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

FORM 10-Q

☑ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the quarterly period ended June 30, 2011

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

For the transition period from ____________ to _______________

Commission file number: 1-11718

EQUITY LIFESTYLE PROPERTIES, INC.
(Exact Name of Registrant as Specified in Its Charter)

Maryland (State or Other Jurisdiction of Incorporation or Organization)	**36-3857664** (I.R.S. Employer Identification No.)
Two North Riverside Plaza, Suite 800, Chicago, Illinois (Address of Principal Executive Offices)	**60606** (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 ☑ No ☐

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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non- accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑	Accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	Smaller reporting company ☐

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

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

38,931,446 shares of Common Stock as of August 2, 2011.

Equity LifeStyle Properties, Inc.

Table of Contents

Equity LifeStyle Properties, Inc.
Consolidated Balance Sheets
As of June 30, 2011 and December 31, 2010
(amounts in thousands, except share and per share data)

	June 30, 2011 (unaudited)	December 31, 2010
Assets		
Investment in real estate:		
Land	$ 544,470	$ 544,462
Land improvements	1,766,231	1,762,122
Buildings and other depreciable property	298,438	278,403
	2,609,139	2,584,987
Accumulated depreciation	(737,354)	(700,665)
Net investment in real estate	1,871,785	1,884,322
Cash and cash equivalents	85,344	12,659
Short-term investments	—	52,266
Acquisition escrow deposit	300,000	—
Notes receivable, net	28,116	25,726
Investment in joint ventures	8,322	8,446
Rent and other customer receivables, net	482	419
Deferred financing costs, net	13,123	10,688
Inventory	2,762	3,177
Deferred commission expense	17,245	14,898
Escrow deposits and other assets	41,374	35,794
Total Assets	$2,368,553	$ 2,048,395
Liabilities and Equity		
Liabilities:		
Mortgage notes payable	$1,357,458	$ 1,412,919
Unsecured lines of credit	—	—
Accrued payroll and other operating expenses	61,824	52,782
Deferred revenue — upfront payments from right-to-use contracts	50,259	44,349
Deferred revenue — right-to-use annual payments	16,834	12,642
Accrued interest payable	6,847	7,174
Rents and other customer payments received in advance and security deposits	52,153	47,738
Distributions payable	15,591	10,633
Total Liabilities	1,560,966	1,588,237
Commitments and contingencies		
Non-controlling interests — Perpetual Preferred OP Units	—	200,000
8.034% Series A Cumulative Redeemable Perpetual Preferred Stock, $0.01 par value per share, 10,000,000 shares authorized, 8,000,000 issued and outstanding as of June 30, 2011 and none issued and outstanding as of December 31, 2010, at liquidation value	200,000	—
Equity:		
Stockholders' Equity:		
Common stock, $0.01 par value 100,000,000 shares authorized; 37,267,833 and 30,972,353 shares issued and outstanding as of June 30, 2011 and December 31, 2010, respectively	372	310
Paid-in capital	780,617	463,722
Distributions in excess of accumulated earnings	(236,888)	(237,002)
Accumulated other comprehensive loss	(336)	—
Total Stockholders' Equity	543,765	227,030
Non-controlling interests — Common OP Units	63,822	33,128
Total Equity	607,587	260,158
Total Liabilities and Equity	$2,368,553	$ 2,048,395

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Operations
For the Three Months and Six Months Ended June 30, 2011 and 2010
(amounts in thousands, except share and per share data)
(unaudited)

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Revenues:				
Community base rental income	$ 66,408	$ 64,601	$132,591	$129,023
Resort base rental income	29,251	28,504	65,719	65,449
Right-to-use annual payments	12,563	12,889	24,575	25,074
Right-to-use contracts current period, gross	4,857	5,681	8,710	10,618
Right-to-use contracts, deferred, net of prior period amortization	(3,414)	(4,551)	(5,910)	(8,499)
Utility and other income	12,484	11,918	25,546	24,807
Gross revenues from home sales	1,288	1,947	2,645	2,994
Brokered resale revenues, net	214	242	467	481
Ancillary services revenues, net	102	133	1,127	1,196
Interest income	1,012	997	2,051	2,189
Income from other investments, net	1,149	1,484	1,848	2,661
Total revenues	125,914	123,845	259,369	255,993
Expenses:				
Property operating and maintenance	47,655	46,998	91,966	90,452
Real estate taxes	8,161	8,326	16,218	16,640
Sales and marketing, gross	3,083	3,585	5,339	6,848
Sales and marketing, deferred commissions, net	(1,347)	(1,657)	(2,347)	(3,069)
Property management	8,193	7,793	16,656	16,533
Depreciation on real estate and other costs	17,285	16,940	34,512	33,863
Cost of home sales	1,049	1,728	2,468	2,887
Home selling expenses	406	455	883	932
General and administrative	6,011	5,548	11,658	11,224
Acquisition costs	2,117	—	2,117	—
Rent control initiatives	476	299	588	1,013
Depreciation on corporate assets	254	379	503	589
Interest and related amortization	21,458	22,989	42,847	46,756
Total expenses	114,801	113,383	223,408	224,668
Income before equity in income of unconsolidated joint ventures	11,113	10,462	35,961	31,325
Equity in income of unconsolidated joint ventures	541	559	1,325	1,400
Consolidated income from continuing operations	11,654	11,021	37,286	32,725
Discontinued Operations:				
Loss from discontinued operations	—	(54)	—	(231)
Consolidated net income	11,654	10,967	37,286	32,494
Income allocated to non-controlling interests — Common OP Units	(789)	(928)	(3,410)	(3,360)
Income allocated to non-controlling interests — Perpetual Preferred OP Units	—	(4,039)	(2,801)	(8,070)
Redeemable Perpetual Preferred Stock Dividends	(4,038)	—	(5,288)	—
Net income available for Common Shares	**$ 6,827**	**$ 6,000**	**$ 25,787**	**$ 21,064**

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Operations (Continued)
For the Three Months and Six Months Ended June 30, 2011 and 2010
(amounts in thousands, except share and per share data)
(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Earnings per Common Share — Basic:				
Income from continuing operations	$ 0.21	$ 0.20	$ 0.81	$ 0.70
Loss from discontinued operations	—	—	—	(0.01)
Net income available for Common Shares	$ 0.21	$ 0.20	$ 0.81	$ 0.69
Earnings per Common Share — Fully Diluted:				
Income from continuing operations	$ 0.20	$ 0.20	$ 0.80	$ 0.70
Loss from discontinued operations	—	—	—	(0.01)
Net income available for Common Shares	$ 0.20	$ 0.20	$ 0.80	$ 0.69
Distributions declared per Common Share outstanding	$ 0.375	$ 0.30	$ 0.75	$ 0.60
Weighted average Common Shares outstanding — basic	32,629	30,412	31,817	30,358
Weighted average Common Shares outstanding — fully diluted	37,262	35,506	36,441	35,471

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

Table of Contents

Equity LifeStyle Properties, Inc.
Consolidated Statements of Changes in Equity
For the Six Months Ended June 30, 2011
(amounts in thousands)
(unaudited)

	Common Stock	Paid-in Capital	Distributions in Excess of Accumulated Earnings	Non-controlling interests – Common OP Units	Accumulated Other Comprehensive Loss	Total Equity
Balance, December 31, 2010	**$ 310**	**$463,722**	**$ (237,002)**	**$ 33,128**	**$ —**	**$260,158**
Conversion of OP Units to common stock	2	981	—	(983)	—	—
Issuance of common stock through exercise of options	—	235	—	—	—	235
Issuance of common stock through employee stock purchase plan	—	437	—	—	—	437
Compensation expenses related to stock options and restricted stock	—	2,969	—	—	—	2,969
Repurchase of common stock or Common OP Units	—	(216)	—	—	—	(216)
Adjustment for Common OP Unitholders in the Operating Partnership	—	(31,500)	—	31,500	—	—
Common stock offering	60	343,989	—	—	—	344,049
Adjustment for fair market value of swap	—	—	—	—	(336)	(336)
Net income	—	—	25,787	3,410	—	29,197
Distributions	—	—	(25,673)	(3,233)	—	(28,906)
Balance, June 30, 2011	**$ 372**	**$780,617**	**$ (236,888)**	**$ 63,822**	**$ (336)**	**$607,587**

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows
For the Six Months Ended June 30, 2011 and 2010
(amounts in thousands)
(unaudited)

	June 30, 2011	June 30, 2010
Cash Flows From Operating Activities:		
Consolidated net income	$ 37,286	$ 32,494
Adjustments to reconcile net income to net cash provided by operating activities:		
Loss on discontinued real estate and other	—	231
Depreciation expense	37,387	36,395
Amortization expense	2,263	1,744
Debt premium amortization	(10)	(3)
Equity in income of unconsolidated joint ventures	(1,938)	(2,009)
Distributions from unconsolidated joint ventures	1,332	829
Amortization of stock-related compensation	2,969	2,465
Revenue recognized from right-to-use contract upfront payments	(2,800)	(2,119)
Commission expense recognized related to right-to-use contracts	909	638
Accrued long term incentive plan compensation	544	181
Increase in provision for uncollectible rents receivable	608	96
Fair market value adjustment of swap	(336)	—
Changes in assets and liabilities:		
Notes receivable activity, net	189	87
Rent and other customer receivables, net	(670)	—
Inventory	1,742	2,042
Deferred commission expense	(3,256)	(3,708)
Escrow deposits and other assets	(6,550)	2,519
Accrued payroll and other operating expenses	8,284	9,838
Deferred revenue — upfront payments from right-to-use contracts	8,710	10,618
Deferred revenue — right-to-use annual payments	4,192	5,065
Rents received in advance and security deposits	4,414	2,076
Net cash provided by operating activities	95,269	99,479
Cash Flows From Investing Activities:		
Net tax-deferred exchange withdrawal	—	786
Proceeds from redemption of matured short-term investments	52,266	—
Net (borrowings) repayment of notes receivable	(2,832)	758
Acquisition escrow deposit	(300,000)	—
Capital improvements	(24,478)	(20,404)
Net cash used in investing activities	(275,044)	(18,860)
Cash Flows From Financing Activities:		
Net proceeds from stock options and employee stock purchase plan	673	1,451
Net proceeds from issuance of Common Stock	344,049	—
Distributions to Common Stockholders, Common OP Unitholders, Perpetual Preferred OP Unitholders and Redeemable Perpetual Preferred Stockholders	(32,038)	(29,282)
Stock repurchase and Unit redemption	(216)	(399)
Acquisition of non-controlling interests	—	(1,453)
Principal payments and mortgage debt payoff	(56,281)	(119,610)
New financing proceeds	—	76,615
Debt issuance costs	(3,727)	(1,264)
Net cash provided by (used in) financing activities	252,460	(73,942)
Net increase in cash and cash equivalents	72,685	6,677
Cash and cash equivalents, beginning of period	12,659	145,128
Cash and cash equivalents, end of period	$ 85,344	$ 151,805

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

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows (continued)
For the Six Months Ended June 30, 2011 and 2010
(amounts in thousands)
(unaudited)

	June 30, 2011	June 30, 2010
Supplemental Information:		
Cash paid during the period for interest	$ 41,228	$ 44,957
Non-cash activities:		
Manufactured homes acquired with dealer financing	$ 830	$ 2,268
Dealer financing	$ (830)	$ (2,268)
Capital improvements	$ 252	$ 365
Net repayments of notes receivable	$ (252)	$ (365)
Series A Cumulative Redeemable Perpetual Preferred Stock	$ 200,000	$ —
Perpetual Preferred OP Units conversion	$ (200,000)	$ —
Acquisitions:		
Escrow deposits and other assets	$ —	$ (10)
Notes receivable	$ —	$ (2,355)
Investment in real estate	$ —	$ 2,365
Dispositions:		
Other assets and liabilities, net	$ —	$ (97)
Investment in real estate	$ —	$ (3,531)
Mortgage notes payable assumed by purchaser	$ —	$ (3,628)

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

Equity LifeStyle Properties, Inc.
Notes to Consolidated 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" and "ELS." Capitalized terms used but not defined herein are as defined in the Company's Annual Report on Form 10-K ("2010 Form 10-K") for the year ended December 31, 2010.

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 2010 Form 10-K. The following Notes to Consolidated Financial Statements highlight significant changes to the Notes included in the 2010 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. Revenues are subject to seasonal fluctuations and as such quarterly interim results may not be indicative of full year results.

Note 1 — Summary of Significant Accounting Policies

The Company follows accounting standards set by the Financial Accounting Standards Board, commonly referred to as the "FASB." The FASB sets generally accepted accounting principles ("GAAP") that the Company follows to ensure that the Company consistently reports its financial condition, results of operations and cash flows. References to GAAP issued by the FASB in these footnotes are to the FASB Accounting Standards Codification (the "Codification").

(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 it is the primary beneficiary. The Company also consolidates entities in which is has a controlling direct or indirect voting interest. All inter-company transactions have been eliminated in consolidation. For business combinations for which the acquisition date is on or after January 1, 2009, the purchase price of Properties is accounted for in accordance with the Codification Topic "Business Combinations" ("FASB ASC 805").

