million and assumed debt of approximately $25.9 million. Net working capital acquired included $3.2 million of rents received in advance and $0.4 million in other net payables. In connection with this acquisition we also purchased $1.9 million of inventory.

NOTE 4 - INVESTMENT IN REAL ESTATE (CONTINUED)

All acquisitions have been accounted for utilizing the purchase method of accounting, and, accordingly, the results of operations of acquired assets are included in the statements of operations from the dates of acquisition. Certain purchase price adjustments may be recorded within one year following the acquisitions. We acquired all of these Properties from unaffiliated third parties.

As of March 31, 2005, the Company designated seven Properties as held for disposition pursuant to SFAS No. 144. The Company determined that these Properties no longer met its investment criteria. On November 10, 2005, one Property, Five Seasons in Cedar Rapids, Iowa, was sold. On April 25, 2006 the Company sold two of these Properties, Forest Oaks in Indiana and Windsong in Indiana (see Note 10 - Subsequent Events). The remaining four Properties held for disposition are in various stages of negotiations and the Company expects to sell these Properties for proceeds greater than their net book value. As such, the results from operations of these Properties have been classified as income from discontinued operations. The Properties classified as held for disposition as of March 31, 2006 are listed in the table below.

Property	Location	Sites
Casa Village......	Billings, MT	490
Creekside.........	Wyoming, MI	165
Del Rey...........	Albuquerque, NM	407
Forest Oaks.......	Chesterton, IN	227
Holiday Village...	Sioux City, IA	519
Windsong..........	Indianapolis, IN	268

The following table summarizes the combined results of operations of the six Properties held for sale and one sold Property for the quarters ended March 31, 2006 and 2005, respectively (amounts in thousands).

	QUARTERS ENDED MARCH 31,	
	2006	2005
Rental income	$1,120	$1,605
Utility and other income	108	160
Property operating revenues	1,228	1,765
Property operating expenses	760	925
Income from property operations	468	840
Income from home sales operations and other ..	9	13
Interest	(225)	(226)
Amortization	(8)	(8)
Depreciation	--	(329)
Total other expenses	(233)	(563)
Minority interest	(51)	(62)
Net income from discontinued operations	$ 193	$ 228

NOTE 5 - INVESTMENT IN JOINT VENTURES

The Company recorded approximately $1.3 million and $0.7 million of net income from joint ventures, net of $0.4 million and $0.4 million of depreciation expense for the quarters ended March 31, 2006 and 2005, respectively. The Company received approximately $1.4 million and $2.5 million in distributions from such joint ventures for the quarters ended March 31, 2006 and 2005, respectively. Included in such distributions for the quarters ended March 31, 2006 and 2005 is $0.2 million and $1.7 million return of capital received from proceeds from a refinancing, respectively, of which $0.2 million and $0.0 million, respectively, exceeded the cost basis and thus was recorded in income from unconsolidated joint ventures. Due to the Company's inability to control the joint ventures, the Company accounts for its investment in the joint ventures using the equity method of accounting.

On March 22, 2006, the Company acquired the remaining interest in the Mezzanine Investments. See Note 4 - Investment in Real Estate for a discussion of the acquisition. The 2006 information in the summarized financial information below reflect this transaction.

The following table summarizes the Company's investments in unconsolidated joint ventures (with the number of Properties shown parenthetically):

INVESTMENT	LOCATION	NUMBER OF SITES	ECONOMIC INTEREST (A)	INVESTMENT AS OF MARCH 31, 2006	INVESTMENT AS OF DEC. 31, 2005
				(in thousands)	(in thousands)
Meadows Investments	Various (2)	1,027	50%	$ 366	$ 280
Lakeshore Investments	Florida (2)	343	90%	15	32
Voyager	Tucson, AZ (1)	1,575	25%	3,378	3,115
Mezzanine Investments	Various (11)	--	-- (b)	--	32,380
Indian Wells	Indio, CA (1)	350	30%	298	248
Diversified Investments ..	Various (12)	4,697	25%(c)	3,195	3,258
Maine Portfolio	Maine (3)	495	50%	6,812	6,898
		8,487		$14,064	$46,211

(a) The percentages shown approximate the Company's economic interest. The Company's legal ownership interest may differ.

(b) The Company purchased the remaining interest in the Mezzanine Investments on March 22, 2006 (see Note 4 - Investment in Real Estate).

(c) Economic interest in one Diversified investment is 40%.

NOTE 5 - INVESTMENT IN JOINT VENTURES (CONTINUED)

UNCONSOLIDATED REAL ESTATE JOINT VENTURE FINANCIAL INFORMATION

The following tables present combined summarized financial information of the unconsolidated real estate joint ventures (amounts in thousands).

BALANCE SHEETS

	AS OF MARCH 31, 2006	AS OF DECEMBER 31, 2005
ASSETS		
Real estate, net	$129,309	$194,788
Other assets	15,860	23,378
TOTAL ASSETS	$145,169	$218,166
LIABILITIES & EQUITY		
Mortgage debt & other loans	$114,145	$171,285
Other liabilities	11,657	15,169
Partners' equity	19,367	31,712
TOTAL LIABILITIES AND EQUITY	$145,169	$218,166

STATEMENTS OF OPERATIONS

	FOR THE QUARTERS ENDED MARCH 31, 2006	2005
Rentals	$ 6,326	$ 9,194
Other Income	1,949	1,974
TOTAL REVENUES	8,275	11,168
Operating Expenses	4,426	4,650
Interest	2,101	2,376
Other Income & Expenses	350	749
Depreciation & Amortization	2,530	2,737
TOTAL EXPENSES	9,407	10,512
NET (LOSS) INCOME	$(1,132)	$ 656

NOTE 6 - NOTES RECEIVABLE

As of March 31, 2006 and December 31, 2005, the Company had approximately $11.1 million and $11.6 million in notes receivable, respectively. The Company has approximately $10.5 million in Chattel Loans receivable, which yield interest at a per annum average rate of approximately 9.5%, have an average term and amortization of 5 to 15 years, require monthly principal and interest payments and are collateralized by homes at certain of the Properties. These notes are recorded net of allowances of $81,000 as of March 31, 2006 and December 31, 2005. During the quarter ended March 31, 2006, approximately $0.6 million was repaid and an additional $0.1 million was lent to home-owners. On November 15, 2005, the Company entered into an agreement to loan Privileged Access up to $0.5 million. As of March 31, 2006 and December 31, 2005, approximately $0.3 million has been borrowed by Privileged Access. The loan bears interest at prime plus 1.0% per annum and matures on November 15, 2007. As of April 17, 2006, this loan has been repaid in full. As of March 31, 2006, and December 31, 2005 the Company has approximately $0.4 million in notes which bear interest at a per annum rate of prime plus 0.5% and mature on December 31, 2011. The notes are collateralized with a combination of common OP Units and partnership interests in certain joint ventures.

NOTE 7 - LONG-TERM BORROWINGS

FINANCING, REFINANCING AND EARLY DEBT RETIREMENT

During the first quarter of 2006, the Company assumed $25.9 million in mortgage debt on four of the eleven Properties related to the acquisition of the Mezzanine Portfolio (see Note 4 - Investment in Real Estate). In addition, the Company financed $47.1 million of mortgage debt on the remaining seven Properties in the Mezzanine Portfolio. The seven mortgages bear interest at weighted average rates ranging from 5.70% to 5.72% per annum, and mature in April 2016. Approximately $15 million of the assumed mortgage debt on three of the four Properties will be defeased and refinanced in the second and third quarters of 2006 at an average interest rate of 5.7% per annum and mature in 2016. The remaining loan of $10 million bears interest at 5.22% per annum and matures in April 2009.

SECURED DEBT

As of March 31, 2006 and December 31, 2005, the Company had outstanding mortgage indebtedness on Properties held for long term of approximately $1,558 million and $1,485 million, respectively, and approximately $15 million of mortgage indebtedness as of March 31, 2006 and December 31, 2005 on Properties held for sale. The weighted average interest rate on this mortgage indebtedness as of March 31, 2006 and December 31, 2005 was approximately 6.02% and 6.25% per annum, respectively. The debt bears interest at rates of 4.17% to 7.19% per annum and matures on various dates ranging from 2007 to 2016, with one additional loan maturing in 2027. Included in our debt balance are three capital leases with an imputed interest rate of 11.6% per annum. The debt encumbered a total of 161 and 150 of the Company's Properties as of March 31, 2006 and December 31, 2005, respectively, and the carrying value of such Properties was approximately $1,702 million and $1,603 million, respectively, as of such dates.

UNSECURED LOANS

TERM LOAN

The Company has a Term Loan agreement, pursuant to which it borrowed $120 million, on an unsecured basis, at the London Interbank Offered Rate ("LIBOR") plus 1.75% per annum. The Term Loan will be due and payable on November 10, 2007. However, the borrower has the option to extend the initial maturity for two additional one-year terms. Proceeds from this debt were used to acquire KTTI Holding Company, Inc. as part of the Thousand Trails Transaction. As of March 31, 2006 the balance of the Term Loan was $100 million and it had a fixed interest rate of 6.58% per annum for a one-year term expiring in December 2006.