The Company has applied the Codification Sub-Topic "Variable Interest Entities" ("FASB ASC 810-10-15"). The objective of FASB ASC 810-10-15 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. Prior to January 1, 2010, a company that held a variable interest in an entity was required to consolidate such entity if the company absorbed a majority of the entity's expected losses or received a majority of the entity's expected residual returns if they occur, or both (i.e., the primary beneficiary). The Company also applied the Codification Sub-Topic "Control of Partnerships and Similar Entities" ("FASB ASC 810-20"), which determines whether a general partner or the general partners as a group controls a limited partnership or similar entity and therefore should consolidate the entity. Beginning January 1, 2010, FASB ASC 810-10-15 adopted amendments to the variable interest consolidation model described above. The requirement to consolidate a VIE as revised in this amendment is based on the qualitative analysis considerations for primary beneficiary determination which requires a company consolidate an entity determined to be a VIE if it has both of the following characteristics: (1) the power to direct the principal activities of the entity and (2) the obligation to absorb losses of the VIE or the right to receive benefits from the VIE that could potentially be significant to the VIE. The Company applies FASB ASC 810-10-15 and FASB ASC 810-20 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 (i) the investment is minimal (typically less than 5%) and (ii) the Company's investment is passive.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies (continued)

(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. All property and site counts are unaudited.

(c) Markets

The Company manages all of its operations on a property-by-property basis. Since each of the Company's properties ("Properties") 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 the Company's 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) Real Estate

In accordance with FASB ASC 805, the Company recognizes all the assets acquired and all the liabilities assumed in a transaction at the acquisition-date fair value. The Company also expenses transaction costs as they are incurred. Certain purchase price adjustments may be made within one year following any acquisition and applied retroactively to the date of acquisition.

In making estimates of fair values for purposes of allocating purchase price, the Company utilizes 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. The Company also considers information obtained about each Property as a result of its 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. The Company generally uses a 30-year estimated life for buildings acquired and structural and land improvements (including site development), a ten-year estimated life for building upgrades and a five-year estimated life for furniture, fixtures and equipment. New rental units are generally depreciated using a 20-year estimated life from each model year down to a salvage value of 40% of the original costs. Used rental units are generally depreciated based on the estimated life of the unit with no estimated salvage value.

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 over their estimated useful life.

The Company periodically evaluates its long-lived assets, including its investments in real estate, for impairment indicators. The Company's judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions and legal factors. Future events could occur which would cause the Company to conclude that impairment indicators exist and an impairment loss is warranted.

For long-lived assets to be held and used, including the Company's investments in rental units, if an impairment indicator exists, the Company compares the expected future undiscounted cash flows for the long-lived asset against the carrying amount of that asset. If the sum of the estimated undiscounted cash flows is less than the carrying amount of the asset, the Company would record an impairment loss for the difference between the estimated fair value and the carrying amount of the asset.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies (continued)

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 made the decision to dispose of the Property, 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 the Codification Sub-Topic "Impairment or Disposal of Long Lived Assets" ("FASB ASC 360-10-35"). Accordingly, the results of operations for all assets sold or held for sale have been classified as discontinued operations in all periods presented.

(e) Identified Intangibles and Goodwill

The Company records acquired intangible assets at their estimated fair value separate and apart from goodwill. The Company amortizes identified intangible assets and liabilities that are determined to have finite lives over the period the assets and liabilities are expected to contribute directly or indirectly to the future cash flows of the property or business acquired. Intangible assets subject to amortization are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized if the carrying amount of an intangible asset is not recoverable and its carrying amount exceeds its estimated fair value.

The excess of the cost of an acquired entity over the net of the amounts assigned to assets acquired (including identified intangible assets) and liabilities assumed is recorded as goodwill. Goodwill is not amortized but is tested for impairment at a level of reporting referred to as a reporting unit on an annual basis, or more frequently if events or changes in circumstances indicate that the asset might be impaired.

As of June 30, 2011 and December 31, 2010, the carrying amounts of identified intangible assets and goodwill, a component of "Escrow deposits and other assets" on the Company's consolidated balance sheets, were approximately $15.9 million, comprised of approximately $8.1 million of identified intangible assets and approximately $7.8 million of goodwill. Accumulated amortization of identified intangible assets was approximately $2.5 million and $1.6 million as of June 30, 2011 and December 31, 2010, respectively.

Estimated amortization of identified intangible assets for each of the next five years are as follows (amounts in thousands):

Year ending December 31,	Amount
2011	$ 1,892
2012	$ 1,792
2013	$ 432
2014	$ 349
2015	$ 349

(f) Cash and Cash Equivalents

The Company considers all demand and money market accounts and certificates of deposit with a maturity date, when purchased, of three months or less to be cash equivalents. The cash and cash equivalents as of June 30, 2011 and December 31, 2010 include approximately $3.8 million and $3.0 million, respectively, of restricted cash.

(g) Short-term Investments

The Company's short-term investments consist of U.S. Treasury Bills with maturity dates in excess of three months which are treated as held-to-maturity and are carried at the amortized cost. All U.S. Treasury Bills held as of December 31, 2010 matured and were redeemed during the six months ended June 30, 2011.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies (continued)

(h) Notes Receivable

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

The Company also provides financing for nonrefundable upfront payments on entering or upgrades of right-to-use contracts ("Contracts Receivable"). Based upon historical collection rates and current economic trends, when an up-front payment is financed, a reserve is established for a portion of the Contracts Receivable balance estimated to be uncollectible. The reserve and the rate at which the Company provides for losses on its Contracts Receivable could be increased or decreased in the future based on its actual collection experience. (See Note 6 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.)

On August 14, 2008, the Company purchased Contracts Receivable that were recorded at fair value at the time of acquisition of approximately $19.6 million under the Codification Topic "Loans and Debt Securities Acquired with Deteriorated Credit Quality" ("FASB ASC 310-30"). The fair value of these Contracts Receivable includes an estimate of losses that are expected to be incurred over the estimated remaining lives of the receivables, and therefore no allowance for losses was recorded for these Contracts Receivable as of the transaction date. Through June 30, 2011, the credit performance of these Contracts Receivable has generally been consistent with the assumptions used in determining its initial fair value, and the Company's original expectations regarding the amounts and timing of future cash flows has not changed. The carrying amount of these Contracts Receivable as of June 30, 2011 and December 31, 2010 was $2.2 million and $4.1 million, respectively. A probable decrease in management's expectation of future cash collections related to these Contracts Receivable could result in the need to record an allowance for credit losses in the future. A significant and probable increase in expected cash flows would generally result in an increase in interest income recognized over the remaining life of the underlying pool of Contracts Receivable.

(i) 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. (See Note 5 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.)

(j) Insurance Claims

The Properties are covered against losses caused by various events including 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 five hurricanes that struck the state during 2004 and 2005. The Company estimates its total claim to be approximately $21.0 million and has made claims for full recovery of these amounts, subject to deductibles.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies (continued)

The Company has received proceeds from insurance carriers of approximately $11.7 million through June 30, 2011. The proceeds were accounted for in accordance with the Codification Topic "Contingencies" ("FASB ASC 450"). During each of the six months ended June 30, 2011 and 2010, approximately $0.4 million had been recognized as a gain on insurance recovery, which is net of approximately $0.1 million and $0.2 million, respectively, of contingent legal fees and included in income from other investments, net.

On June 22, 2007, the Company filed a lawsuit related to some of the unpaid claims against certain insurance carriers and its insurance broker. (See Note 12 in the Notes to Consolidated Financial Statements contained in this Form 10-Q for further discussion of this lawsuit.)

(k) Derivative Instruments and Hedging Activities

Codification Topic "Derivatives and Hedging" ("FASB ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by FASB ASC 815, the Company records all derivatives on the balance sheet at fair value. The Company's objective in utilizing interest rate derivatives is to add stability to its interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded on the Consolidated Balance Sheets in accumulated other comprehensive loss and is subsequently reclassified into earnings on the Consolidated Statements of Operations in the period that the hedged forecasted transaction affects earnings. The ineffective portion of the change in fair value of the derivative is recognized directly in earnings. (See Note 8 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.)

(l) Fair Value of Financial Instruments

The Company's financial instruments include short-term investments, notes receivable, accounts receivable, accounts payable, other accrued expenses, interest rate swaps and mortgage notes payable.

Codification Topic "Fair Value Measurements and Disclosures" ("FASB ASC 820") establishes a three-level valuation hierarchy for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument's categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

Level 1 — Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

Level 2 — Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

Level 3 — Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies (continued)

At December 31, 2010, the Company's investments in U.S. Treasury Bills included in short-term investments of approximately $52.3 million, were classified as held-to-maturity and were measured using unadjusted quoted market prices (Level 1). At June 30, 2011, the Company's cash flow hedges of interest rate risk included in accrued payroll and other operating expenses, were measured using quoted prices and observable inputs from similar assets and liabilities (Level 2). The fair values of the Company's remaining financial instruments approximate their carrying or contract values. The Company considers its own credit risk as well as the credit risk of its counterparties when evaluating the fair value of its derivatives. Any adjustments resulting from credit risk are recorded as a change in fair value of derivatives and amortization in the current period Consolidated Statements of Operations.

(m) Deferred Financing Costs, net

Deferred financing costs, net 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, which approximates straight line. Unamortized deferred financing fees are written-off when debt is retired before the maturity date. Upon amendment of the line of credit or refinancing of mortgage debt, unamortized deferred financing fees are accounted for in accordance with, Codification Sub-Topic "Modifications and Extinguishments" ("FASB ASC 470-50-40"). Accumulated amortization for such costs was approximately $13.0 million and $12.6 million at June 30, 2011 and December 31, 2010, respectively.

(n) Revenue Recognition

The Company accounts for leases with its customers as operating leases. Rental income is recognized over the term of the respective lease or the length of a customer's stay, the majority of which are for a term of not greater than one year. The Company will reserve for receivables when it believes the ultimate collection is less than probable. The Company's provision for uncollectible rents receivable was approximately $3.6 million and $3.0 million as of June 30, 2011 and December 31, 2010, respectively.

The Company accounts for the entry of right-to-use contracts in accordance with the Codification Topic "Revenue Recognition" ("FASB ASC 605"). A right-to-use contract gives the customer the right to a set schedule of usage at a specified group of Properties. Customers may choose to upgrade their contracts to increase their usage and the number of Properties they may access. A contract requires the customer to make annual payments during the term of the contract and may require an upfront nonrefundable payment. The stated term of a right-to-use contract is at least one year and the customer may renew his contract by continuing to make the annual payments. The Company will recognize the upfront non-refundable payments over the estimated customer life which, based on historical attrition rates, the Company has estimated to be from one to 31 years. For example, the Company has currently estimated that 7.9% of customers who enter a new right-to-use contract will terminate their contract after five years. Therefore, the upfront nonrefundable payments from 7.9% of the contracts entered in any particular period are amortized on a straight-line basis over a period of five years as five years is the estimated customer life for 7.9% of the Company's customers who enter a contract. The historical attrition rates for upgrade contracts are lower than for new contracts, and therefore, the nonrefundable upfront payments for upgrade contracts are amortized at a different rate than for new contracts. The decision to recognize this revenue in accordance with FASB ASC 605 was made after corresponding during September and October 2008 with the Office of the Chief Accountant at the SEC.

Right-to-use annual payments by customers under the terms of the right-to-use contracts are recognized ratably over a one-year period.

Income from home sales is recognized when the earnings process is complete. The earnings process is complete when the home has been delivered, the purchaser has accepted the home and title has transferred.

(o) Cumulative Redeemable Perpetual Preferred Stock

On March 4, 2011, the Company, on behalf of selling stockholders, closed on a public offering of 8,000,000 shares of 8.034% Series A Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock"), par value $0.01 per share, liquidation preference of $25.00 per share, at a price of $24.75 per share. The selling stockholders received the Series A Preferred Stock in exchange for $200 million of previously issued series D and series F Perpetual Preferred OP Units. The Company did not receive any proceeds from the offering.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 1 — Summary of Significant Accounting Policies (continued)

The Company accounts for the Preferred Stock in accordance with the Codification Topic “Consolidation” (“FASB ASC 810”). The Company has the option at anytime to redeem the Series A Preferred Stock at a redemption price of $25.00 per share, plus accumulated and unpaid dividends. Holders of the Series A Preferred Stock have preference rights with respect to liquidation and distributions over the common stock. Based on the Company’s analysis, the Series A Preferred Stock has been classified as redeemable interests outside of permanent equity in the mezzanine section.

(p) Recent Accounting Pronouncements

In December 2010, FASB issued Accounting Standards Update (“ASU”) No. 2010-29, “Business Combinations” (Topic 805): Disclosure of Supplementary Pro Forma Information for Business Combinations. This ASU specifies that when financial statements are presented, the revenue and earnings of the combined entity should be disclosed as though the business combination that occurred during the current year had occurred as of the beginning of the comparable prior annual reporting period only. ASU No. 2010-29 is effective for business combinations with acquisition dates on or after January 1, 2011. The adoption of this update increased the required disclosures for the Company’s Notes to Consolidated Financial Statements by requiring the Company to disclose pro forma information. (See Note 13 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.)

In December 2010, the FASB issued ASU No. 2010-28, “Intangibles-Goodwill and Other” (Topic 350): When to Perform Step 2 of the Goodwill Impairment Test for Reporting Units with Zero or Negative Carrying Amounts. This ASU requires that reporting units with zero or negative carrying amounts perform Step 2 of the goodwill impairment test if it is more likely than not that a goodwill impairment exists. ASU No. 2010-28 is effective for the Company beginning with this interim period. The adoption of this update did not have an impact on the Company’s consolidated financial statements.

In May 2011, the FASB issued ASU No. 2011-04, “Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure Requirements in U.S. GAAP and IFRSs.” This ASU is intended to eliminate differences between U.S. GAAP and IFRS for fair value measurement and reporting. ASU No. 2011-04 is effective for the Company beginning the first quarter of 2012. The Company has not yet determined the impact, if any, that the adoption of ASU 2011-04 will have on its consolidated financial statements and disclosures.