LINES OF CREDIT

The Company has a $110 million credit facility with a group of banks, bearing interest at LIBOR plus 1.65% per annum and maturing on August 9, 2006. The credit facility can be extended by the borrower for an additional year to August 9, 2007. As of March 31, 2006, $99.2 million was available under this facility.

The Company has a $50 million credit facility with Wells Fargo Bank, bearing interest at LIBOR plus 1.65% per annum and maturing on August 9, 2006. This credit facility can be extended by the borrower for an additional year to August 9, 2007. As of March 31, 2006, $42.2 million was available under this facility.

OTHER LOANS

During the quarter ended March 31, 2006, the Company borrowed $3.6 million to finance its insurance premium payments. As of March 31, 2006, approximately $3.3 million remained outstanding. This loan is due in January 2007 and bears interest at 5.30% per annum.

NOTE 8 - STOCK-BASED COMPENSATION

The Company accounts for its stock-based compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation," which results in compensation expense being recorded based on the fair value of the stock option compensation issued. SFAS No. 148 provided three possible transition methods for changing to the fair value method. Effective January 1, 2003, the Company elected to use the modified-prospective method, which required that we recognize stock-based employee compensation cost from the beginning of the fiscal year in which the recognition provisions are first applied as if the fair value method had been used to account for all employee awards granted, or settled, in fiscal years beginning after December 15, 1994. Stock-based compensation expense was approximately $705,000 and $680,000 for the quarters ended March 31, 2006 and 2005, respectively.

Pursuant to the Stock Option Plan as discussed in Note 12 to the 2005 Form 10-K, certain officers, directors, employees and consultants have been offered the opportunity to acquire shares of common stock of the Company through stock options ("Options"). During the quarter ended March 31, 2006, Options for 73,104 shares of common stock were exercised for proceeds of approximately $993,000.

The Company adopted the fair-value-based method of accounting for share-based payments effective January 1, 2003 using the modified prospective method described in FASB Statement No. 148, Accounting for Stock-Based Compensation-Transition and Disclosure. The Company adopted Statement of Financial Accounting Standards No. 123(R), "Share Based Payment" ("SFAS 123(R)") on July 1, 2005, which did not have a material impact on the Company's results of operations or its financial position. The Company uses the Black-Scholes-Merton formula to estimate the value of Options granted to employees.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

CALIFORNIA RENT CONTROL LITIGATION

As part of the Company's effort to realize the value of its Properties subject to rent control, the Company has initiated lawsuits against several municipalities in California. The Company's goal is to achieve a level of regulatory fairness in California's rent control jurisdictions, and in particular those jurisdictions that prohibit increasing rents to market upon turnover. Regulations in California allow tenants to sell their homes for a premium representing the value of the future discounted rent-controlled rents. In the Company's view, such regulation results in a transfer of the value of the Company's stockholders' land, which would otherwise be reflected in market rents, to tenants upon the sales of their homes in the form of an inflated purchase price that cannot be attributed to the value of the home being sold. As a result, in the Company's view, the Company loses the value of its asset and the selling tenant leaves the Property with a windfall premium. The Company has discovered through the litigation process that certain municipalities considered condemning the Company's Properties at values well below the value of the underlying land. In the Company's view, a failure to articulate market rents for sites governed by restrictive rent control would put the Company at risk for condemnation or eminent domain proceedings based on artificially reduced rents. Such a physical taking, should it occur, could represent substantial lost value to stockholders. The Company is cognizant of the need for affordable housing in the jurisdictions, but asserts that restrictive rent regulation does not promote this purpose because the benefits of such regulation are fully capitalized into the prices of the homes sold. The Company estimates that the annual rent subsidy to tenants in these jurisdictions may be in excess of $15 million. In a more well balanced regulatory environment, the Company would receive market rents that would eliminate the subsidy and homes would trade at or near their intrinsic value.

In connection with such efforts, the Company announced it has entered into a settlement agreement with the City of Santa Cruz, California and that, pursuant to the settlement agreement, the City amended its rent control ordinance to exempt the Company's Property from rent control as long as the Company offers a long term lease which gives the Company the ability to increase rents to market upon turnover and bases annual rent increases on the CPI. The settlement agreement benefits the Company's stockholders by allowing them to receive the value of their investment in this Property through vacancy decontrol while preserving annual CPI based rent increases in this age-restricted Property.

The Company has filed two lawsuits in federal court against the City of San Rafael, challenging its rent control ordinance on constitutional grounds. The Company believes that one of those lawsuits was settled by the City agreeing to amend the ordinance to permit adjustments to market rent upon turnover. The City subsequently rejected the settlement agreement. The Court initially found the settlement agreement was binding on the City, but then reconsidered and determined to submit the claim of breach of the settlement agreement to a jury. In October 2002, the first case against the City went to trial, based on both breach of the settlement agreement and the constitutional claims. A jury found no breach of the settlement agreement; the Company then filed motions asking the Court to rule in its favor on that claim, notwithstanding the jury verdict. The Court postponed decision on those motions and on the constitutional claims, pending a ruling on some property rights issues by the United States Supreme Court. The Company also had pending a claim seeking a declaration that the Company could close the Property and convert it to another use which claim was not tried in 2002. The United States Supreme Court issued the property rights rulings in 2005 and subsequently on January 27, 2006, the Court hearing the San Rafael cases issued a ruling that granted the Company's motion for leave to amend to assert alternative takings theories in light of the United States Supreme Court's decisions. The Court's ruling also denied the Company's post trial motions related to the settlement agreement and dismissed the park closure claim without prejudice to the Company's ability to reassert such claim in the future. As a result, the Company has filed a new complaint challenging the City's ordinance as violating the takings clause and substantive due process. The City of San Rafael filed a motion to dismiss the amended complaint and the Company awaits the Court's ruling on this motion. The Company expects further legal proceedings to occur in 2006.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

The Company's efforts to achieve a balanced regulatory environment incentivize tenant groups to file lawsuits against the Company seeking large damage awards. The homeowners association at Contempo Marin ("CMHOA"), a 396 site Property in San Rafael, California, sued the Company in December 2000 over a prior settlement agreement on a capital expenditure pass-through after the Company sued the City of San Rafael in October 2000 alleging its rent control ordinance is unconstitutional. In the Contempo Marin case, the CMHOA prevailed on a motion for summary judgment on an issue that permits the Company to collect only $3.72 out of a monthly pass-through amount of $7.50 that the Company believes had been agreed to by the CMHOA in a settlement agreement. On May 23, 2004, the California Court of Appeal affirmed the trial court's order dismissing the Company's claims against the City of San Rafael. The CMHOA continues to seek damages from the Company in this matter. The Company has reached a tentative settlement with the CMHOA in this matter which allows the Company to recover $3.72 of the requested monthly pass-through and does not provide for the payment of any damages to the CMHOA. Both the CMHOA and the Company will bring motions for their respective attorneys' fees following the settlement becoming final. The Company intends to vigorously defend this matter should the settlement not become final. The Company believes that such lawsuits will be a consequence of the Company's efforts to change rent control since tenant groups actively desire to preserve the premium value of their homes in addition to the discounted rents provided by rent control. The Company has determined that its efforts to rebalance the regulatory environment despite the risk of litigation from tenant groups are necessary not only because of the $15 million annual subsidy to tenants, but also because of the condemnation risk.

Similarly, in June 2003, the Company won a judgment against the City of Santee in California Superior Court (case no. 777094). The effect of the judgment was to invalidate, on state law grounds, two (2) rent control ordinances the City of Santee had enforced against the Company and other property owners. However, the Court allowed the City to continue to enforce a rent control ordinance that predated the two invalid ordinances (the "prior ordinance"). As a result of the judgment the Company was entitled to collect a one-time rent increase based upon the difference in annual adjustments between the invalid ordinance(s) and the prior ordinances and to adjust its base rents to reflect what the Company could have charged had the prior ordinance been continually in effect. The City of Santee appealed the judgment. The court of appeal and California Supreme Court refused to stay enforcement of these rent adjustments pending appeal. After the City was unable to obtain a stay, the City and the tenant association each sued the Company in separate actions alleging the rent adjustments pursuant to the judgment violate the prior ordinance (Case Nos. GIE 020887 and GIE 020524). They seek to rescind the rent adjustments, refunds of amounts paid, and penalties and damages in these separate actions. On January 25, 2005, the California Court of Appeal reversed the judgment in part and affirmed it in part with a remand. The Court of Appeal affirmed that one ordinance was unlawfully adopted and therefore void and that the second ordinance contained unconstitutional provisions. However, the Court ruled the City had the authority to cure the issues with the first ordinance retroactively. On remand the trial court is directed to decide the issue of damages to the Company which the Company believes is consistent with the Company receiving the economic benefit of invalidating one of the ordinances and also consistent with the Company's position that it is entitled to market rent and not merely a higher amount of regulated rent. In the remand action, the City of Santee filed a motion seeking restitution of amounts collected by the Company following the judgment which motion was denied. The Company intends to vigorously pursue its damages in the remand action and to vigorously defend the two new lawsuits.

In addition, the Company has sued the City of Santee in federal court alleging all three of the ordinances are unconstitutional under the Fifth and Fourteenth Amendments to the United States Constitution. Thus, it is the Company's position that the ordinances are subject to invalidation as a matter of law in the federal court action. Separately, the Federal District Court granted the City's Motion for Summary Judgment in the Company's federal court lawsuit. This decision was based not on the merits, but on procedural grounds, including that the Company's claims were moot given its success in the state court case. The Company has appealed the decision.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

In October 2004, the United States Supreme Court granted certiorari in State of Hawaii vs. Chevron USA, Inc., a Ninth Circuit Court of Appeal case that upheld the standard that a regulation must substantially advance a legitimate state purpose in order to be constitutionally viable under the Fifth Amendment. On May 24, 2005 the United States Supreme Court reversed the Ninth Circuit Court of Appeal in an opinion that clarified the standard of review for regulatory takings brought under the Fifth Amendment. The Supreme Court held that the heightened scrutiny applied by the Ninth Circuit is not the applicable standard in a regulatory takings analysis, but is an appropriate factor for determining if a due process violation has occurred. The Court further clarified that regulatory takings would be determined in significant part by an analysis of the economic impact of the regulation. The Company believes that the severity of the economic impact on its Properties caused by rent control will enable it to continue to challenge the rent regulations under the Fifth Amendment and the due process clause.

DISPUTE WITH LAS GALLINAS VALLEY SANITARY DISTRICT

In November 2004, the Company received a Compliance Order (the "Compliance Order") from the Las Gallinas Valley Sanitary District (the "District"), relating to the Company's Contempo Marin Property in San Rafael, California. The Compliance Order directed the Company to submit and implement a plan to bring the Property's domestic wastewater discharges into compliance with the applicable District ordinance (the "Ordinance"), and to ensure continued compliance with the Ordinance in the future.

Without admitting any violation of the Ordinance, the Company promptly engaged a consultant to review the Property's sewage collection system and prepare a compliance plan to be submitted to the District. The District approved the compliance plan in January 2005, and the Company promptly took all necessary actions to implement same.

Thereafter, the Company received a letter dated June 2, 2005 from the District's attorney (the "June 2 Letter"), acknowledging that the Company has "taken measures to bring the Property's private sanitary system into compliance" with the Ordinance, but claiming that prior discharges from the Property had damaged the District's sewers and pump stations in the amount of approximately $368,000. The letter threatened legal action if necessary to recover the cost of repairing such damage. By letter dated June 23, 2005, counsel for the Company denied the District's claims set forth in the June 2 Letter.

On July 1, 2005, the District filed a Complaint for Enforcement of Sanitation Ordinance, Damages, Penalties and Injunctive Relief in the California Superior Court for Marin County, and on August 17, 2005, the District filed its First Amended Complaint (the "Complaint"). On September 26, 2005, the Company filed its Answer to the Complaint, denying each and every allegation of the Complaint and further denying that the District is entitled to any of the relief requested therein.

The District subsequently issued a Notice of Violation dated December 12, 2005 (the "NOV"), alleging additional violations of the Ordinance. By letter dated December 23, 2005, the Company denied the allegations in the NOV.

The Company believes that it has complied with the Compliance Order and the Ordinance. The Company further believes that the allegations in the Complaint and the NOV are without merit, and will vigorously defend against any such claims by the District.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

COUNTRYSIDE AT VERO BEACH

The Company previously received letters dated June 17, 2002 and August 26, 2002 from Indian River County ("County"), claiming that the Company owed sewer impact fees in the amount of approximately $518,000 with respect to the Property known as Countryside at Vero Beach, located in Vero Beach, Florida, purportedly under the terms of an agreement between the County and a prior owner of the Property. In response, the Company advised the County that these fees are no longer due and owing as a result of a 1996 settlement agreement between the County and the prior owner of the Property, providing for the payment of $150,000 to the County to discharge any further obligation for the payment of impact or connection fees for sewer service at the Property. The Company paid this settlement amount (with interest) to the County in connection with the Company's acquisition of the Property. In February 2006, the Company was served with a complaint filed by the County in Indian River County Circuit Court, requesting a judgment declaring a lien against the Property for allegedly unpaid impact fees, and foreclosing said lien. On March 30, 2006, the Company served its answer and affirmative defenses, and the case is now in the discovery stage. The Company will vigorously defend the lawsuit.

On January 12, 2006, the Company was served with a complaint filed in Indian River County Circuit Court on behalf of a purported class of homeowners at Countryside at Vero Beach. The complaint includes counts for alleged violations of the Florida Mobile Home Act and the Florida Deceptive and Unfair Trade Practices Act, and claims that the Company required homeowners to pay water and sewer impact fees, either to the Company or to the County, "as a condition of initial or continued occupancy in the Park", without properly disclosing the fees in advance and notwithstanding the Company's position that all such fees were fully paid in connection with the settlement agreement described above. On February 8, 2006, the Company served its motion to dismiss the complaint, which is currently pending. The Company will vigorously defend the lawsuit.

OTHER

The Company is involved in various other legal proceedings arising in the ordinary course of business. Additionally, in the ordinary course of business, the Company's operations are subject to audit by various taxing authorities. Management believes that all proceedings herein described or referred to, taken together, are not expected to have a material adverse impact on the Company. In addition, to the extent any such proceedings or audits relate to newly acquired Properties, the Company considers any potential indemnification obligations of sellers in favor of the Company.

NOTE 10 - SUBSEQUENT EVENTS

On April 14, 2006, Privileged Access acquired, TT, the tenant under the lease described in Note 1(i) Income from Other Investments, net. As provided under the terms of the lease with TT, the Company consented to the ownership change. In addition, the Company waived an existing right of first offer due to the relatively accelerated timing of the transaction and the lack of definitive guidance regarding the tax treatment of gross income from membership contracts for Real Estate Investment Trust ("REIT") gross income test purposes. TT generates approximately $100 million in annual revenue principally related to its member contracts. In connection with the transaction, the Company acquired two additional Properties and other personal property for $10 million and amended the lease to include those Properties for a total of 59 Properties and 18,535 sites. The amended terms include, among other provisions, an increase in the annual fixed rent to approximately $17.5 million, (subject to annual CPI escalations beginning on January 1, 2007) and an increase in the cash reserves held for the benefit of the Company from approximately $3 million, to in excess of $12 million. The remaining term of the amended lease is approximately 14 years, with two five-year renewals, at the option of TT.

The Company also entered into an option, subject to certain contingencies, to acquire TT beginning in April of 2009. One of the option contingences requires the Company to obtain assurance regarding the qualification of the income from membership contracts for REIT income test purposes. In order to facilitate the closing of the transaction, the Company loaned Privileged Access approximately $12 million at per annum interest rate of prime plus 1.5 percent, maturing in one year and secured by approximately $17 million of TT membership sales contract receivables. The Company financed the acquisition of the additional Properties and the loan with a draw on its existing lines of credit.

On April 25, 2006, the Company acquired seven lifestyle-oriented Properties in exchange for approximately $5 million, two Properties classified as held for sale, located in Indiana, containing 495 sites and seller financing of approximately $3.4 million. The seven Properties acquired contain 1,594 sites including 950 acres of developable expansion land and are located in Florida, New York, North Carolina, South Carolina, Michigan, Kentucky and Alabama. The resort sites, which service an existing member base in excess of 7,000 active members, were leased to Privileged Access for a term of approximately one year at $735,000 per annum. The seller financing will mature on June 24, 2006, which can be extended by the borrower for an additional 60 days at a per annum rate of prime.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company is a fully integrated owner and operator of lifestyle-oriented properties ("Properties"). The Company leases individual developed areas ("sites") with access to utilities for placement of factory built homes, cottages, cabins or recreational vehicles ("RVs"). The Company was formed to continue the property operations, business objectives and acquisition strategies of an entity that had owned and operated Properties since 1969. As of March 31, 2006, the Company owned or had an ownership interest in a portfolio of 285 Properties located throughout the United States and Canada containing 106,340 residential sites. These Properties are located in 28 states and British Columbia (with the number of Properties in each state or province shown parenthetically) Florida (84), California (47), Arizona (35), Texas (16), Washington (13), Colorado (10), Oregon (9), Delaware (7), Indiana (7), Pennsylvania (7), Nevada (6), North Carolina (6), Wisconsin (5), Maine (4), New York (4), Virginia (4), Illinois (3), Michigan (2), New Jersey (2), Ohio (2), South Carolina (2), Tennessee (2), Utah (2), Iowa (1), Massachusetts (1), Montana (1), New Hampshire (1), New Mexico (1), and British Columbia (1).