In June 2011, the FASB issued ASU No. 2011-05 “Comprehensive Income (Topic 220): Presentation of Comprehensive Income. ASU No. 2011-05 amends current guidance found in FASB ASC 220, “Comprehensive Income.” ASU No. 2011-05 requires entities to present comprehensive income in either: (i) one continuous financial statement or (ii) two separate but consecutive statements that display net income and the components of other comprehensive income. Totals and individual components of both net income and other comprehensive income must be included in either presentation. ASU No. 2011-05 is effective for the Company beginning with the first quarter of 2012. The Company does not believe the adoption of ASU No. 2011-05 will have a material impact on its consolidated financial statements and disclosures.

(q) Reclassifications

Certain 2010 amounts have been reclassified to conform to the 2011 presentation. This reclassification had no material effect on the consolidated balance sheets or statements of operations of the Company.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 2 — Earnings Per Common Share

Earnings per common share are based on the weighted average number of common shares outstanding during each year. Codification Topic "Earnings Per Share" ("FASB ASC 260") 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 year and basic earnings per share exclude 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 on a fully diluted basis.

The following table sets forth the computation of basic and diluted earnings per common share for the three and six months ended June 30, 2011 and 2010 (amounts in thousands):

	Three Months Ended June 30, 2011	Three Months Ended June 30, 2010	Six Months Ended June 30, 2011	Six Months Ended June 30, 2010
Numerators:				
Income from Continuing Operations:				
Income from continuing operations — basic	$ 6,827	$ 6,047	$ 25,787	$ 21,263
Amounts allocated to dilutive securities	789	935	3,410	3,392
Income from continuing operations — fully diluted	$ 7,616	$ 6,982	$ 29,197	$ 24,655
Income from Discontinued Operations:				
Loss from discontinued operations — basic	$ —	$ (47)	$ —	$ (199)
Amounts allocated to dilutive securities	—	(7)	—	(32)
Loss from discontinued operations — fully diluted	$ —	$ (54)	$ —	$ (231)
Net Income Available for Common Shares — Fully Diluted:				
Net income available for Common Shares — basic	$ 6,827	$ 6,000	$ 25,787	$ 21,064
Amounts allocated to dilutive securities	789	928	3,410	3,360
Net income available for Common Shares — fully diluted	$ 7,616	$ 6,928	$ 29,197	$ 24,424
Denominator:				
Weighted average Common Shares outstanding — basic	32,629	30,412	31,817	30,358
Effect of dilutive securities:				
Redemption of Common OP Units for Common Shares	4,312	4,829	4,324	4,871
Employee stock options and restricted shares	321	265	300	242
Weighted average Common Shares outstanding — fully diluted	37,262	35,506	36,441	35,471
Earnings per Common Share — Basic:				
Income from continuing operations	$ 0.21	$ 0.20	$ 0.81	$ 0.70
Loss from discontinued operations	—	—	—	(0.01)
Net income available for Common Shares	$ 0.21	$ 0.20	$ 0.81	$ 0.69
Earnings per Common Share — Fully Diluted:				
Income from continuing operations	$ 0.20	$ 0.20	$ 0.80	$ 0.70
Loss from discontinued operations	—	—	—	(0.01)
Net income available for Common Shares	$ 0.20	$ 0.20	$ 0.80	$ 0.69

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 3 — Common Stock and Other Equity Related Transactions

On June 7, 2011, the Company issued approximately 6.0 million shares of common stock in an equity offering for approximately $344.0 million in proceeds, net of offering costs. The proceeds are expected to be used to partially fund the Acquisition (as defined herein) discussed in detail in Note 13 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.

On March 4, 2011, the Company, on behalf of selling stockholders, closed on a public offering of 8,000,000 shares of Series A Preferred Stock, par value $0.01 per share, liquidation preference of $25.00 per share, at a price of $24.75 per share. The selling stockholders received the Series A Preferred Stock in exchange for $200 million of previously issued series D and series F Perpetual Preferred OP Units. Holders of the Series A Preferred Stock have preference rights with respect to liquidation and distributions over the common stock. The Company has the option at any time to redeem the Series A Preferred Stock at a redemption price of $25.00 per share, plus accumulated and unpaid dividends. The Company did not receive any proceeds from the offering.

On July 8, 2011, the Company paid a $0.375 per share distribution for the quarter ended June 30, 2011 to common stockholders of record on June 24, 2011. On April 8, 2011, the Company paid a $0.375 per share distribution for the quarter ended March 31, 2011 to common stockholders of record on March 25, 2011.

On June 30, 2011, the Company paid a $0.502125 per share distribution on the Company's Series A Preferred Stock, to Series A preferred stockholders of record on June 10, 2011. On March 31, 2011, the Company paid a $0.156217 per share distribution on the Company's Series A Preferred Stock, to Series A preferred stockholders of record on March 21, 2011. On March 31, 2011, the Company paid pro-rata 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 which were exchanged on March 4, 2011 for the Series A Preferred Stock.

Note 4 — Investment in Real Estate

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

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 made within one year following the acquisitions.

The Company actively seeks to acquire additional Properties and currently is engaged in negotiations relating to the possible acquisition of a number of Properties. At any time these negotiations are at varying stages, which may include contracts outstanding, to acquire certain Properties, which are subject to satisfactory completion of the Company's due diligence review. (See Note 13 in the Notes to Consolidated Financial Statements contained in this Form 10-Q for a description of our recent acquisitions.)

As of June 30, 2011, the Company had no Properties designated as held for disposition pursuant to FASB ASC 360-10-35.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 5 — Investment in Joint Ventures

The Company recorded approximately $1.3 million and $1.4 million of equity in income from unconsolidated joint ventures, net of approximately $0.6 million of depreciation expense for each of the six months ended June 30, 2011 and 2010. The Company received approximately $1.3 million and $0.8 million in distributions from such joint ventures and which were classified as a return on capital and were included in operating activities on the Consolidated Statements of Cash Flows for the six months ended June 30, 2011 and 2010, respectively. Approximately $0.1 million and $0.2 million of the distributions received in the six months ended June 30, 2011 and 2010, respectively, exceeded the Company's basis in its joint venture and as such were recorded in equity in income from unconsolidated joint ventures.

The following table summarizes the Company's investments in unconsolidated joint ventures (with the number of Properties shown parenthetically as of June 30, 2011 and December 31, 2010, respectively with dollar amounts in thousands):

				Investment as of		JV Income for the Six Months Ended	
Investment	**Location**	**Number of Sites**	**Economic Interest(1)**	**June 30, 2011**	**December 31, 2010**	**June 30, 2011**	**June 30, 2010**
Meadows Investments	Various (2,2)	1,027	50%	$ 235	$ 276	$ 486	$ 521
Lakeshore Investments	Florida (2,2)	342	65%	125	115	127	129
Voyager	Arizona (1,1)	1,706	50%(2)	7,962	8,055	712	750
		3,075		$ 8,322	$ 8,446	$ 1,325	$ 1,400

(1) The percentages shown approximate the Company's economic interest as of June 30, 2011. The Company's legal ownership interest may differ.

(2) Voyager joint venture primarily consists of a 50% interest in Voyager RV Resort and a 25% interest in the utility plant servicing the Property.

Note 6 — Notes Receivable

As of June 30, 2011 and December 31, 2010, the Company had approximately $28.1 million and $25.7 million in notes receivable, respectively. As of June 30, 2011 and December 31, 2010, the Company had approximately $8.2 million and $8.9 million, respectively, in Chattel Loans receivable, which yield interest at a per annum average rate of approximately 8.8%, have an average term remaining of approximately 12 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 approximately $0.4 million as of both June 30, 2011 and December 31, 2010. During the six months ended June 30, 2011 and year ended December 31, 2010, approximately $0.3 million and $0.8 million, respectively, was repaid and an additional $0.1 million and $0.4 million, respectively, was loaned to customers.

As of June 30, 2011 and December 31, 2010, the Company had approximately $16.0 million and $16.7 million, respectively, of Contracts Receivable, including allowances of approximately $0.9 million and $1.4 million, respectively. These Contracts Receivable represent loans to customers who have entered right-to-use contracts. The Contracts Receivable yield interest at a stated per annum average rate of 16.2%, have a weighted average term remaining of approximately four years and require monthly payments of principal and interest. During the six months ended June 30, 2011 and year ended December 31, 2010, approximately $3.9 million and $8.6 million, respectively, was repaid and an additional $3.1 million and $7.9 million, respectively, was loaned to customers.

On April 6, 2011, the Company closed on a $3.8 million note receivable with a stated interest rate of 15.0% per annum to the owner of Lakeland RV. Lakeland RV is a 700-site RV property located in Milton, Wisconsin. The note requires interest only payments of 9.0% and matures on May 1, 2016. The Company also holds a right of first refusal to match any offer received on Lakeland RV during the time the note is outstanding.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 7 — Long-Term Borrowings

As of June 30, 2011 and December 31, 2010, the Company had outstanding mortgage indebtedness on Properties held for long term of approximately $1,357 million and $1,413 million, respectively. The weighted average interest rate on this mortgage indebtedness for the six months ended June 30, 2011 was approximately 6.1% per annum. The debt bears interest at rates of 5.0% to 8.5% per annum and matures on various dates ranging from 2011 to 2020. The debt encumbered a total of 121 and 129 of the Company's Properties as of June 30, 2011 and December 31, 2010, respectively, and the carrying value of such Properties was approximately $1,520 million and $1,508 million, respectively, as of such dates.

During the six months ended June 30, 2011, the Company paid off eight maturing mortgages totaling approximately $45.5 million, with a weighted average interest rate of 7.00% per annum.

As of December 31, 2010, the Company's unsecured Line of Credit ("LOC") had an availability of $100 million of which no amounts were outstanding and which was scheduled to mature on June 29, 2011.

On May 19, 2011, the Company amended its LOC to increase its borrowing capacity under the LOC from $100 million to a maximum borrowing capacity of $380 million and to extend the maturity date to September 18, 2015. The LOC accrues interest at an annual rate equal to the applicable LIBOR rate plus 1.65% to 2.50% and contains a 0.30% to 0.40% facility fee as well as certain other customary negative and affirmative covenants. The Company has an eight-month extension option under the LOC, subject to payment by it of certain administrative fees and the satisfaction of certain other enumerated conditions. The spread over LIBOR and the facility fee pricing are variable based on leverage throughout the term of the LOC. The Company incurred commitment and arrangement fees of approximately $3.6 million to enter into the amended LOC.

As of June 30, 2011, the Company's LOC had an availability of $380 million of which no amounts were outstanding.

As of June 30, 2011 the Company had outstanding debt secured by individual manufactured homes of approximately $0.8 million. The financing provided by the dealer requires quarterly payments, bears interest at 6.0% and matures on July 16, 2016.

Note 8 — Derivative Instruments and Hedging Activities

Cash Flow Hedges of Interest Rate Risk

In June 2011, the Company entered into a $200 million notional swap to hedge the variable cash flows associated with forecasted issuance of debt. (See Note 14 in the Notes to the Consolidated Financial Statements contained in this Form 10-Q for information about the Term Loan related to the $200 million notional swap.) No gain or loss was recognized in the Consolidated Statements of Operations related to hedge ineffectiveness or to amounts excluded from effectiveness testing on the Company's cash flow hedge during the quarter ended June 30, 2011.

Amounts reported in accumulated other comprehensive loss on the Consolidated Balance Sheets related to derivatives will be reclassified to interest expense as interest payments are made on the Company's variable-rate debt. During the next twelve months, the Company estimates that an additional $1.6 million will be reclassified as an increase to interest expense.

Disclosure of Fair Values of Derivative Instruments on the Balance Sheet

The table below presents the fair value of the Company's derivative financial instruments as well as their classification on the Company's Consolidated Balance Sheets as of June 30, 2011 and December 31, 2010 (amounts in thousands).

	As of June 30, 2011		As of December 31, 2010	
	Balance Sheet Location	Fair Value	Balance Sheet Location	Fair Value
Interest Rate Swap	Accrued payroll and other operating expenses	$ 336	Accrued payroll and other operating expenses	$ —

Note 8 — Derivative Instruments and Hedging Activities (continued)

As of June 30, 2011, the fair value of the derivative in a net liability position, which includes accrued interest, but excludes any adjustment for nonperformance risk related to this derivative agreement was $0.3 million. The Company determined no adjustment was necessary related to nonperformance risk on its derivative obligation. As of June 30, 2011, the Company has not posted any collateral related to this agreement. If the Company had breached any of its provisions at June 30, 2011, it could have been required to settle its obligations under the derivative agreement at the termination value of $0.3 million.

Note 9 — Deferred Revenue-entry of right-to-use contracts and Deferred Commission Expense

Upfront payments received upon the entry of right-to-use contracts are recognized in accordance with FASB ASC 605. The Company will recognize the upfront non-refundable payments over the estimated customer life, which, based on historical attrition rates, the Company has estimated to be between one to 31 years. The commissions paid on the entry of right-to-use contracts will be deferred and amortized over the same period as the related revenue.