This report includes certain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. When used, words such as "anticipate," "expect," "believe," "project," "intend," "may be" and "will be" and similar words or phrases, or the negative thereof, unless the context requires otherwise, are intended to identify forward-looking statements. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, but not limited to: in the age-qualified Properties, home sales results could be impacted by the ability of potential homebuyers to sell their existing residences as well as by financial markets volatility; in the all-age Properties, results from home sales and occupancy will continue to be impacted by local economic conditions, lack of affordable manufactured home financing, and competition from alternative housing options including site-built single-family housing; our ability to maintain rental rates and occupancy with respect to Properties currently owned or pending acquisitions; our assumptions about rental and home sales markets; the completion of pending acquisitions and timing with respect thereto; the effect of interest rates as well as other risks indicated from time to time in our filings with the Securities and Exchange Commission. These forward-looking statements are based on management's present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. ELS is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

The following chart lists the Properties acquired, invested in, or sold since January 1, 2005.

PROPERTY	TRANSACTION	SITES
TOTAL SITES AS OF JANUARY 1, 2005		102,432
PROPERTY OR PORTFOLIO (# OF PROPERTIES IN PARENTHESES):		
San Francisco RV	June 20, 2005	182
Morgan Portfolio (5)	August 12, 2005	2,929
Lake George Escape	September 15, 2005	576
JOINT VENTURES:		
Maine Portfolio (3)	April 7, 2005	495
EXPANSION SITE DEVELOPMENT AND OTHER:		
Sites added (reconfigured) in 2005		113
Sites added (reconfigured) in 2006		3
DISPOSITIONS:		
Five Seasons	November 10, 2005	(390)
TOTAL SITES AS OF MARCH 31, 2006		106,340

Since December 31, 2004, the gross investment in real estate has increased from $2,036 million to $2,267 million as of March 31, 2006. The total number of sites owned, controlled, or in which the Company holds an investment, has increased from 102,432 as of December 31, 2004 to 106,340 as of March 31, 2006.

OUTLOOK

Occupancy in our Properties as well as our ability to increase rental rates directly affect revenues. We currently have approximately 64,900 annual sites for which we expect to have average annual revenue of approximately $4,500 per site. We have 8,000 seasonal sites, which are leased to customers generally for three to six months, for which it expects to collect annualized rental revenues in the range of $1,900 to $2,000 per site. We also have 7,000 transient sites, occupied by customers who lease on a short-term basis, for which we expect to collect annualized rental revenues in the range of $2,600 to $2,800 per site. We expect to service 60,000 customers with these transient sites. We consider the transient revenue stream to be our most volatile. It is subject to weather conditions, gas prices, and other factors affecting the marginal RV customer's vacation and travel preferences. Finally, we had approximately 17,900 Thousand Trails sites for which we receive ground rent of $16.5 million annually (subject to annual escalations). See the following discussion under "Privileged Access" for changes the Company has made to this lease and the impact of these changes. This rent is classified in Income from other investments, net in the Consolidated Statements of Operations. We have interests in Properties containing approximately 8,500 sites for which revenue is classified as Equity in Income of Unconsolidated Joint Ventures in the Consolidated Statements of Operations.

	TOTAL SITES AS OF MARCH 31, 2006 (ROUNDED TO 000S)	TOTAL SITES AS OF DECEMBER 31, 2005 (ROUNDED TO 000S)	APPROXIMATE ANNUAL REVENUE RANGE (1)	
			2006	2005
Community sites (2)	46,200	44,900	$5,700 - $5,800	$5,700 - $5,800(3)
Resort sites:				
Annuals	18,700	15,500	$3,000 - $3,200	$3,000 - $3,200
Seasonal	8,000	8,000	$1,900 - $2,000	$1,900 - $2,000
Transient	7,000	6,500	$2,600 - $2,800	$2,600 - $2,800
Thousand Trails	17,900	17,900		
Joint Ventures	8,500	13,500		
	106,300	106,300		

(1) All ranges exclude utility and other income.

(2) Includes 2,076 sites from discontinued operations.

(3) Based on occupied sites, including discontinued Properties. Average occupancy as of 3/31/06 was approximately 90.2%.

PRIVILEGED ACCESS

On October 17, 2005, we announced that Mr. Joe McAdams resigned from the Company's Board of Directors in order to pursue a new venture called Privileged Access. The new company is expected to lease sites at certain of the Properties for the purpose of creating flexible use products. These products may include the sale of timeshare or fractional interests in resort homes or cottages and membership and vacation-club products. Leasing our sites to Privileged Access allows us to participate in these products and activities while achieving long-term rental of our sites. On November 15, 2005 the Company entered into an agreement to loan Privileged Access up to $0.5 million. As of March 31, 2006, approximately $0.3 million has been borrowed by Privileged Access and is classified as a note receivable on our Consolidated Balance Sheets. The loan bears interest at prime plus 1.0% per annum and matures on November 15, 2007. As of April 17, 2006 this loan has been repaid in full.

On April 14, 2006, Privileged Access acquired our tenant, Thousand Trails ("TT"). Under the terms of the lease with TT, the Company consented to the ownership change. In addition, the Company waived an existing right of first offer due to the relatively accelerated timing of the transaction and the lack of definitive guidance regarding the tax treatment of gross income from membership contracts for REIT gross income test purposes. TT generates approximately $100 million in annual revenue principally related to its member contracts. In connection with the transaction, the Company acquired two additional Properties for $10 million and amended the lease to include those Properties for a total of 59 Properties and 18,535 sites. The amended terms include, among other provisions, an increase in the annual fixed rent to approximately $17.5 million, (subject to annual CPI escalations beginning on January 1, 2007) and an increase in the cash reserves held for the benefit of the Company from approximately $3 million, to in excess of $12 million. The remaining term of the amended lease is approximately 14 years, with two five-year renewals, at the option of TT (see Note 10 - Subsequent Events).

The Company also entered into an option, subject to certain contingencies, to acquire TT beginning in April of 2009. One of the option contingences requires the Company to obtain assurance regarding the qualification of the income from membership contracts for REIT income test purposes. In order to facilitate the closing of the transaction, the Company loaned Privileged Access approximately $12 million at per annum interest rate of prime plus 1.5 percent, maturing in one year and secured by approximately $17 million of TT membership sales contract receivables. The Company financed the acquisition of the additional Properties and the loan with a draw on its existing lines of credit.

On April 25, 2006, the Company acquired seven lifestyle-oriented Properties which contain 1,594 sites including 950 acres of developable expansion land and are located in Florida, New York, North Carolina, South Carolina, Michigan, Kentucky and Alabama. The resort sites, which service an existing member base in excess of 7,000 active members, were leased to Privileged Access for a term of approximately one year at $735,000 per annum. (See Note 10 - Subsequent Events)

As of April 25, 2006 the Company is leasing 66 Properties containing 20,129 sites to Privileged Access or its subsidiaries.

INSURANCE

The Properties are covered against fire, flood, property damage, earthquake, windstorm and business interruption by insurance policies containing various deductible requirements and coverage limits. Recoverable costs are classified in other assets as incurred. Insurance proceeds are applied against the asset when received. Recoverable costs relating to capital items are treated in accordance with the Company's capitalization policy. The book value of the original capital item is written off once the value of the impaired asset has been determined. Insurance proceeds relating to the capital costs are recorded as income in the period they are received.

Approximately 70 Florida Properties suffered damage from the four hurricanes that struck the state during August and September 2004. As of April 26, 2006, the Company estimates its total claim to be $20.1 million of which, approximately $18.9 million of claims, including business interruption, have been submitted to our insurance companies for reimbursement. Through March 31, 2006, the Company has made total expenditures of approximately $12.3 million and expects to incur additional expenditures to complete the work necessary to restore our Properties to their pre-hurricanes condition. The Company has received proceeds from insurance carriers of approximately $3.5 million through March 31, 2006. The Company has reserved approximately $2.0 million related to these expenditures ($0.7 million in 2005 and $1.3 million in 2004). Approximately $3.5 million of these expenditures have been capitalized per the Company's capitalization policy through March 31, 2006.

Approximately 33 Properties located in southern Florida were impacted by Hurricane Wilma in October 2005. As of April 17, 2006 approximately $1.3 million of claims have been submitted to our insurance company for reimbursement. Through March 31, 2006, the Company has made total expenditures of approximately $2.0 million and is still evaluating the total costs it expects to incur. Through March 31, 2006, $1.4 million has been charged to operations ($0.1 million in 2006 and $1.3 million in 2005) and $0.2 million was capitalized to fixed assets.

Approximately $3.5 million is included in other assets as a receivable from insurance providers as of March 31, 2006, and approximately $3.9 million was included in other assets as of December 31, 2005.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to the 2005 Form 10-K for a discussion of our critical accounting policies, which includes impairment of real estate assets and investments, investments in unconsolidated joint ventures, and accounting for stock compensation. During the quarter ended March 31, 2006, there were no changes to these policies.

RESULTS OF OPERATIONS

The results from operations for the six Properties and one sold Property designated as held for disposition pursuant to SFAS No. 144 have been classified as income from discontinued operations. See Note 4 of the Notes to the Consolidated Financial Statements for summarized information for these Properties.