Components of the change in deferred revenue-entry of right-to-use contracts and deferred commission expense are as follows (amounts in thousands):

	Six Months Ended June 30,	
	2011	**2010**
Deferred revenue — entry of right-to-use contracts, as of January 1,	$ 44,349	$ 29,493
Deferral of new right-to-use contracts	8,710	10,618
Deferred revenue recognized	(2,800)	(2,119)
Net increase in deferred revenue	5,910	8,499
Deferred revenue — entry of right-to-use contracts, as of June 30,	$ 50,259	$ 37,992
Deferred commission expense, as of January 1,	$ 14,898	$ 9,373
Costs deferred	3,256	3,708
Commission expense recognized	(909)	(638)
Net increase in deferred commission expense	2,347	3,070
Deferred commission expense, June 30,	$ 17,245	$ 12,443

Note 10 — Stock Option Plan and Stock Grants

The Company accounts for its stock-based compensation in accordance with the Codification Topic “Compensation — Stock Compensation” (“FASB ASC 718”).

Stock-based compensation expense, reported in “General and administrative” on the Consolidated Statements of Operations, for the six months ended June 30, 2011 and 2010, was approximately $3.0 million and $2.5 million, respectively.

Pursuant to the Stock Option Plan as discussed in Note 13 to the 2010 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 six months ended June 30, 2011 and 2010, Options for 12,000 and 20,250 shares, respectively, of common stock were exercised for proceeds of approximately $0.2 million and $0.9 million, respectively.

On January 31, 2011, the Company awarded Restricted Stock Grants for 31,000 shares of common stock at a fair market value of approximately $1.8 million to certain members of the Board of Directors for services rendered in 2010. One-third of the shares of restricted common stock covered by these awards vests on each of December 31, 2011, December 31, 2012, and December 31, 2013.

On February 1, 2011, the Company awarded Restricted Stock Grants for 72,665 shares of common stock to certain members of senior management of the Company. These Restricted Stock Grants will vest on December 31, 2011. The fair market value of these Restricted Stock Grants was approximately $4.2 million as of the date of grant and is recorded as a compensation expense and paid in capital over the vesting period.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 10 — Stock Option Plan and Stock Grants (continued)

On May 11, 2011, the Company awarded Restricted Stock Grants for 16,000 shares of common stock at a fair market value of approximately $0.9 million to the Board of Directors. One-third of the shares of restricted common stock covered by these awards vests on each of November 11, 2011, May 11, 2012, and May 11, 2013.

Note 11 — Long-Term Cash Incentive Plan

On May 11, 2010, the Company's Board of Directors approved a Long-Term Cash Incentive Plan (the "2010 LTIP") to provide a long-term cash bonus opportunity to certain members of the Company's management. Such Board approval was upon recommendation by the Company's Compensation, Nominating and Corporate Governance Committee (the "Committee").

The total cumulative payment for all participants (the "Eligible Payment") is based upon certain performance conditions being met.

The Committee has responsibility for administering the 2010 LTIP and may use its reasonable discretion to adjust the performance criteria or Eligible Payments to take into account the impact of any major or unforeseen transaction or events. The 2010 LTIP includes 32 participants. The Company's executive officers are not participants in the 2010 LTIP. The Eligible Payment will be paid in cash upon completion of the Company's annual audit for the 2012 fiscal year and upon satisfaction of the vesting conditions as outlined in the 2010 LTIP and, including employer costs, is currently estimated to be approximately $2.9 million. As of June 30, 2011 and December 31, 2010, the Company had accrued compensation expense of approximately $1.3 million and $0.7 million, respectively, for the 2010 LTIP including approximately $0.5 million and $0.7 million in the six months ended June 30, 2011 and year ended December 31, 2010.

The Company is accounting for the LTIPs in accordance with FASB ASC 718. The amount accrued for the 2010 LTIP reflects the Committee's evaluation of the 2010 LTIP based on forecasts and other information presented to the Committee and are subject to performance in line with forecasts and final evaluation and determination by the Committee. There can be no assurances that the Company's estimates of the probable outcome will be representative of the actual outcome.

Note 12 — Commitments and Contingencies

California Rent Control Litigation

City of San Rafael

The Company sued the City of San Rafael in federal court, challenging its rent control ordinance (the "Ordinance") on constitutional grounds. The Company believes the litigation was settled by the City's agreement to amend the ordinance to permit adjustments to market rent upon turnover. The City subsequently rejected the settlement agreement. The Court refused to enforce the settlement agreement, and submitted to a jury the claim that it had been breached. In October 2002, a jury found no breach of the settlement agreement.

The Company's constitutional claims against the City were tried in a bench trial during April 2007. On April 17, 2009, the Court issued its Order for Entry of Judgment in the Company's favor (the "April 2009 Order"). On June 10, 2009, the Court ordered the City to pay the Company net fees and costs of approximately $2.1 million. On June 30, 2009, as anticipated by the April 2009 Order, the Court entered final judgment that gradually phased out the City's site rent regulation scheme that the Court found unconstitutional. Pursuant to the final judgment, existing residents of the Company's Property in San Rafael will be able to continue to pay site rent as if the Ordinance were to remain in effect for a period of ten years, enforcement of the Ordinance was immediately enjoined with respect to new residents of the Property, and the Ordinance will expire entirely ten years from the June 30, 2009 date of judgment.

The City and residents' association (which intervened in the case) appealed, and the Company cross-appealed. The briefing schedule for the appeal has been set to conclude on October 24, 2011.

Note 12 — Commitments and Contingencies (continued)

City of Santee

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 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 ordinance 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 City and the tenant association also each sued the Company in separate actions alleging that the rent adjustments pursuant to the judgment violated the prior ordinance (Case Nos. GIE 020887 and GIE 020524), sought to rescind the rent adjustments, and sought refunds of amounts paid, and penalties and damages in these separate actions. As a result of further proceedings and a series of appeals and remands, the Company was required to and did release the additional rents to the tenant association's counsel for disbursement to the tenants, and the Company has ceased collecting the disputed rent amounts.

The tenant association continued to seek damages, penalties and fees in their separate action based on the same claims the City made on the tenants' behalf in the City's case. The Company moved for judgment on the pleadings in the tenant association's case on the ground that the tenant association's case is moot in light of the result in the City's case. On November 6, 2008, the Court granted the Company's motion for judgment on the pleadings without leave to amend. The tenant association appealed. In June 2010, the Court of Appeal remanded the case for further proceedings, ruling that (i) the mootness finding was not correct when entered but could be reasserted after the amounts held in escrow have been disbursed to the residents; (ii) there is no basis for the tenant association's punitive damage claim or its claim under the California Mobile Home Residency Law; and (iii) the trial court should consider certain of the tenant association's other claims. On remand, the Court has entered a schedule for the remainder of the case, including a hearing date of November 18, 2011 for the parties' anticipated cross-motions for summary judgment, and a trial call date of January 6, 2012.

In addition, the Company 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. On October 13, 2010, the District Court: (1) dismissed the Company's claims without prejudice on the ground that they were not ripe because the Company had not filed and received from the City a final decision on a rent increase petition, and (2) found that those claims are not foreclosed by any of the state court rulings. On November 10, 2010, the Company filed a notice of appeal from the District Court's ruling dismissing the Company's claims. On April 20, 2011, the appeal was voluntarily dismissed pursuant to stipulation of the parties. The Company has filed a rent increase petition with the City in order to ripen its claims, and intends to pursue further adjudication of its rights in federal court.

Colony Park

On December 1, 2006, a group of tenants at the Company's Colony Park Property in Ceres, California filed a complaint in the California Superior Court for Stanislaus County alleging that the Company had failed to properly maintain the Property and had improperly reduced the services provided to the tenants, among other allegations. The Company answered the complaint by denying all material allegations and filed a counterclaim for declaratory relief and damages. The case proceeded in Superior Court because the Company's motion to compel arbitration was denied and the denial was upheld on appeal. Trial of the case began on July 27, 2010. After just over three months of trial in which the plaintiffs asked the jury to award a total of approximately $6.8 million in damages, the jury rendered verdicts awarding a total of less than $44,000 to six out of the 72 plaintiffs, and awarding nothing to the other 66 plaintiffs. The plaintiff's who were awarded nothing filed a motion for a new trial or alternatively for judgment notwithstanding the jury's verdict, which the Court denied on February 14, 2011. The Company has filed a memorandum of costs that seeks a costs award of approximately $0.2 million, and has filed a motion that seeks an attorneys' fees award of approximately $2.1 million. Despite the jury's verdict awarding less than $44,000 to only 6 plaintiffs, the plaintiffs have filed a memorandum of costs that seeks a costs award of approximately $56,000, and has filed a motion that seeks an attorneys' fees award of approximately $0.8 million. The Company intends to vigorously oppose any award of costs or attorneys' fees to any of the plaintiffs. A hearing on the parties' respective requests for awards of costs and attorneys' fees has been set for September 9, 2011.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 12 — Commitments and Contingencies (continued)

California Hawaiian

On April 30, 2009, a group of tenants at the Company's California Hawaiian Property in San Jose, California filed a complaint in the California Superior Court for Santa Clara County alleging that the Company has failed to properly maintain the Property and has improperly reduced the services provided to the tenants, among other allegations. The Company moved to compel arbitration and stay the proceedings, to dismiss the case, and to strike portions of the complaint. By order dated October 8, 2009, the Court granted the Company's motion to compel arbitration and stayed the court proceedings pending the outcome of the arbitration. The plaintiffs filed with the Court of Appeal a petition for a writ seeking to overturn the trial court's arbitration and stay orders. On May 10, 2011, the Court of Appeal granted the petition and ordered the trial court to vacate its order compelling arbitration and to restore the matter to its litigation calendar for further proceedings. On May 24, 2011, the Company filed a petition for rehearing requesting the Court of Appeal to reconsider its May 10, 2011 decision. On June 8, 2011, the Court of Appeal denied the petition for rehearing. On June 16, 2011, the Company filed with the California Supreme Court a petition for review of the Court of Appeal's decision. The petition for review remains pending. The Company believes that the allegations in the complaint are without merit, and intends to vigorously defend the litigation.

Hurricane Claim Litigation

On June 22, 2007, the Company filed suit in the Circuit Court of Cook County, Illinois (Case No. 07CH16548), against its insurance carriers, Hartford Fire Insurance Company, Essex Insurance Company, Lexington Insurance Company, and Westchester Surplus Lines Insurance Company, regarding a coverage dispute arising from losses suffered by the Company as a result of hurricanes that occurred in Florida in 2004 and 2005. The Company also brought claims against Aon Risk Services, Inc. of Illinois ("Aon"), the Company's former insurance broker, regarding the procurement of appropriate insurance coverage for the Company. The Company is seeking declaratory relief establishing the coverage obligations of its carriers, as well as a judgment for breach of contract, breach of the covenant of good faith and fair dealing, unfair settlement practices and, as to Aon, for failure to provide ordinary care in the selling and procuring of insurance. The claims involved in this action are approximately $11 million.

In response to motions to dismiss, the trial court dismissed: (1) the requests for declaratory relief as being duplicative of the claims for breach of contract and (2) certain of the breach of contract claims as being not ripe until the limits of underlying insurance policies have been exhausted. On or about January 28, 2008, the Company filed its Second Amended Complaint ("SAC"), which the insurers have answered. In response to the court's dismissal of the SAC's claims against Aon, the Company ultimately filed, on February 2, 2009, a new Count VIII against Aon alleging a claim for breach of contract, which Aon answered. In January 2010, the parties engaged in a settlement mediation, which did not result in a settlement. In June 2010, the Company filed motions for partial summary judgment against the insurance companies seeking a finding that our hurricane debris cleanup costs are within the extra expense coverage of our excess insurance policies. On December 13, 2010, the Court granted the motion. Discovery is proceeding with respect to various remaining issues, including the amounts of the debris cleanup costs the Company is entitled to collect pursuant to the Court's order granting the Company partial summary judgment.

In January 2008, the Company entered a settlement with Hartford Fire Insurance Company pursuant to which Hartford paid the Company the remaining disputed limits of Hartford's insurance policy, in the amount of approximately $0.5 million, and the Company dismissed and released Hartford from additional claims for interest and bad faith claims handling. Since filing the lawsuit, the Company has received additional payments from Essex Insurance Company, Lexington Insurance Company, and Westchester Surplus Lines Insurance Company, of approximately $3.9 million.

Note 12 — Commitments and Contingencies (continued)

California and Washington Wage Claim Class Actions

On October 16, 2008, the Company was served with a class action lawsuit in California state court filed by a single named plaintiff. The suit alleges that, at the time of the PA Transaction, the Company and other named defendants willfully failed to pay former California employees of Privileged Access and its affiliates ("PA") who became employees of the Company all of the wages they earned during their employment with PA, including accrued vacation time. The suit also alleges that the Company improperly "stripped" those employees of their seniority. The suit asserts claims for alleged violation of the California Labor Code; alleged violation of the California Business & Professions Code and for alleged unfair business practices; alleged breach of contract; alleged breach of the duty of good faith and fair dealing; and for alleged unjust enrichment. The original complaint sought, among other relief, compensatory and statutory damages; restitution; pre-judgment and post-judgment interest; attorney's fees, expenses and costs; penalties; and exemplary and punitive damages. The complaint did not specify a dollar amount sought. The Court granted in part without leave to amend and in part with leave to amend the Company's motions seeking dismissal of the plaintiff's original complaint and various amended complaints. Discovery is proceeding on the remaining claims in the third amended complaint. On February 15, 2011, the Court granted plaintiff's motion for class certification. On June 22, 2011, the Court determined the content of the class notice. The Company will vigorously defend the lawsuit.