COMPARISON OF THE QUARTER ENDED MARCH 31, 2006 TO THE QUARTER ENDED MARCH 31, 2005

The following table summarizes certain financial and statistical data for the Property Operations for all Properties owned throughout both periods ("Core Portfolio") and the Total Portfolio for the quarters ended March 31, 2006 and 2005 (amounts in thousands).

	CORE PORTFOLIO				TOTAL PORTFOLIO			
	2006	2005	INCREASE / (DECREASE)	% CHANGE	2006	2005	INCREASE / (DECREASE)	% CHANGE
Community base rental income	$55,221	$52,919	$2,302	4.4%	$55,330	$52,919	$2,411	4.6%
Resort base rental income	25,301	24,571	730	3.0%	26,908	24,571	2,337	9.5%
Utility and other income	8,102	7,698	404	5.2%	8,144	7,698	446	5.8%
Property operating revenues ..	88,624	85,188	3,436	4.0%	90,382	85,188	5,194	6.1%
Property operating and maintenance	26,985	26,294	691	2.6%	27,717	26,294	1,423	5.4%
Real estate taxes	6,393	6,160	233	3.8%	6,598	6,160	438	7.1%
Property management	4,544	3,649	895	24.5%	4,852	3,649	1,203	33.0%
Property operating expenses ..	37,922	36,103	1,819	5.0%	39,167	36,103	3,064	8.5%
Income from property operations	$50,702	$49,085	$1,617	3.3%	$51,215	$49,085	$2,130	4.3%

PROPERTY OPERATING REVENUES

The 4.0% increase in the Core Portfolio property operating revenues reflects: (i) a 4.5% increase in rates in our community base rental income combined with a 0.2% decrease in occupancy, (ii) a 3.0% increase in revenues for our resort base income, and (iii) an increase in utility income due to increased pass-throughs at certain Properties. Total Portfolio property operating revenues increased due to rate increases and our 2005 and 2006 acquisitions.

PROPERTY OPERATING EXPENSES

The 5.0% increase in property operating expenses in the Core Portfolio reflects a 2.6% increase in property operating and maintenance expense due primarily to increases in repairs and maintenance, and utilities. The increase in real estate taxes in the Core Portfolio is generally due to higher property assessments on certain Properties. Our Total Portfolio property operating expenses increased due to higher tax assessments and our 2005 acquisitions. Core Portfolio and Total Portfolio property management expense increased mainly due to increased resources required as a result of our 2004 and 2005 growth.

HOME SALES OPERATIONS

The following table summarizes certain financial and statistical data for the Home Sales Operations for the quarters ended March 31, 2006 and March 31, 2005 (dollars in thousands).

	HOME SALES OPERATIONS			
	2006	2005	VARIANCE	% CHANGE
Gross revenues from new home sales	$11,337	$ 9,603	$ 1,734	18.1%
Cost of new home sales	(9,886)	(8,319)	(1,567)	(18.8%)
Gross profit from new home sales	1,451	1,284	167	13.0%
Gross revenues from used home sales ...	596	634	(38)	(6.0%)
Cost of used home sales	(425)	(628)	203	32.3%
Gross profit from used home sales	171	6	165	2,750.0%
Brokered resale revenues, net	657	604	53	8.8%
Home selling expenses	(2,474)	(2,038)	(436)	(21.4%)
Ancillary services revenues, net	1,803	1,723	80	4.6%
Income from home sales operations	$ 1,608	$ 1,579	$ 29	1.8%
HOME SALES VOLUMES				
New home sales (1)	146	127	19	15.0%
Used home sales	76	46	30	65.2%
Brokered home resales	367	369	(2)	(0.5%)

(1) Includes third party dealer home sales of 14 and nine for the periods ending March 31, 2006 and 2005 respectively.

New home sales gross profit reflects a 15.0% increase in sales volume offset by a slight decrease in the gross margin. Used home sales gross profit increased due to a 65.2% increase in sales volume combined with an increase in the gross margin. Brokered resale revenues per home increased slightly.

OTHER INCOME AND EXPENSES

The following table summarizes other income and expenses for the quarters ended March 31, 2006 and March 31, 2005 (amounts in thousands).

	2006	2005	VARIANCE	% CHANGE
Interest income	$ 285	$ 371	$ (86)	(23.2%)
Income from other investments, net	4,504	4,049	455	11.2%
General and administrative	(3,223)	(2,870)	(353)	12.3%
Rent control initiatives	(94)	(570)	476	(83.5%)
Interest and related amortization	(24,625)	(24,999)	374	1.5%
Depreciation on corporate assets	(109)	(216)	107	(49.5%)
Depreciation on real estate assets	(14,374)	(13,498)	(876)	(6.5%)
Total other (expenses), net	$(37,636)	$(37,733)	$ 97	0.3%

Interest income decreased due to a decrease in interest received on our Chattel Loans. Income from other investments, net increased as a result of the TT lease rent increase and a reduction in corporate expenses. General and administrative expense increased due to higher payroll costs related to increased staffing, changing regulatory environment and legal costs. Interest expense decreased primarily due to the refinancings in the fourth quarter of 2005. Depreciation expense increased due to the 2005 acquisitions. The Company expensed $94,000 for the quarter ended March 31, 2006 compared to $570,000 for the quarter ended March 31, 2005 as a result of less activity relating to Rent Control Initiatives.

EQUITY IN INCOME OF UNCONSOLIDATED JOINT VENTURES

During the quarter ended March 31, 2006, equity in income in unconsolidated joint ventures increased $0.6 million due primarily to refinancing proceeds and the Diversified Investment joint ventures.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

As of March 31, 2006, the Company had $24,000 in cash and cash equivalents and $141 million available on its lines of credit. The Company expects to meet its short-term liquidity requirements, including its distributions, generally through its working capital, net cash provided by operating activities and availability under the existing lines of credit. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities, property acquisitions and capital improvements by long-term collateralized and uncollateralized borrowings including borrowings under its existing lines of credit and the issuance of debt securities or additional equity securities in the Company, in addition to working capital. The table below summarizes cash flow activity for the quarters ended March 31, 2006 and 2005 (amounts in thousands).

	FOR THE QUARTERS ENDED MARCH 31, 2006	2005
Cash provided by operating activities ..	$ 31,842	$ 21,080
Cash used in investing activities	(6,523)	(4,438)
Cash used in financing activities	(25,905)	(14,103)
Net (decrease) increase in cash	$ (586)	$ 2,539

OPERATING ACTIVITIES

Net cash provided by operating activities increased $10.7 million from $21.1 million for the quarter ended March 31, 2005. The increase reflects increased property operating income as a result of our acquisitions and a decrease in working capital requirements.

INVESTING ACTIVITIES

Net cash used in investing activities reflects the impact of the following investing activities:

ACQUISITIONS

During the quarter ended March 31, 2006, we purchased the remaining interest in the Mezzanine Properties (the "Mezzanine Portfolio") in which we had initially invested approximately $30.0 million to acquire preferred equity interests during the first quarter of 2004. The Mezzanine Portfolio consists of 11 Properties containing 5,057 sites: five Properties are located in Arizona, four in Florida, and one each in North Carolina and South Carolina. The total purchase price was approximately $105 million, including our existing investment in these Properties of $32.2 million and our general partnership investment of $1.4 million. The acquisition was funded by new debt financing of $47.1 million and assumed debt of approximately $25.9 million. Net working capital acquired included $3.2 million of rents received in advance and $0.4 million in other net payables. In connection with this acquisition we also purchased $1.9 million of inventory.

We continue to look at acquiring additional assets and are at various stages of negotiations with respect to potential acquisitions. Funding is expected to be provided by either proceeds from potential dispositions, lines of credit draws, or other financing.

CAPITAL IMPROVEMENTS

Capital expenditures for improvements are identified by the Company as recurring capital expenditures ("Recurring CapEx"), site development costs and corporate costs. Recurring CapEx was approximately $3.0 million and $2.4 million for the quarters ended March 31, 2006 and March 31, 2005, respectively. Site development costs were approximately $5.6 million for the quarter ended March 31, 2006, and represent costs to develop expansion sites at certain of the Company's Properties, and costs for improvements to sites when a used home is replaced with a new home. Corporate costs were approximately $132,000 for the quarter ended March 31, 2006, which reflect an increase in property management support.

FINANCING ACTIVITIES

Net cash used in financing activities reflects the following financing activities:

MORTGAGES AND CREDIT FACILITIES

Financing, Refinancing and Early Debt Retirement

During the first quarter of 2006, the Company assumed $25.9 million in mortgage debt on four of the eleven Properties related to the acquisition of the Mezzanine Portfolio. Approximately $15 million of the assumed mortgage debt on three of the four Properties will be defeased and refinanced in the second and third quarter of 2006 at an average rate of 5.7% and mature in April 2016. The remaining loan of $10 million bears interest at 5.22% and matures in April 2009. In addition, the Company financed $47.1 million of mortgage debt to acquire the remaining seven Properties in the Mezzanine Portfolio. The seven mortgages bear interest at weighted average rates ranging from 5.70% to 5.72% per annum, and mature in April 2016. Throughout the quarter ended March 31, 2006, the Company borrowed $28.3 million on its lines of credit and paid down $47.4 million on the lines of credit for a net pay down of $19.1 million funded by the Company's operations. The lines of credit bear interest at a per annum rate of LIBOR plus 1.65%.

Secured Debt

Our average long-term debt balance was $1.5 billion in the first quarter of 2006, with a weighted average interest rate of approximately 6.0% per annum. The debt bears interest at rates of 4.17% to 7.19% per annum and matures on various dates ranging from 2007 to 2016, with one additional loan maturing in 2027. Included in our debt balance are three capital leases with an imputed interest rate of 11.6% per annum.

Unsecured Debt

We have two unsecured lines of credit of $110 million and $50 million which bear interest at a per annum rate of LIBOR plus 1.65%. Throughout the quarter ended March 31, 2006, we borrowed $28.3 million and paid down $47.4 million on our lines of credit. The balance outstanding as of March 31, 2006 was $18.6 million. As of April 24, 2006, approximately $122.2 million is available to be drawn on these combined lines of credit.

We have a $120 million three-year term loan bearing interest at LIBOR plus 1.75%. As of March 31, 2006 the balance of the Term Loan was $100.0 million and it had a fixed interest rate of 6.58% per annum for a one-year term expiring in December 2006.

Other Loans

During the first quarter of 2006, the Company borrowed $3.6 million to finance its insurance premium payments. As of March 31, 2006, $3.3 million remained outstanding. This loan is due in January 2007 and bears interest at 5.30% per annum.

Certain of the Company's mortgage and credit agreements contain covenants and restrictions including restrictions as to the ratio of secured or unsecured debt versus encumbered or unencumbered assets, the ratio of fixed charges-to-earnings before interest, taxes, depreciation and amortization ("EBITDA"), limitations on certain holdings and other restrictions.

As of March 31, 2006, we were subject to certain contractual payment obligations as described in the table below (dollars in thousands).

Contractual Obligations	Total	2006 (2)	2007 (3)	2008	2009	2010	Thereafter
Long Term Debt (1)	$1,685,130	$33,947	$135,722	$201,980	$86,503	$227,977	$999,001
Weighted average per annum interest rates	6.02%	4.80%	6.57%	5.62%	7.06%	7.18%	5.78%

(1) Balance excludes net premiums and discounts of $6.1 million.

(2) Includes lines of credit repayments in 2006 of $18.6 million. We have an option to extend this maturity for one year to 2007.

(3) Includes a Term Loan repayment in 2007 of $100 million. We have an option to extend this maturity for two additional one-year terms to 2009.

Included in the above table are certain capital lease obligations totaling approximately $6.5 million. These agreements expire in June 2009 and are paid semi-annually at an imputed interest rate of 11.6% per annum.

In addition, the Company has various contracts with vendors to perform services in the future for its operations. These contracts include terms for cancellation and are individually immaterial.

Furthermore, the Company leases land under non-cancelable operating leases at certain of the Properties expiring in various years from 2022 to 2032, with terms which require twelve equal payments per year plus additional rents calculated as a percentage of gross revenues. For the quarter ended March 31, 2006 and 2005, ground lease rent was approximately $400,000. Minimum future rental payments under the ground leases are approximately $1.6 million for each of the next five years and approximately $20.9 million thereafter.

EQUITY TRANSACTIONS

On April 14, 2006, the Company paid a $0.075 per share distribution for the quarter ended March 31, 2006 to stockholders of record on March 31, 2006. On March 31, 2006, the Operating Partnership paid distributions of 8.0625% per annum on the $150 million Series D 8% Units and 7.95% per annum on the $50 million of Series F 7.95% Units.

During the quarter ended March 31, 2005, the Operating Partnership issued $25 million of 8.0625% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 8% Units"), to institutional investors. The Series D 8% Units are non-callable for five years. In addition, the Operating Partnership had an existing $125 million of 9.0% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 9% Units") outstanding that were callable by the Company as of September 2004. In connection with the new issue, the Operating Partnership agreed to extend the non-call provision of the Series D 9% Units to be coterminous with the new issue, and the institutional investors holding the Series D 9% Units have agreed to lower the rate on such units to 8.0625%. All of the units have no stated maturity or mandatory redemption. Net proceeds from the offering were used to pay down amounts outstanding under the Company's lines of credit.

INFLATION

Substantially all of the leases at the Properties allow for monthly or annual rent increases which provide the Company with the opportunity to achieve increases, where justified by the market, as each lease matures. Such types of leases generally minimize the risk of inflation to the Company.

FUNDS FROM OPERATIONS

Funds from Operations ("FFO") is a non-GAAP financial measure. We believe FFO, as defined by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), to be an appropriate measure of performance for an equity REIT. While FFO is a relevant and widely used measure of operating performance for equity REITs, it does not represent cash flow from operations or net income as defined by GAAP, and it should not be considered as an alternative to these indicators in evaluating liquidity or operating performance.

FFO is defined as net income, computed in accordance with GAAP, excluding gains or losses from sales of properties, plus real estate related depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures are calculated to reflect FFO on the same basis. We believe that FFO is helpful to investors as one of several measures of the performance of an equity REIT. We further believe that by excluding the effects of depreciation, amortization and gains or losses from sales of real estate, all of which are based on historical costs and which may be of limited relevance in evaluating current performance, FFO can facilitate comparisons of operating performance between periods and among other equity REITs. Investors should review FFO, along with GAAP net income and cash flow from operating activities, investing activities and financing activities, when evaluating an equity REIT's operating performance. We compute FFO in accordance with 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 we do. FFO does not represent cash generated from operating activities in accordance with GAAP, nor does it represent cash available to pay distributions and should not be considered as an alternative to net income, determined in accordance with GAAP, as an indication of our financial performance, or to cash flow from operating activities, determined in accordance with GAAP, as a measure of our liquidity, nor is it indicative of funds available to fund our cash needs, including our ability to make cash distributions.

The following table presents a calculation of FFO for the quarters ended March 31, 2006 and March 31, 2005 (amounts in thousands):

	QUARTERS ENDED MARCH 31,	
	2006	2005
COMPUTATION OF FUNDS FROM OPERATIONS:		
Net income available for common shares	$10,062	$ 8,709
Income allocated to common OP Units	2,643	2,373
Depreciation on real estate assets	14,374	13,498
Depreciation on unconsolidated joint ventures	447	426
Depreciation on discontinued real estate assets	--	329
Funds from operations available for common shares	$27,526	$25,335
Weighted average common shares outstanding - fully diluted	30,180	29,878

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our earnings, cash flows and fair values relevant to financial instruments are dependent on prevailing market interest rates. The primary market risk we face is long-term indebtedness, which bears interest at fixed and variable rates. The fair value of our long-term debt obligations is affected by changes in market interest rates. At March 31, 2006, approximately 99% or approximately $1.6 billion of our outstanding debt had fixed interest rates, which minimizes the market risk until the debt matures. For each increase in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately $103.6 million. For each decrease in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would increase by approximately $110.9 million.

At March 31, 2006, approximately 1% or approximately $19 million of our outstanding debt was at variable rates. Earnings are affected by increases and decreases in market interest rates on this debt. For each increase/decrease in interest rates of 1% (or 100 basis points), our earnings would increase/decrease by approximately $186,000 annually.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of the Company's disclosure controls and procedures as of March 31, 2006. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of March 31, 2006.

Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that it will detect or uncover failures within the Company to disclose material information otherwise required to be set forth in the Company's periodic reports.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There were no material changes in the Company's internal control over financial reporting during the quarter ended March 31, 2006.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 9 of the Consolidated Financial Statements contained herein.

ITEM 1A. RISK FACTORS

OUR PERFORMANCE AND COMMON STOCK VALUE ARE SUBJECT TO RISKS ASSOCIATED WITH THE REAL ESTATE INDUSTRY.

Adverse Economic Conditions and Other Factors Could Adversely Affect the Value of Our Properties and Our Cash Flow. Several factors may adversely affect the economic performance and value of our Properties. These factors include:

- changes in the national, regional and local economic climate;

- local conditions such as an oversupply of lifestyle-oriented properties or a reduction in demand for lifestyle-oriented properties in the area, the attractiveness of our Properties to customers, competition from manufactured home communities and other lifestyle-oriented properties and alternative forms of housing (such as apartment buildings and site-built single family homes);

- our ability to collect rent from customers and pay maintenance, insurance and other operating costs (including real estate taxes), which could increase over time;

- the failure of our assets to generate income sufficient to pay our expenses, service our debt and maintain our Properties, which may adversely affect our ability to make expected distributions to our stockholders;

- our inability to meet mortgage payments on any Property that is mortgaged, in which case the lender could foreclose on the mortgage and take the Property;

- interest rate levels and the availability of financing, which may adversely affect our financial condition; and

- changes in laws and governmental regulations (including rent control laws and regulations governing usage, zoning and taxes), which may adversely affect our financial condition.