On December 16, 2008, the Company was served with a class action lawsuit in Washington state court filed by a single named plaintiff, represented by the same counsel as the plaintiff in the California class action. The complaint asserts on behalf of a putative class of Washington employees of PA who became employees of the Company substantially similar allegations as are alleged in the California class action. The Company moved to dismiss the complaint. On April 3, 2009, the court dismissed: (1) the first cause of action, which alleged a claim under the Washington Labor Code for failure to pay accrued vacation time; (2) the second cause of action, which alleged a claim under the Washington Labor Code for unpaid wages on termination; (3) the third cause of action, which alleged a claim under the Washington Labor Code for payment of wages less than entitled; and (4) the fourth cause of action, which alleged a claim under the Washington Consumer Protection Act. The court did not dismiss the fifth cause of action for breach of contract, the sixth cause of action for breach of the duty of good faith and fair dealing; or the seventh cause of action for unjust enrichment. On May 22, 2009, the Company filed a motion for summary judgment on the causes of action not previously dismissed, which was denied. With leave of court, the plaintiff filed an amended complaint, the material allegations of which the Company denied in an answer filed on September 11, 2009. On July 30, 2010, the named plaintiff died as a result of an unrelated accident. Plaintiff's counsel may attempt to substitute a new named plaintiff. The Company will vigorously defend the lawsuit.

Other

The Company is involved in various other legal proceedings arising in the ordinary course of business. Such proceedings include, but are not limited to, notices, consent decrees, additional permit requirements and other similar enforcement actions by governmental agencies relating to the Company's water and wastewater treatment plants and other waste treatment facilities. 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.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 13 — Acquisitions

On May 31, 2011, the Company's operating partnership entered into purchase and other agreements (the "Purchase Agreements") to acquire a portfolio of 75 manufactured home communities and one RV resort (the "Acquisition Properties") containing 31,167 sites on approximately 6,500 acres located in 16 states (primarily located in Florida and the northeastern region of the United States) and certain manufactured homes and loans secured by manufactured homes located at the Acquisition Properties which the Company refers to as the "Home Related Assets" and collectively with the Acquisition Properties, as the "Acquisition Portfolio," for a stated purchase price of $1.43 billion (the "Acquisition"). Closing costs associated with the Acquisition of approximately $2.1 million were incurred during the quarter ended June 30, 2011.

On May 31, 2011, the Company deposited $25 million into an escrow as provided for in the Purchase Agreements for the Acquisition. On June 8, 2011, the Company deposited $275 million of the proceeds received from its equity offering in anticipation of the partial closing of the Acquisition on July 1, 2011.

On July 1, 2011, the Company closed on 35 of the 76 Acquisition Properties. On August 1, 2011, the Company closed on 16 of the remaining Acquisition Properties. (See Note 14 in the Notes to the Consolidated Financial Statements contained in this Form 10-Q for details regarding these closings.) The Company expects to close on the remaining Acquisition Properties on or before October 1, 2011. The Company is in the process of allocating the purchase price and has engaged a third-party to assist with its allocation for the Acquisition.

The following unaudited pro forma results of operations assumes that the Acquisition and related debt and equity issuances had occurred on January 1, 2010. The unaudited pro forma results of operations is based upon historical financial statements. The unaudited pro forma results do not purport to represent what the actual results of operations of the Company would have been, nor do they purport to predict the results of operations of future periods.

Unaudited Pro Forma Results of Operations(1)
(amounts in thousands, except per share data)

	Three Months Ended		Six Months Ended	
	June 30, 2011	June 30, 2010	June 30, 2011	June 30, 2010
Total revenues	$ 166,052	$ 163,268	$ 339,611	$ 334,807
Net income available for Common Shares	$ 18,238	$ (2,124)	$ 45,913	$ 3,945
Earnings per Common Share — Basic	$ 0.47	$ (0.06)	$ 1.18	$ 0.10
Earnings per Common Share — Fully Diluted(2)	$ 0.46	$ (0.06)	$ 1.17	$ 0.10

1. The following expenses are not reflected in the Unaudited Pro Forma Results of Operations as they are either short-term in nature or are not reflective of the historical results of the Company or the seller:

   a. For the Acquisition Properties the Company has closed on, the Company entered into a property management agreement with the seller for a fee of four percent of property revenues beginning on July 1, 2011 for a three month term with an option to extend to November 30, 2011.

   b. The Company entered into a loan servicing agreement, effective July 1, 2011, with respect to the Chattel Loans the Company is acquiring in the Acquisition. The loan servicing fee is $55,000 per month and the term of the agreement is three months.

   c. The Company has estimated that its annual incremental property management expenses associated with the Acquisition are approximately $5.8 million.

   d. The Company has estimated that its annual incremental general and administrative expenses associated with the Acquisition, including Chattel Loan servicing, are approximately $1.6 million.

   e. Acquisition-related costs related to the Acquisition are not expected to have a continuing impact and therefore have been excluded from these pro forma results.

2. For the three and six months ended June 30, 2010, both the Company's weighted average approximately 4.9 million common OP Units (which were dilutive to the Company's historical operations) and the issuance of 1,740,000 shares of Series B Preferred Stock were anti-dilutive, and therefore both were excluded from the computation of the Pro Forma Earnings per Common Share — Fully Diluted.

Equity LifeStyle Properties, Inc.
Notes to Consolidated Financial Statements

Note 14 — Subsequent Events

On July 1, 2011, the Company closed on 35 of the Acquisition Properties and certain Home Related Assets associated with such 35 Acquisition Properties for a purchase price of approximately $452.0 million. The Company funded the purchase price of this closing with (i) the issuance of 282,759 shares of its common stock, to the seller with an aggregate stated value of $16.4 million, (ii) the issuance of 286,207 shares of Series B Preferred Stock to the seller with an aggregate stated value of $16.6 million and (iii) approximately $419.0 million in cash. The cash was obtained from the proceeds of the Term Loan (as discussed further below) and the net proceeds of the June 2011 common stock offering, $275 million of which were placed into an acquisition escrow deposit on July 1, 2011. On August 1, 2011, the Company closed on 16 of the Acquisition Properties and certain Home Related Assets with such 35 Acquisition Properties for a purchase price of approximately $436.0 million. The Company funded the purchase price of this closing with (i) the issuance of 1,379,310 shares of its common stock, to the seller with an aggregate stated value of $80.0 million, (ii) the assumption of approximately $226.0 million of mortgage debt secured by 11 Acquisition Properties and (iii) approximately $130.0 million in cash. The cash was obtained from the net proceeds of the June 2011 common stock offering and borrowing on the Company's LOC.

On July 1, 2011, the Company closed on a Term Loan that matures on June 30, 2017 and has a one-year extension option, an interest rate of LIBOR plus 1.85% to 2.80% per annum and, subject to certain conditions, may be prepaid at any time without premium or penalty after July 1, 2014. Prior to July 1, 2014, a prepayment penalty of 2% of the amount prepaid would be owed. The spread over LIBOR is variable based on leverage throughout the loan. The Term Loan contains an arrangement fee of approximately $0.5 million, an upfront fee of approximately $1.3 million and an annual administrative agency fee of $20,000 as well as customary representations, warranties and negative and affirmative covenants and provides for acceleration of principal and payment of all other amounts payable thereunder upon the occurrence of certain events of default. In connection with the Term Loan, the Company also entered into a three-year LIBOR Swap Agreement (the "Swap") allowing the Company to trade its variable interest rate for a fixed interest rate on the Term Loan. The Swap fixes the underlying LIBOR rate on the Term Loan at 1.11% per annum for the first three years and based on anticipated leverage at the completion of the Acquisition, the Company's spread over LIBOR is expected to be 2.15% resulting in an initial estimated all-in interest rate of 3.26% per annum. The proceeds were used for the July 1, 2011 Acquisition. (See Note 8 in the Notes to Consolidated Financial Statements contained in this Form 10-Q for further information on the accounting of the Swap.)

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Overview

The Company is a self-administered, self-managed, real estate investment trust ("REIT") with headquarters in Chicago, Illinois. 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"). Customers may lease individual sites or purchase right-to-use contracts providing the customer access to specific Properties for limited stays. 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 June 30, 2011, the Company owned or had an ownership interest in a portfolio of 307 Properties located throughout the United States and Canada containing 111,008 residential sites. These Properties are located in 27 states and British Columbia, with the number of Properties in each state or province shown parenthetically, as follows: Florida (86), California (48), Arizona (37), Texas (15), Washington (15), Pennsylvania (12), Colorado (10), Oregon (9), North Carolina (8), Delaware (7), Nevada (6), New York (6), Virginia (6), Wisconsin (5), Indiana (5), Maine (5), Illinois (4), Massachusetts (3), New Jersey (3), South Carolina (3), Utah (3), Michigan (2), New Hampshire (2), Ohio (2), Tennessee (2), Alabama (1), Kentucky (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 and may include, without limitation, information regarding the Company's expectations, goals or intentions regarding the future, statements regarding the anticipated closings of the Acquisition and the expected effect of the Acquisition on the Company. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, but not limited to:

- the Company's ability to control costs, real estate market conditions, the actual rate of decline in customers, the actual use of sites by customers and its success in acquiring new customers at its Properties (including those that it may acquire);
- the Company's ability to maintain historical rental rates and occupancy with respect to Properties currently owned or that the Company may acquire;
- the Company's assumptions about rental and home sales markets;
- 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, credit and capital markets volatility;
- 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;
- impact of government intervention to stabilize site-built single family housing and not manufactured housing;
- the completion of the Acquisition in its entirety and future acquisitions, if any, timing and effective integration with respect thereto and the Company's estimates regarding the future performance of the Acquisition Properties;
- the Company's inability to secure the contemplated debt financings to fund a portion of the stated purchase price of the Acquisition on favorable terms or at all and the timing with respect thereto;
- unanticipated costs or unforeseen liabilities associated with the Acquisition;
- ability to obtain financing or refinance existing debt on favorable terms or at all;
- the effect of interest rates;
- the dilutive effects of issuing additional securities;
- the effect of accounting for the entry of contracts with customers representing a right-to-use the Properties under the Codification Topic "*Revenue Recognition;*" and
- other risks indicated from time to time in the Company's 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. The Company 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, 2010 through June 30, 2011.

Property	Transaction Date	Sites
Total Sites as of January 1, 2010		**110,575**
Property or Portfolio (# of Properties in parentheses):		
Acquisitions:		
Desert Vista (1)	April 21, 2010	125
St. George (1)	April 21, 2010	123
Tall Chief (1)	April 21, 2010	180
Valley Vista (1)	April 21, 2010	145
Expansion Site Development and other:		
Sites added (reconfigured) in 2010		19
Sites added (reconfigured) in 2011		6
Dispositions:		
Creekside (1)	January 10, 2010	(165)
Total Sites as of June 30, 2011		**111,008**

Since January 1, 2010, the gross investment in real estate has increased from $2,538 million to $2,608 million as of June 30, 2011.

Outlook

Occupancy in the Company's Properties as well as its ability to increase rental rates directly affects revenues. The Company's revenue streams are predominantly derived from customers renting its sites on a long-term basis. Revenues are subject to seasonal fluctuations and as such quarterly interim results may not be indicative of full fiscal year results.

The Company has approximately 65,000 annual sites, approximately 8,900 seasonal sites, which are leased to customers generally for three to six months, and approximately 9,700 transient sites, occupied by customers who lease sites on a short-term basis. The revenue from seasonal and transient sites is generally higher during the first and third quarters. The Company expects to service over 100,000 customers at its transient sites and the Company considers this revenue stream to be its most volatile. It is subject to weather conditions, gas prices, and other factors affecting the marginal RV customer's vacation and travel preferences. Finally, the Company has approximately 24,300 sites designated as right-to-use sites which are primarily utilized to service the approximately 106,000 customers who have entered into right-to-use contracts. The Company also has interests in Properties containing approximately 3,100 sites for which revenue is classified as Equity in income from unconsolidated joint ventures in the Consolidated Statements of Operations.

	Total Sites as of June 30, 2011 (rounded to 000's)
Community sites	44,200
Resort sites:	
Annual	20,800
Seasonal	8,900
Transient	9,700
Right-to-use (1)	24,300
Joint Ventures (2)	3,100
	111,000

(1) Includes approximately 3,300 sites rented on an annual basis.

(2) Joint venture income is included in Equity in income of unconsolidated joint ventures.

A significant portion of the Company's rental agreements on community sites are directly or indirectly tied to published CPI statistics that are issued from June through September each year. The Company currently expects its 2011 Core community base rental income to increase approximately 2.7% as compared to 2010.

The Company believes that the disruption in the site-built housing market is contributing to the low new home sales volumes it is experiencing as potential customers are not able to sell their existing site-built homes. Customers have also become more price sensitive which is reflected in an increase in used home sale volumes.

In this environment, the Company believes that customer demand for rentals, which do not require a down payment, is high. The Company is adapting to this by renting its vacant new homes. This may represent an attractive source of occupancy if the Company can convert renters to new homebuyers in the future. The Company is also focusing on smaller, more energy efficient and more affordable homes in its manufactured home Properties.

The Company's manufactured home rental operations have been increasing since 2007. As of June 30, 2011, occupied manufactured home rentals increased to 2,875 or 217.0%, from 907 for the year ended December 31, 2007. Net operating income from rental operations increased to approximately $14.5 million for the year ended December 31, 2010 from approximately $5.9 million for the year ended December 31, 2007. The Company believes that, unlike the home sales business, at this time it competes effectively with other types of rentals (i.e. apartments). To address the capital requirements of the home rental operations, the Company is in discussions with capital providers and manufacturers on rental home ownership structures that would attract capital.

In the Company's resort Properties, the Company continues to work on extending customer stays. The Company has had success lengthening customer stays.

In the spring of 2010, the Company introduced low-cost membership products that focus on the installed base of almost eight million RV owners. Such products may include right-to-use contracts that entitle the purchaser to use certain properties. The new products, called a Zone Park Pass ("ZPP"), can include one to four zones of the United States and require annual payments of $499. This replaces high cost products that were typically entered into at Properties after tours and lengthy sales presentations.