New Acquisitions May Fail to Perform as Expected and Competition for Acquisitions May Result in Increased Prices for Properties. We intend to continue to acquire properties. Newly acquired properties may fail to perform as expected. We may underestimate the costs necessary to bring an acquired property up to standards established for its intended market position. Difficulties in integrating acquisitions may prove costly or time-consuming and could divert management attention. Additionally, we expect that other real estate investors with significant capital will compete with us for attractive investment opportunities. These competitors include publicly traded Real Estate Investment Trusts ("REIT"), private REITs and other types of investors. Such competition increases prices for properties. We expect to acquire properties with cash from secured or unsecured financings, proceeds from offerings of equity or debt, undistributed funds from operations and sales of investments. We may not be in a position or have the opportunity in the future to make suitable property acquisitions on favorable terms.

Because Real Estate Investments Are Illiquid, We May Not be Able to Sell Properties When Appropriate. Real estate investments generally cannot be sold quickly. We may not be able to vary our portfolio promptly in response to economic or other conditions, forcing us to accept lower than market value. This inability to respond promptly to changes in the performance of our investments could adversely affect our financial condition and ability to service debt and make distributions to our stockholders.

Some Potential Losses Are Not Covered by Insurance. We carry comprehensive liability, fire, extended coverage and rental loss insurance on all of our Properties. We believe the policy specifications and insured limits of these policies are adequate and appropriate. There are, however, certain types of losses, such as lease and other contract claims, that generally are not insured. Should an uninsured loss or a loss in excess of insured limits occur, we could lose all or a portion of the capital we have invested in a Property, as well as the anticipated future revenue from the Property. In such an event, we might nevertheless remain obligated for any mortgage debt or other financial obligations related to the Property.

DEBT FINANCING, FINANCIAL COVENANTS AND DEGREE OF LEVERAGE COULD ADVERSELY AFFECT OUR ECONOMIC PERFORMANCE.

Scheduled Debt Payments Could Adversely Affect Our Financial Condition. Our business is subject to risks normally associated with debt financing. The total principal amount of our outstanding indebtedness was approximately $1.6 billion as of March 31, 2006. Our substantial indebtedness and the cash flow associated with serving our indebtedness could have important consequences, including the risks that:

- our cash flow could be insufficient to pay distributions at expected levels and meet required payments of principal and interest;

- we will be required to use a substantial portion of our cash flow from operations to pay our indebtedness, thereby reducing the availability of our cash flow to fund the implementation of our business strategy, acquisitions, capital expenditures and other general corporate purposes;

- our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;

- we may not be able to refinance existing indebtedness (which in virtually all cases requires substantial principal payments at maturity) and, if we can, the terms of such refinancing might not be as favorable as the terms of existing indebtedness;

- if principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow will not be sufficient in all years to repay all maturing debt; and

- if prevailing interest rates or other factors at the time of refinancing (such as the possible reluctance of lenders to make commercial real estate loans) result in higher interest rates, increased interest expense would adversely affect cash flow and our ability to service debt and make distributions to stockholders.

Financial Covenants Could Adversely Affect Our Financial Condition. If a Property is mortgaged to secure payment of indebtedness and we are unable to meet mortgage payments, the mortgagee could foreclose on the Property, resulting in loss of income and asset value. The mortgages on our Properties contain customary negative covenants which, among other things, limit our ability, without the prior consent of the lender, to further mortgage the Property and to discontinue insurance coverage. In addition, our credit facilities contain certain customary restrictions, requirements and other limitations on our ability to incur indebtedness, including total debt to assets ratios, debt service coverage ratios and minimum ratios of unencumbered assets to unsecured debt. Foreclosure on mortgaged Properties or an inability to refinance existing indebtedness would likely have a negative impact on our financial condition and results of operations.

Our Degree of Leverage Could Limit Our Ability to Obtain Additional Financing. Our debt to market capitalization ratio (total debt as a percentage of total debt plus the market value of the outstanding common stock and Units held by parties other than the Company) is approximately 53% as of March 31, 2006. The degree of leverage could have important consequences to stockholders, including an adverse effect on our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes, and makes us more vulnerable to a downturn in business or the economy generally.

WE DEPEND ON OUR SUBSIDIARIES' DIVIDENDS AND DISTRIBUTIONS.

Substantially all of our assets are indirectly held through the Operating Partnership. As a result, we have no source of operating cash flow other than from distributions from the Operating Partnership. Our ability to pay dividends to holders of common stock depends on the Operating Partnership's ability first to satisfy its obligations to its creditors and make distributions payable to third party holders of its preferred Units and then to make distributions to MHC Trust and common Unit holders. Similarly, MHC Trust must satisfy its obligations to its creditors and preferred shareholders before making common stock distributions to us.

STOCKHOLDERS' ABILITY TO EFFECT CHANGES OF CONTROL OF THE COMPANY IS LIMITED.

Provisions of Our Charter and Bylaws Could Inhibit Changes of Control. Certain provisions of our charter and bylaws may delay or prevent a change of control of the Company or other transactions that could provide our stockholders with a premium over the then-prevailing market price of their common stock or which might otherwise be in the best interest of our stockholders. These include the Ownership Limit described below. Also, any future series of preferred stock may have certain voting provisions that could delay or prevent a change of control or other transaction that might involve a premium price or otherwise be good for our stockholders.

Maryland Law Imposes Certain Limitations on Changes of Control. Certain provisions of Maryland law prohibit "business combinations" (including certain issuances of equity securities) with any person who beneficially owns ten percent or more of the voting power of outstanding common stock, or with an affiliate of the Company who, at any time within the two-year period prior to the date in question, was the owner of ten percent or more of the voting power of the outstanding voting stock (an "Interested Stockholder"), or with an affiliate of an Interested Stockholder. These prohibitions last for five years after the most recent date on which the Interested Stockholder became an Interested Stockholder. After the five-year period, a business combination with an Interested Stockholder must be approved by two super-majority stockholder votes unless, among other conditions, our common stockholders receive a minimum price for their shares and the consideration is received in cash or in the same form as previously paid by the Interested Stockholder for its shares of common stock. The Board of Directors has exempted from these provisions under the Maryland law any business combination with Samuel Zell, who is the Chairman of the Board of the Company, certain holders of Units who received them at the time of our initial public offering, the General Motors Hourly Rate Employees Pension Trust and the General Motors Salaried Employees Pension Trust, and our officers who acquired common stock at the time we were formed and each and every affiliate of theirs.

We Have a Stock Ownership Limit for REIT Tax Purposes. To remain qualified as a REIT for U.S. federal income tax purposes, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the federal income tax laws applicable to REITs) at any time during the last half of any taxable year. To facilitate maintenance of our REIT qualification, our charter, subject to certain exceptions, prohibits Beneficial Ownership (as defined in our charter) by any single stockholder of more than 5% (in value or number of shares, whichever is more restrictive) of our outstanding capital stock. We refer to this as the "Ownership Limit." Within certain limits, our charter permits the Board of Directors to increase the Ownership Limit with respect to any class or series of stock. The Board of Directors, upon receipt of a ruling from the IRS, opinion of counsel, or other evidence satisfactory to the Board of Directors and upon fifteen days prior written notice of a proposed transfer which, if consummated, would result in the transferee owning shares in excess of the Ownership Limit, and upon such other conditions as the Board of Directors may direct, may exempt a stockholder from the Ownership Limit. Absent any such exemption, capital stock acquired or held in violation of the Ownership Limit will be transferred by operation of law to us as trustee for the benefit of the person to whom such capital stock is ultimately transferred, and the stockholder's rights to distributions and to vote would terminate. Such stockholder would be entitled to receive, from the proceeds of any subsequent sale of the capital stock transferred to us as trustee, the lesser of (i) the price paid for the capital stock or, if the owner did not pay for the capital stock (for example, in the case of a gift, devise of other such transaction), the market price of the capital stock on the date of the event causing the capital stock to be transferred to us as trustee or (ii) the amount realized from such sale. A transfer of capital stock may be void if it causes a person to violate the Ownership Limit. The Ownership Limit could delay or prevent a change in control of the Company and, therefore, could adversely affect our stockholders' ability to realize a premium over the then-prevailing market price for their common stock.

CONFLICTS OF INTEREST COULD INFLUENCE THE COMPANY'S DECISIONS.

Certain Stockholders Could Exercise Influence in a Manner Inconsistent With the Stockholders' Best Interests. As of March 31, 2006, Mr. Zell and certain affiliated holders beneficially owned approximately 14.5% of our outstanding common stock (in each case including common stock issuable upon the exercise of stock options and the exchange of Units). Accordingly, Mr. Zell has significant influence on our management and operation. Such influence could be exercised in a manner that is inconsistent with the interests of other stockholders.

Mr. Zell and His Affiliates Continue to be Involved in Other Investment Activities. Mr. Zell and his affiliates have a broad and varied range of investment interests, including interests in other real estate investment companies involved in other forms of housing, including multifamily housing. Mr. Zell and his affiliates may acquire interests in other companies. Mr. Zell may not be able to control whether any such company competes with the Company. Consequently, Mr. Zell's continued involvement in other investment activities could result in competition to the Company as well as management decisions which might not reflect the interests of our stockholders.

RISK OF EMINENT DOMAIN AND TENANT LITIGATION.