A single zone ZPP requires no upfront payment while ZPPs including additional zones require modest upfront payments. The Company entered into approximately 3,400 ZPP's during the six months ended June 30, 2011. The ZPPs are contributing to a reduction in the net attrition of the customers who enter right-to-use contracts.

The Company also offers upgrades to existing holders of right-to-use contracts. The upgrade contracts are currently distinguishable from new contracts or ZPPs that a customer would enter into by (1) increased length of consecutive stay by 50% (i.e. up to 21 days); (2) ability to make earlier advance reservations; (3) discounts on rental units and (4) access to additional Properties, which may include discounts at non-membership RV Properties. Each upgrade contract requires a nonrefundable upfront payment, which may be financed by the Company.

Subsequent Events Disclosure

2011 Acquisition

On May 31, 2011, the Company's operating partnership entered into purchase and other agreements (the "Purchase Agreements") to acquire a portfolio of 75 manufactured home communities and one RV resort (the "Acquisition Properties") containing 31,167 sites on approximately 6,500 acres located in 16 states (primarily located in Florida and the northeastern region of the United States) and certain manufactured homes and loans secured by manufactured homes located at the Acquisition Properties which the Company refers to as the "Home Related Assets" and collectively with the Acquisition Properties, as the "Acquisition Portfolio," for a stated purchase price of $1.43 billion (the "Acquisition"). Total closing costs associated with the Acquisition are expected to be approximately $21 million of which approximately $2.1 million were incurred during the three months ended June 30, 2011.

The purchase price of the Acquisition will be funded through:

- the net proceeds of approximately $344.0 million from the Company's June 2011 public offering of 6,037,500 shares of common stock;
- the assumption by the Company of fixed-rate, non-recourse mortgage indebtedness secured by 34 of the Acquisition Properties which is subject to lender approval;
- the Company's issuance to the seller of: (i) 1,708,276 shares of the Company's common stock, and (ii) 1,740,000 shares of Series B Subordinated Non-Voting Cumulative Preferred Stock par value $0.01 per share (the "Series B Preferred Stock") which in the Purchase Agreements have a stipulated aggregate value of $200.0 million;
- approximately $250.0 million of debt capital through two anticipated 10-year secured financings for which the Company has a locked fixed interest rate, on a blended basis, of approximately 5.06% per annum; and
- a $200.0 million senior unsecured term loan (the "Term Loan") entered into on July 1, 2011 (see Note 14 in the Notes to the Consolidated Financial Statements contained in this Form 10-Q.)

On May 31, 2011, the Company deposited $25 million into an escrow as provided for in the Purchase Agreements for the Acquisition. On June 8, 2011, the Company deposited $275 million of the proceeds received from its equity offering in anticipation of the partial closing of the Acquisition on July 1, 2011.

As of August 1, 2011, the Company has closed on a total of 51 Acquisition Properties containing 19,883 sites located in 15 states for a stated purchase price of $888.0 million. The purchase price in connection with the closing of the first 51 Acquisition Properties was funded with: (i) the issuance of 1,662,069 shares of the Company's common stock to the seller with an aggregate stated value of $96.4 million, (ii) the issuance of 286,207 shares of Series B Preferred Stock to the seller with an aggregate stated value of $16.6 million, (iii) the assumption of approximately $226.0 million of mortgage debt secured by 11 Acquisition Properties, (iv) approximately $200.0 million of proceeds from the July 1, 2011 Term Loan closing and (v) approximately $349.0 million in cash from the proceeds of our June 2011 common stock offering and borrowing on the Company's LOC. After completing the Acquisition in its entirety the Company expects to own 383 Properties containing approximately 142,200 sites as compared to 307 Properties containing approximately 111,000 sites on June 30, 2011. The Company's acquisition of the balance of the Acquisition Properties is expected to occur on or before October 1, 2011 and assumption of the indebtedness thereon is subject to receipt of loan servicer consents. The Acquisition is also subject to other customary closing conditions. Accordingly, no assurances can be given that the remainder of the Acquisition will be completed in its entirety in accordance with the anticipated timing or at all. (See Notes 13 and 14 in the Notes to the Consolidated Financial Statements contained in this Form 10-Q.)

Critical Accounting Policies and Estimates

Refer to the 2010 Form 10-K for a discussion of the Company's critical accounting policies, which includes impairment of real estate assets and investments, investments in unconsolidated joint ventures, and accounting for stock compensation. With the exception of the following, there have been no changes to these policies during the six months June 30, 2011.

Cumulative Redeemable Perpetual Preferred Stock

On March 4, 2011, the Company, on behalf of selling stockholders, closed on a public offering of 8,000,000 shares of 8.034% Series A Cumulative Redeemable Perpetual Preferred Stock (the "Series A Preferred Stock"), par value $0.01 per share, liquidation preference of $25.00 per share, at a price of $24.75 per share. The selling stockholders received the Series A Preferred Stock in exchange for $200 million of previously issued series D and series F Perpetual Preferred OP Units. The Company did not receive any proceeds from the offering.

The Company accounts for Preferred Stock in accordance with the Codification Topic "Consolidation" ("FASB ASC 810"). The Company has the option to redeem the Series A Preferred Stock at a redemption price of $25.00 per share, plus accumulated and unpaid dividends. Holders of the Series A Preferred Stock have preference rights with respect to liquidation and distributions over the common stock. Based on the Company's analysis, the Series A Preferred Stock has been classified as redeemable interests outside of permanent equity in the mezzanine section.

Derivative Instruments and Hedging Activities

Codification Topic "Derivatives and Hedging" ("FASB ASC 815"), provides the disclosure requirements for derivatives and hedging activities with the intent to provide users of financial statements with an enhanced understanding of: (a) how and why an entity uses derivative instruments, (b) how the entity accounts for derivative instruments and related hedged items, and (c) how derivative instruments and related hedged items affect an entity's financial position, financial performance and cash flows. Further, qualitative disclosures are required that explain the Company's objectives and strategies for using derivatives, as well as quantitative disclosures about the fair value of and gains and losses on derivative instruments, and disclosures about credit-risk-related contingent features in derivative instruments.

As required by FASB ASC 815, the Company records all derivatives on the Consolidated Balance Sheets at fair value. The Company's objective in utilizing interest rate derivatives is to add stability to its interest expense and to manage its exposure to interest rate movements. To accomplish this objective, the Company primarily uses interest rate swaps as part of its interest rate risk management strategy. Interest rate swaps designated as cash flow hedges involve the receipt of variable amounts from a counterparty in exchange for the Company making fixed-rate payments over the life of the agreements without exchange of the underlying notional amount.

The effective portion of changes in the fair value of derivatives designated and that qualify as cash flow hedges are recorded on the Consolidated Balance Sheets in accumulated other comprehensive loss and is subsequently reclassified into earnings on the Consolidated Statements of Operations in the period that the hedged transaction affects earnings. The ineffective portion of the change in fair value of the derivative is recognized directly in earnings. (See Note 8 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.)

Results of Operations

The results of operations for the one Property sold during 2010 have been classified as income from discontinued operations, pursuant to FASB ASC 360-10-35.

Comparison of the Three Months Ended June 30, 2011 to the Three Months Ended June 30, 2010

Income from Property Operations

The following table summarizes certain financial and statistical data for the Property Operations for all Properties owned and operated for the same period in both years ("Core Portfolio") and the Total Portfolio for the three months ended June 30, 2011 and 2010 (amounts in thousands). The Core Portfolio may change from time-to-time depending on acquisitions, dispositions and significant transactions or unique situations. The Core Portfolio in this Form 10-Q includes all Properties acquired prior to December 31, 2009 and which have been owned and operated by the Company continuously since January 1, 2010. Core growth percentages exclude the impact of GAAP deferrals of up-front payments from right-to-use contracts entered and related commissions.

	Core Portfolio				Total Portfolio			
	2011	2010	Increase/ (Decrease)	% Change	2011	2010	Increase/ (Decrease)	% Change
Community base rental income	$ 66,399	$ 64,587	$ 1,812	2.8%	$ 66,408	$ 64,601	$ 1,807	2.8%
Resort base rental income	29,163	28,502	661	2.3%	29,251	28,504	747	2.6%
Right-to-use annual payments	12,563	12,889	(326)	(2.5%)	12,563	12,889	(326)	(2.5%)
Right-to-use contracts current period, gross	4,857	5,681	(824)	(14.5%)	4,857	5,681	(824)	(14.5%)
Utility and other income	12,456	11,915	541	4.5%	12,484	11,918	566	4.7%
Property operating revenues, excluding deferrals .	125,438	123,574	1,864	1.5%	125,563	123,593	1,970	1.6%
Property operating and maintenance	47,330	46,981	349	0.7%	47,655	46,998	657	1.4%
Real estate taxes	8,139	8,314	(175)	(2.1%)	8,161	8,326	(165)	(2.0%)
Sales and marketing, gross	3,083	3,585	(502)	(14.0%)	3,083	3,585	(502)	(1.4%)
Property operating expenses, excluding deferrals and Property management	58,552	58,880	(328)	(0.6%)	58,899	58,909	(10)	(0.00%)
Income from property operations, excluding deferrals and Property management	66,886	64,694	2,192	3.4%	66,664	64,684	1,980	3.1%
Property management	8,185	7,791	394	5.1%	8,193	7,793	400	5.1%
Income from property operations, excluding deferrals	$ 58,701	$ 56,903	$ 1,798	3.2%	$ 58,471	$ 56,891	$ 1,580	2.8%

The 1.5% increase in the Core Portfolio property operating revenues includes the following changes (i) a 2.2% increase in rates in community base rental income and a 0.6% increase in occupancy, (ii) a 2.3% increase in revenues in core resort base income, as described in table below, and (iii) a decrease of 14.5% in right-to-use contracts. The reduction in entry of right-to-use contracts is due to the Company's introduction of low-cost membership products in the spring of 2010 and the phase-out of memberships with higher initial upfront payments. Most of the right-to-use contract revenue in 2011 is from upgrades of existing memberships.

Resort base rental income is comprised of the following (amounts in thousands):

	Core Portfolio				Total Portfolio			
	2011	2010	Increase/ (Decrease)	% Change	2011	2010	Increase/ (Decrease)	% Change
Annual	$ 20,651	$ 19,826	$ 825	4.2%	$ 20,662	$ 19,828	$ 834	4.2%
Season	2,537	2,485	52	2.1%	2,561	2,485	76	3.1%
Transient	5,975	6,191	(216)	(3.5%)	6,028	6,191	(163)	(2.6%)
Resort base rental income	$ 29,163	$ 28,502	$ 661	2.3%	$ 29,251	$ 28,504	$ 747	2.6%

The 0.6% decrease in property operating expenses in the Core Portfolio, excluding property management, reflects (i) a 0.7% increase in property operating and maintenance expenses (ii) a 2.1% decrease in property taxes and (iii) a 14.0% decrease in sales and marketing expenses. Sales and marketing expenses are all related to the costs incurred for the entry or upgrade of right-to-use contracts. The decrease in sales and marketing expenses is due to reduced commissions as a result of reduced high-cost right-to-use contracts activity. Total Portfolio property management expenses increased primarily due to an increase in payroll expenses.

Home Sales Operations

The following table summarizes certain financial and statistical data for the Home Sales Operations for the three months ended June 30, 2011 and 2010 (amounts in thousands, except home sales volumes).

	2011	2010	Variance	% Change
Gross revenues from new home sales	$ 338	$ 657	$ (319)	(48.6%)
Cost of new home sales	(243)	(609)	366	60.1%
Gross profit from new home sales	95	48	47	97.9%
Gross revenues from used home sales	950	1,290	(340)	(26.4%)
Cost of used home sales	(806)	(1,119)	313	28.0%
Gross profit from used home sales	144	171	(27)	(15.8%)
Brokered resale revenues, net	214	242	(28)	(11.6%)
Home selling expenses	(406)	(455)	49	10.8%
Ancillary services revenues, net	102	133	(31)	(23.3%)
Income from home sales operations and other	$ 149	$ 139	$ 10	7.2%
Home sales volumes				
New home sales (1)	6	22	(16)	(72.7%)
Used home sales (2)	210	235	(25)	(10.6%)
Brokered home resales	167	191	(24)	(12.6%)

(1) Includes two third party home sales for the quarter ending June 30, 2010.

(2) Includes one third party home sale during each of the quarters ending June 30, 2011 and 2010.

Rental Operations

The following table summarizes certain financial and statistical data for manufactured home Rental Operations for the three months ended June 30, 2011 and 2010 (amounts in thousands, except rental unit volumes). Except as otherwise noted, the amounts below are included in Ancillary services revenue, net in the Home Sales Operations table in previous section.

	2011	2010	Variance	% Change
Manufactured homes:				
New Home	$ 2,879	$ 1,882	$ 997	53.0%
Used Home	3,761	2,755	1,006	36.5%
Rental operations revenue (1)	6,640	4,637	2,003	43.2%
Rental operations expense	(838)	(784)	(54)	(6.9%)
Depreciation	(938)	(575)	(363)	(63.1%)
Income from rental operations	$ 4,864	$ 3,278	$ 1,586	48.4%
Net basis in new manufactured home rental units	$ 66,202	$ 49,508	$ 16,693	33.7%
Net basis in used manufactured home rental units	$ 25,045	$ 18,153	$ 6,892	38.0%
Number of occupied rentals — new, end of period	1,063	674	389	57.7%
Number of occupied rentals — used, end of period	1,812	1,397	415	29.7%

(1) Approximately $5.1 million and $3.6 million for the quarters ended June 30, 2011 and 2010, respectively, are included in Community base rental income in the Income from Property Operations table.

The increase in income from rental operations and depreciation expense is primarily due to the increase in the number of rental units.

Table of Contents

Other Income and Expenses

The following table summarizes other income and expenses for the three months ended June 30, 2011 and 2010 (amounts in thousands).

	2011	2010	Variance	% Change
Depreciation on real estate and other costs	$(17,285)	$(16,940)	$ (345)	(2.0%)
Interest income	1,012	997	15	1.5%
Income from other investments, net	1,149	1,484	(335)	(22.6%)
General and administrative	(6,011)	(5,548)	(463)	(8.3%)
Acquisition costs	(2,117)	—	(2,117)	(100.0%)
Rent control initiatives	(476)	(299)	(177)	(59.2%)
Depreciation on corporate assets	(254)	(379)	125	33.0%
Interest and related amortization	(21,458)	(22,989)	1,531	6.7%
Total other expenses, net	$(45,440)	$(43,674)	$ (1,766)	(4.0%)

General and administrative increased primarily due to increased payroll costs. Acquisition costs are legal and due diligence costs incurred related to the Acquisition (See Note 14 in the Notes to Consolidated Financial Statements contained in this Form 10-Q). Interest expense is lower primarily due to lower mortgage notes payable amounts outstanding.

Comparison of the Six Months Ended June 30, 2011 to the Six Months Ended June 30, 2010

Income from Property Operations

The following table summarizes certain financial and statistical data for the Property Operations for the Core Portfolio and the Total Portfolio for the six months ended June 30, 2011 and 2010 (amounts in thousands).

	Core Portfolio				Total Portfolio			
	2011	2010	Increase/ (Decrease)	% Change	2011	2010	Increase/ (Decrease)	% Change
Community base rental income	$132,570	$128,988	$ 3,582	2.8%	$132,591	$129,023	$ 3,568	2.8%
Resort base rental income	65,516	65,447	69	0.1%	65,719	65,449	270	0.4%
Right-to-use annual payments	24,503	25,074	(571)	(2.3%)	24,575	25,074	(499)	(2.0%)
Right-to-use contracts current period, gross	8,710	10,618	(1908)	(18.0%)	8,710	10,618	(1,908)	(18.0%)
Utility and other income	25,479	24,802	677	2.7%	25,546	24,807	739	3.0%
Property operating revenues, excluding deferrals	256,778	254,929	1,849	0.7%	257,141	254,971	2,170	0.9%
Property operating and maintenance	91,319	90,380	939	1.0%	91,966	90,452	1,514	1.7%
Real estate taxes	16,177	16,616	(439)	(2.6%)	16,218	16,640	(422)	(2.5%)
Sales and marketing, gross	5,339	6,848	(1,509)	(22.0%)	5,339	6,848	(1,509)	(22.0%)
Property operating expenses, excluding deferrals and Property management	112,835	113,844	(1,009)	(0.9%)	113,523	113,940	(417)	(0.4%)
Income from property operations, excluding deferrals and Property management	143,943	141,085	2,858	2.0%	143,618	141,031	2,587	1.8%
Property management	16,633	16,530	103	0.6%	16,656	16,533	123	0.7%
Income from property operations, excluding deferrals	$127,310	$124,555	$ 2,755	2.2%	$126,962	$124,498	$ 2,464	2.0%

The 0.7% increase in Core Portfolio property operating revenues, includes the following changes (i) a 2.2% increase in rates in community base rental income and a 0.6% increase in occupancy, (ii) a 0.1% increase in revenues in core resort base income, as described in table below, and (iii) a decrease of 18.0% in right-to-use contracts. The reduction in entry of right-to-use contracts is due to the Company's introduction of low-cost membership products in the spring of 2010 and the phase-out of memberships with higher initial upfront payments. Most of the right-to-use contract revenue in 2011 is from upgrades of existing memberships.

Table of Contents

Resort base rental income is comprised of the following (amounts in thousands):

	Core Portfolio				Total Portfolio			
	2011	2010	Increase/ (Decrease)	% Change	2011	2010	Increase/ (Decrease)	% Change
Annual	$ 40,970	$ 39,273	$ 1,697	4.3%	$ 40,995	$ 39,275	$ 1,720	4.4%
Season	14,111	15,082	(971)	(6.4)%	14,166	15,082	(916)	(6.1%)
Transient	10,435	11,092	(657)	(5.9%)	10,558	11,092	(534)	(4.8%)
Resort base rental income	$ 65,516	$ 65,447	$ 69	0.1%	$ 65,719	$ 65,449	$ 270	0.4%

The 0.9% decrease in property operating expenses in the Core Portfolio, excluding property management, reflects (i) a 1.0% increase in property operating and maintenance expenses, (ii) a 2.6% decrease in property taxes and (iii) a 22.0% decrease in sales and marketing expenses. Sales and marketing expenses are all related to the costs incurred for the entry or upgrade of right-to-use contracts. The decrease in sales and marketing expenses is due to reduced commissions as a result of reduced high-cost right-to-use contracts activity.

Home Sales Operations

The following table summarizes certain financial and statistical data for the Home Sales Operations for the six months ended June 30, 2011 and 2010 (amounts in thousands, except for home sales volumes).

	2011	2010	Variance	% Change
Gross revenues from new home sales	$ 1,149	$ 1,081	$ 68	6.3%
Cost of new home sales	(1,175)	(1,004)	(171)	(17.0%)
Gross (loss) profit from new home sales	(26)	77	(103)	(133.8%)
Gross revenues from used home sales	1,496	1,913	(417)	(21.8%)
Cost of used home sales	(1,293)	(1,883)	590	31.3%
Gross profit from used home sales	203	30	173	576.7%
Brokered resale revenues, net	467	481	(14)	(2.9%)
Home selling expenses	(883)	(932)	49	5.3%
Ancillary services revenues, net	1,127	1,196	(69)	(5.8%)
Income from home sales operations and other	$ 888	$ 852	$ 36	4.2%
Home sales volumes				
New home sales (1)	27	40	(13)	(32.5%)
Used home sales (2)	363	368	(5)	(1.4%)
Brokered home resales	372	378	(6)	(1.6%)

(1) Includes nine third party home sales for the six months ending June 30, 2010.

(2) Includes one and two third party home sales for the six months ending June 30, 2011 and 2010, respectively.

Table of Contents

Rental Operations

The following table summarizes certain financial and statistical data for manufactured home Rental Operations for the six months ended June 30, 2011 and 2010 (amounts in thousands, except for rental unit volumes). Except as otherwise noted, the amounts below are included in ancillary services revenue, net in the Home Sales Operations table in previous section.

	2011	2010	Variance	% Change
Manufactured homes:				
New Home	$ 5,469	$ 3,681	$ 1,788	48.6%
Used Home	7,296	5,507	1,789	32.5%
Rental operations revenue (1)	12,765	9,188	3,577	38.9%
Rental operations expense	(1,667)	(1,404)	(263)	(18.7%)
Depreciation	(1,797)	(1,289)	(508)	(39.4%)
Income from rental operations	$ 9,301	$ 6,495	$ 2,806	43.2%
Net basis in new manufactured home rental units	$ 65,667	$ 48,976	$ 16,691	34.1%
Net basis in used manufactured home rental units	$ 24,720	$ 17,972	$ 6,748	37.5%
Number of occupied rentals — new, end of period	1,063	674	389	57.7%
Number of occupied rentals — used, end of period	1,812	1,397	415	29.7%

(1) Approximately $9.8 million and $7.0 million for the quarters ended June 30, 2011 and 2010, respectively, are included in Community base rental income in the Income from Property Operations table.

In the ordinary course of business, the Company acquires used homes from customers through purchase, lien sale or abandonment. In a vibrant new home sale market older homes may be removed from sites and replaced with new homes. In other cases, due to the nature of tenancy rights afforded to purchasers, used homes are rented in order to control the site either in the condition received or after warranted rehabilitation. The increase in income from rental operations is primarily due to the increase in the number of rental units.

Other Income and Expenses

The following table summarizes other income and expenses for the six months ended June 30, 2011 and 2010 (amounts in thousands).

	2011	2010	Variance	% Change
Depreciation on real estate and other costs	$(34,512)	$(33,863)	$ (649)	(1.9%)
Interest income	2,051	2,189	(138)	(6.3%)
Income from other investments, net	1,848	2,661	(813)	(30.6%)
General and administrative	(11,658)	(11,224)	(434)	(3.9%)
Acquisition costs	(2,117)	—	(2,117)	(100.0%)
Rent control initiatives	(588)	(1,013)	425	42.0%
Depreciation on corporate assets	(503)	(589)	86	14.6%
Interest and related amortization	(42,847)	(46,756)	3,909	8.4%
Total other expenses, net	$(88,326)	$(88,595)	$ 269	0.3%

Income from other investments, net, decreased primarily due to increased costs for new business development projects. General and administrative increased primarily due to increased payroll costs. Acquisition costs are legal and due diligence costs incurred related to the Acquisition (See Note 14 in the Notes to Consolidated Financial Statements contained in this Form 10-Q). Rent control initiatives are lower due to decreased activity in the San Rafael legal appeal (see Note 12 in the Notes to Consolidated Financial Statements contained in this Form 10-Q). Interest expense is lower primarily due to lower mortgage notes payable amounts outstanding.

Liquidity and Capital Resources

Liquidity

As of June 30, 2011, the Company had approximately $85.3 million in cash and cash equivalents, $300 million in acquisition escrow deposits and $380.0 million available on its LOC. 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 use of its current cash balance, long-term collateralized and uncollateralized borrowings including borrowings under its existing line of credit and the issuance of debt securities or additional equity securities in the Company, in addition to net cash provided by operating activities. (See Note 13 in the Notes to Consolidated Financial Statements contained in this Form 10-Q for a discussion of how the Company intends to fund the Acquisition, which includes the $300 million acquisition escrow deposit on our Consolidated Balance Sheets as of June 30, 2011.)

From 2008 to 2010, the Company received financing proceeds from Fannie Mae secured by mortgages on individual manufactured home Properties. The terms of the Fannie Mae financings were relatively attractive as compared to those available from other potential lenders. If financing proceeds are no longer available from Fannie Mae for any reason or if Fannie Mae terms are no longer attractive, it may adversely affect cash flow and the Company's ability to service debt and make distributions to stockholders. In addition, Fannie Mae will not provide financing on resort Properties and there is generally more limited availability for resort Property financing from private lenders.

The table below summarizes cash flow activity for the six months ended June 30, 2011 and 2010 (amounts in thousands).

	For the Six Months Ended June 30, 2011	For the Six Months Ended June 30, 2010
Net cash provided by operating activities	$ 95,269	$ 99,479
Net cash used in investing activities	(275,044)	(18,860)
Net cash provided by (used in) financing activities	252,460	(73,942)
Net increase in cash and cash equivalents	$ 72,685	$ 6,677

Operating Activities

Net cash provided by operating activities decreased $4.2 million for the six months ended June 30, 2011, as compared to the net cash provided by operating activities for the six months ended June 30, 2010. The decrease in cash provided by operating activities is primarily due to a $4.9 million increase in consolidated income from continuing operations, offset by an increase in escrow deposits and other assets.

Investing Activities

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

Notes Receivable Activity

The notes receivable activity during the six months ended June 30, 2011 of $2.8 million in cash outflow reflects net repayments of $0.2 million from the Company's Chattel Loans, net repayments of $0.8 million from the Company's Contract Receivable and lending of $3.8 million to Lakeland RV. (See Note 6 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.)

The notes receivable activity during the six months ended June 30, 2010 of $0.8 million in cash inflow primarily reflects net repayments of $0.1 million from the Company's Chattel Loans and net repayments of $0.6 million from the Company's Contract Receivable.

Acquisition Escrow Deposit Activity

On May 31, 2011, the Company deposited $25 million into an escrow as provided for in the Purchase Agreements for the Acquisition. On June 8, 2011, the Company deposited $275 million of the proceeds received from its equity offering in anticipation of the partial closing of the Acquisition on July 1, 2011. The deposit was partially used to fund the July 1, 2011 closing of the Acquisition.

Capital Improvements

The table below summarizes capital improvements activity for the six months ended June 30, 2011 and 2010 (amounts in thousands).

	For the Six Months Ended June 30,(1)	
	2011	2010
Recurring Cap Ex	$ 8,322	$ 14,500
New home investments	11,619	2,097
Used home investments	4,134	2,919
Total Property	24,075	19,516
Corporate	403	888
Total Capital improvements	$ 24,478	$ 20,404

(1) Excludes noncash activity of approximately $1.0 million and $2.3 million for new homes purchased with dealer financing and approximately $0.3 million and $0.4 million of repossessions for the six months ended June 30, 2011 and 2010, respectively.

Financing Activities

Financing, Refinancing and Early Debt Retirement

2011 Activity

During the quarter ended June 30, 2011, the Company paid off eight maturing mortgages totaling approximately $45.5 million, with a weighted average interest rate of 7.00% per annum.

2010 Activity

During the quarter ended March 31, 2010, the Company closed an approximately $12.0 million financing on one manufactured home community with an interest rate of 5.99% per annum, maturing in 2020. The Company also paid off two maturing mortgages totaling approximately $7.1 million, with a weighted average interest rate of 8.53% per annum.