We own Properties in certain areas of the country where real estate values have increased faster than rental rates in our Properties either because of locally imposed rent control or long term leases. In such areas, we have learned that certain local government entities have investigated the possibility of seeking to take our Properties by eminent domain at values below the value of the underlying land. While no such eminent domain proceeding has been commenced, and we would exercise all of our rights in connection with any such proceeding, successful condemnation proceedings by municipalities could adversely affect our financial condition. Moreover, certain of our Properties located in California are subject to rent control ordinances, some of which not only severely restrict ongoing rent increases but also prohibit us from increasing rents upon turnover. Such regulation allows customers to sell their homes for a premium representing the value of the future discounted rent-controlled rents. As part of our effort to realize the value of our Properties subject to rent control, we have initiated lawsuits against several municipalities in California. In response to our efforts, tenant groups have filed lawsuits against us seeking not only to limit rent increases, but to be awarded large damage awards. If we are unsuccessful in our efforts to challenge rent control ordinances, it is likely that we will not be able to charge rents that reflect the intrinsic value of the affected Properties. Finally, tenant groups in non-rent controlled markets have also attempted to use litigation as a means of protecting themselves from rent increases reflecting the rental value of the affected Properties. An unfavorable outcome in the tenant group lawsuits could have an adverse impact on our financial condition.

ENVIRONMENTAL PROBLEMS ARE POSSIBLE AND CAN BE COSTLY.

Federal, state and local laws and regulations relating to the protection of the environment may require a current or previous owner or operator of real estate to investigate and clean up hazardous or toxic substances or petroleum product releases at such property. The owner or operator may have to pay a governmental entity or third parties for property damage and for investigation and clean-up costs incurred by such parties in connection with the contamination. Such laws typically impose clean-up responsibility and liability without regard to whether the owner or operator knew of or caused the presence of the contaminants. Even if more than one person may have been responsible for the contamination, each person covered by the environmental laws may be held responsible for all of the clean-up costs incurred. In addition, third parties may sue the owner or operator of a site for damages and costs resulting from environmental contamination emanating from that site.

Environmental laws also govern the presence, maintenance and removal of asbestos. Such laws require that owners or operators of property containing asbestos properly manage and maintain the asbestos, that they notify and train those who may come into contact with asbestos and that they undertake special precautions, including removal or other abatement, if asbestos would be disturbed during renovation or demolition of a building. Such laws may impose fines and penalties on real property owners or operators who fail to comply with these requirements and may allow third parties to seek recovery from owners or operators for personal injury associated with exposure to asbestos fibers.

WE HAVE A SIGNIFICANT CONCENTRATION OF PROPERTIES IN FLORIDA AND CALIFORNIA, AND NATURAL DISASTERS OR OTHER CATASTROPHIC EVENTS IN THESE OR OTHER STATES COULD ADVERSELY AFFECT THE VALUE OF OUR PROPERTIES AND OUR CASH FLOW.

As of March 31, 2006, we owned or had an ownership interest in 285 Properties located in 28 states and British Columbia, including 84 Properties located in Florida and 47 Properties located in California. The occurrence of a natural disaster or other catastrophic event in any of these areas may cause a sudden decrease in the value of our Properties. While we have obtained insurance policies providing certain coverage against damage from fire, flood, property damage, earthquake, wind storm and business interruption, these insurance policies contain coverage limits, limits on covered property and various deductible amounts that the Company must pay before insurance proceeds are available. Such insurance may therefore be insufficient to restore our economic position with respect to damage or destruction to our Properties caused by such occurrences. Moreover, each of these coverages must be renewed every year and there is the possibility that all or some of the coverages may not be available at a reasonable cost. In addition, in the event of such natural disaster or other catastrophic event, the process of obtaining reimbursement for covered losses, including the lag between expenditures incurred by us and reimbursements received from the insurance providers, could adversely affect our economic performance.

MARKET INTEREST RATES MAY HAVE AN EFFECT ON THE VALUE OF OUR COMMON STOCK.

One of the factors that investors consider important in deciding whether to buy or sell shares of a REIT is the distribution rates with respect to such shares (as a percentage of the price of such shares) relative to market interest rates. If market interest rates go up, prospective purchasers of REIT shares may expect a higher distribution rate. Higher interest rates would not, however, result in more funds for us to distribute and, in fact, would likely increase our borrowing costs and potentially decrease funds available for distribution. Thus, higher market interest rates could cause the market price of our publicly traded securities to go down.

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL.

To qualify as a REIT, we must distribute to our stockholders each year at least 90% of our REIT taxable income (determined without regard to the deduction for dividends paid and excluding any net capital gain). In addition, we intend to distribute all or substantially all of our net income so that we will generally not be subject to U.S. federal income tax on our earnings. Because of these distribution requirements, it is not likely that we will be able to fund all future capital needs, including for acquisitions, from income from operations. We therefore will have to rely on third-party sources of debt and equity capital financing, which may or may not be available on favorable terms or at all. Our access to third-party sources of capital depends on a number of things, including conditions in the capital markets generally and the market's perception of our growth potential and our current and potential future earnings. Moreover, additional equity offerings may result in substantial dilution of stockholders' interests, and additional debt financing may substantially increase our leverage.

OUR QUALIFICATION AS A REIT IS DEPENDENT ON COMPLIANCE WITH U.S. FEDERAL INCOME TAX REQUIREMENTS.

We believe we have been organized and operated in a manner so as to qualify for taxation as a REIT, and we intend to continue to operate so as to qualify as a REIT for U.S. federal income tax purposes. Qualification as a REIT for U.S. federal income tax purposes, however, is governed by highly technical and complex provisions of the Code for which there are only limited judicial or administrative interpretations. Our qualification as a REIT requires analysis of various facts and circumstances that may not be entirely within our control, and we cannot provide any assurance that the Internal Revenue Service (the "IRS") will agree with our analysis. These matters can affect our qualification as a REIT. In addition, legislation, new regulations, administrative interpretations or court decisions might significantly change the tax laws with respect to the requirements for qualification as a REIT or the U.S. federal income tax consequences of qualification as a REIT.

If, with respect to any taxable year, we fail to maintain our qualification as a REIT (and specified relief provisions under the Code were not applicable to such disqualification), we could not deduct distributions to stockholders in computing our net taxable income and we would be subject to U.S. federal income tax on our net taxable income at regular corporate rates. Any U.S. federal income tax payable could include applicable alternative minimum tax. If we had to pay U.S. federal income tax, the amount of money available to distribute to stockholders and pay indebtedness would be reduced for the year or years involved, and we would no longer be required to distribute money to stockholders. In addition, we would also be disqualified from treatment as a REIT for the four taxable years following the year during which qualification was lost, unless we were entitled to relief under the relevant statutory provisions. Although we currently intend to operate in a manner designed to allow us to qualify as a REIT, future economic, market, legal, tax or other considerations may cause us to revoke the REIT election.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

None.

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

31.1 Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

31.2 Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

32.1 Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350

32.2 Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

SIGNATURES

Pursuant to the requirements 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.

EQUITY LIFESTYLE PROPERTIES, INC.

BY: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive Officer
(Principal executive officer)

DATE: May 5, 2006

BY: /s/ Michael B. Berman

Michael B. Berman
Executive Vice President and
Chief Financial Officer
(Principal financial and
accounting officer)

DATE: May 5, 2006

EXHIBIT 31.1

CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Michael B. Berman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity LifeStyle Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

By: /s/ Michael B. Berman

Michael B. Berman
Executive Vice President and
Chief Financial Officer

EXHIBIT 31.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE SARBANES-OXLEY ACT OF 2002

I, Thomas P. Heneghan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity LifeStyle Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, 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;

    c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 5, 2006

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive Officer

EXHIBIT 32.1

CERTIFICATION OF PRINCIPAL FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Equity LifeStyle Properties, Inc. for the quarter ended March 31, 2006 (the "Form 10-Q"), I, Michael B. Berman, Executive Vice President and Chief Financial Officer of Equity LifeStyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Equity LifeStyle Properties, Inc.

Date: May 5, 2006

By: /s/ Michael B. Berman

Michael B. Berman
Executive Vice President
and Chief Financial Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO EQUITY LIFESTYLE PROPERTIES, INC. AND WILL BE RETAINED BY EQUITY LIFESTYLE PROPERTIES, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

EXHIBIT 32.2

CERTIFICATION OF CHIEF EXECUTIVE OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350

In connection with the accompanying Quarterly Report on Form 10-Q of Equity LifeStyle Properties, Inc. for the quarter ended March 31, 2006 (the "Form 10-Q"), I, Thomas P. Heneghan, President and Chief Executive Officer of Equity LifeStyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Equity LifeStyle Properties, Inc.

Date: May 5, 2006

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive Officer

A SIGNED ORIGINAL OF THIS WRITTEN STATEMENT REQUIRED BY SECTION 906 HAS BEEN PROVIDED TO EQUITY LIFESTYLE PROPERTIES, INC. AND WILL BE RETAINED BY EQUITY LIFESTYLE PROPERTIES, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.