During the quarter ended June 30, 2010, the Company closed an approximately $49.7 million financing on two manufactured home communities with a weighted average interest rate of 7.14% per annum, maturing in 2020. The Company also closed approximately $15.0 million new financing on one resort property with a stated interest rate of 6.50% per annum, maturing in 2020. The Company also paid off eight maturing mortgages totaling approximately $100.4 million, with a weighted average interest rate of 7.85% per annum.

Secured Debt

As of June 30, 2011, the Company's secured long-term debt balance was approximately $1.4 billion, with a weighted average interest rate of approximately 6.1% per annum. The debt bears interest at rates between 5.0% and 8.5% per annum and matures on various dates primarily ranging from 2011 to 2020. The weighted average term to maturity for the long-term debt is approximately 5.1 years.

Unsecured Debt

As of June 30, 2011, the Company's unsecured LOC had an availability of $380 million of which no amounts were outstanding. The Company's unsecured LOC has a maximum borrowing capacity of $380 million, accrues interest at an annual rate equal to the applicable LIBOR plus 1.65% to 2.50% and contains a 0.30% to 0.40% facility fee as well as certain other customary negative and affirmative covenants. The LOC matures on September 18, 2015 and has an eight-month extension option under the LOC, subject to payment by if of certain administrative fees and the satisfaction of certain other enumerated conditions. The spread over LIBOR and the facility fee pricing are variable based on leverage throughout the term of the LOC. The Company incurred commitment and arrangement fees of approximately $3.6 million to enter into the amended LOC.

As of December 31, 2010, the Company's LOC had an availability of $100 million of which no amounts were outstanding which had a maturity of June 29, 2011. On May 19, 2011, the Company amended its LOC as described further above.

Other Loans

During the six months ended June 30, 2011, the Company borrowed approximately $0.8 million which is secured by individual manufactured homes. The financing provided by the dealer requires quarterly payments, bears interest at 6.0% and matures on July 16, 2016.

During the six months ended June 30, 2010, the Company borrowed approximately $2.3 million, which is secured by individual manufactured homes. This financing provided by the dealer requires monthly payments, bears interest at 8.5% and matures on the earlier of: 1) the date the home is sold or 2) November 20, 2016.

Contractual Obligations

As of June 30, 2011, the Company was subject to certain contractual payment obligations as described in the table below (amounts in thousands).

	Total	2011	2012	2013	2014	2015	2016	Thereafter
Long Term Borrowings (1)	$1,358,246	$ 17,804	$ 22,793	$122,752	$200,489	$531,349	$ 82,372	$380,687
Interest Expense (2)	396,764	39,991	78,936	75,655	65,348	56,638	26,662	53,534
Total Contractual Obligations	$1,755,010	$ 57,795	$101,729	$198,407	$265,837	$587,987	$109,034	$434,221
Weighted average interest rates	5.91%	5.66%	5.85%	5.87%	5.85%	5.58%	5.70%	6.11%

(1) Balance excludes net premiums and discounts of $0.8 million. Balances include debt maturing and scheduled periodic principal payments.

(2) Amounts include interest expected to be incurred on the Company's secured debt based on obligations outstanding as of June 30, 2011.

The Company does not include Preferred Stock dividends, insurance, property taxes and cancelable contracts in the contractual obligations table above.

The Company also leases land under non-cancelable operating leases at certain of the Properties expiring in various years from 2013 to 2054, with terms which require twelve equal payments per year plus additional rents calculated as a percentage of gross revenues. Minimum future rental payments under the ground leases are approximately $1.9 million per year for each of the next five years and approximately $14.9 million thereafter.

With respect to maturing debt, the Company has staggered the maturities of its long-term mortgage debt over an average of approximately five years, with no more than approximately $530 million (which is due in 2015) in principal maturities coming due in any single year. The Company believes that it will be able to refinance its maturing debt obligations on a secured or unsecured basis; however, to the extent the Company is unable to refinance its debt as it matures, the Company believes that it will be able to repay such maturing debt from operating cash flow, asset sales and/or the proceeds from equity issuances. With respect to any refinancing of maturing debt, the Company's future cash flow requirements could be impacted by significant changes in interest rates or other debt terms, including required amortization payments.

Equity Transactions

2011 Activity

On July 8, 2011, the Company paid a $0.375 per share distribution for the quarter ended June 30, 2011 to common stockholders of record on June 24, 2011. On April 8, 2011, the Company paid a $0.375 per share distribution for the quarter ended March 31, 2011 to common stockholders of record on March 25, 2011.

On June 30, 2011, the Company paid a $0.502125 per share pro-rata distribution on the Company's Series A Preferred Stock to preferred stockholders of record on June 10, 2011. On March 31, 2011, the Company paid a $0.156217 per share pro-rata distribution on the Company's Series A Preferred Stock to preferred stockholders of record on March 21, 2011.

On June 7, 2011, the Company issued approximately 6.0 million shares of common stock in an equity offering for approximately $344.0 million in proceeds, net of offering costs. The proceeds are expected to be used to partially fund the Acquisition discussed in detail in Note 14 in the Notes to Consolidated Financial Statements contained in this Form 10-Q.

On March 31, 2011, the Company paid pro-rata 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 which were exchanged on March 4, 2011 for the Series A Preferred Stock.

During the six months ended June 30, 2011, the Company received approximately $0.2 million in proceeds from the issuance of shares of common stock through stock option exercises and the Company's Employee Stock Purchase Plan ("ESPP").

2010 Activity

On February 23, 2010, the Company acquired the 6% non-controlling interests in The Meadows, a 379-site property, in Palm Beach Gardens, Florida. The gross purchase price was approximately $1.5 million.

On June 30, 2010 and March 31, 2010, 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.

On July 9, 2010, the Company paid a $0.30 per share distribution for the quarter ended June 30, 2010 to stockholders of record on June 25, 2010. On April 9, 2010, the Company paid a $0.30 per share distribution for the quarter ended March 31, 2010 to stockholders of record on March 26, 2010.

During the six months ended June 30, 2010, the Company received approximately $1.5 million in proceeds from the issuance of shares of common stock through stock option exercises and the Company's ESPP.

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 risks of inflation to the Company. In addition, the Company's resort Properties are not generally subject to leases and rents are established for these sites on an annual basis. The Company's right-to-use contracts generally provide for an annual dues increase, but dues may be frozen under the terms of certain contracts if the customer is over 61 years old.

Off Balance Sheet Arrangements

As of June 30, 2011, the Company has no off balance sheet arrangements.

Funds From Operations

Funds from Operations ("FFO") is a non-GAAP financial measure. The Company believes that FFO, as defined by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), is generally 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.

The Company defines FFO as net income, computed in accordance with GAAP, excluding gains or actual or estimated 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. The Company receives up-front non-refundable payments from the entry of right-to-use contracts. In accordance with GAAP, the upfront non-refundable payments and related commissions are deferred and amortized over the estimated customer life. Although the NAREIT definition of FFO does not address the treatment of nonrefundable right-to-use payments, the Company believes that it is appropriate to adjust for the impact of the deferral activity in its calculation of FFO. The Company believes that FFO is helpful to investors as one of several measures of the performance of an equity REIT. The Company further believes that by excluding the effect of depreciation, amortization and gains or actual or estimated 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. The Company believes that the adjustment to FFO for the net revenue deferral of upfront non-refundable payments and expense deferral of right-to-use contract commissions also facilitates the comparison to 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. The Company computes FFO in accordance with its interpretation of standards established by NAREIT, which may not be comparable to FFO reported by other REITs that do not define the term in accordance with the current NAREIT definition or that interpret the current NAREIT definition differently than the Company does. 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 the Company's financial performance, or to cash flow from operating activities, determined in accordance with GAAP, as a measure of the Company's liquidity, nor is it indicative of funds available to fund its cash needs, including its ability to make cash distributions.

The following table presents a calculation of FFO for the quarters and six months ended June 30, 2011 and 2010 (amounts in thousands):

	Quarters Ended June 30,		Six Months Ended June 30,	
	2011	2010	2011	2010
Computation of funds from operations:				
Net income available for common shares	$ 6,827	$ 6,000	$ 25,787	$ 21,064
Income allocated to common OP Units	789	928	3,410	3,360
Right-to-use contract upfront payments, deferred, net	3,414	4,551	5,910	8,499
Right-to-use contract commissions, deferred, net	(1,347)	(1,657)	(2,347)	(3,069)
Depreciation on real estate assets and other	17,285	16,940	34,512	33,863
Depreciation on unconsolidated joint ventures	307	303	614	608
Loss on real estate	—	54	—	231
Funds from operations available for common shares	$ 27,275	$ 27,119	$ 67,886	$ 64,556
Weighted average common shares outstanding — fully diluted	37,262	35,506	36,441	35,471

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. The Company's earnings, cash flows and fair values relevant to financial instruments are dependent on prevailing market interest rates. The primary market risk the Company faces is long-term indebtedness, which bears interest at fixed and variable rates. The fair value of the Company's long-term debt obligations is affected by changes in market interest rates. At June 30, 2011, approximately 100% or approximately $1.4 billion of the Company's 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 $67.1 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 $70.6 million.

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 accounting and financial officer), has evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2011. 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 to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to the Company that would potentially be subject to disclosure under the Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder as of June 30, 2011.

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 June 30, 2011.

Part II — Other Information

Item 1. Legal Proceedings

See Note 12 of the Consolidated Financial Statements contained herein.

Item 1A. Risk Factors

With the except of the following, there have been no material changes to the risk factors discussed in "Item 1A. Risk Factors" in the Company's Annual Report on Form 10-K for the year ended December 31, 2010 other than those disclosed in our Quarterly Report on Form 10-Q for the quarter ended March 31, 2011.

There can be no assurance that the Acquisition will be consummated in its entirety in accordance with the anticipated timing or at all.

As of August 1, 2011, the Company closed on a total of 51 of the Acquisition Properties and Home Related Assets associated with such 51 properties (with an aggregate stated purchase price of approximately $888.0 million). In order to consummate the remainder of the Acquisition, certain approvals and consents from lenders must be obtained on loans on 23 of the remaining 25 Acquisition Properties in a timely manner. If these approvals or consents are not received, or they are not received on terms that satisfy the conditions set forth in the Purchase Agreements, then closing on the Acquisition Properties will not be obligated, or we will not be permitted to close, on those properties. The Purchase Agreements also contain certain other closing conditions relating to some or all of the Acquisition Properties and the Home Related Assets that are part of the Acquisition, which may not be satisfied or waived. In addition, under circumstances specified in the Purchase Agreements, either party may terminate the Purchase Agreements. As a result, there can be no assurance that the Acquisition will be consummated in its entirety in accordance with the anticipated timing or at all. Furthermore, if the Acquisition is consummated in part, the composition of the Acquisition Portfolio that we acquire will change and we may not acquire the most attractive properties that are part of the anticipated Acquisition Portfolio, which would materially and adversely affect us and the benefits we expect from the Acquisition in whole. Furthermore, our pro forma financial statements included herein will not accurately present such a partial Acquisition.

If the Company is unable to raise sufficient proceeds through the contemplated debt financings, the Company would need to utilize cash on hand and borrowings under its LOC in order to close the Acquisition, the sufficiency of which cannot be assured, or seek alternative sources of financing to close the Acquisition, and we cannot assure you that such alternative sources of financing will be available on favorable terms or at all.

The Company intends to seek secured debt financings in the aggregate amount of approximately $250 million but cannot assure you that such debt financings will be available on favorable terms in a timely manner or at all. If we are unable to raise sufficient proceeds from the contemplated debt financings, we would need to utilize cash on hand and borrowings under our amended LOC, the sufficiency of which cannot be assured, or seek alternative sources of financing to close the Acquisition. There can be no assurance that such alternative sources of financing will be available on favorable terms or at all. The Company's obligations under the Purchase Agreements are not conditioned upon the consummation of any or all of the financing transactions.

The Company will incur substantial expenses and payments even if the Acquisition is not completed.

The Company has incurred substantial legal, accounting, financial advisory and/or other costs and its management has devoted considerable time and effort in connection with the Acquisition. If the Acquisition is not completed, the Company will bear certain fees and expenses associated with the Acquisition without realizing the benefits of the Acquisition. The fees and expenses may be significant and could have an adverse impact on the Company's operating results.

The intended benefits of the Acquisition may not be realized, which could have a negative impact on the market price of the Company's common stock after the Acquisition.

The Acquisition poses risks for our ongoing operations, including that:

- senior management's attention may be diverted from the management of daily operations to the integration of the Acquisition Portfolio;
- costs and expenses associated with any undisclosed or potential liabilities;
- the Acquisition Portfolio may not perform as well as we anticipate; and
- unforeseen difficulties may arise in integrating the Acquisition Portfolio into our portfolio.

As a result of the foregoing, the Company cannot assure you that the Acquisition will be accretive to it in the near term or at all. Furthermore, if the Company fails to realize the intended benefits of the Acquisition, the market price of its common stock could decline to the extent that the market price reflects those benefits.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

None.

Item 3. Defaults Upon Senior Securities

None.

Item 4. [Removed and Reserved]

Item 5. Other Information

None.

Item 6.	**Exhibits**
2.1(a)	Purchase and Sale Agreement, dated May 31, 2011, by and among, MHC Operating Limited Partnership, a subsidiary of Equity LifeStyle Properties, Inc., and the entities listed as "Sellers" on the signature page thereto.
2.2(a)	Purchase and Sale Agreement, dated May 31, 2011, by and among MH Financial Services, L.L.C., Hometown America Management, L.L.C., Hometown America Management, L.P., and Hometown America Management Corp., as sellers, and Realty Systems, Inc. and MHC Operating Limited Partnership, collectively, as purchaser.
3.1(a)	Form of Articles Supplementary designating Equity Lifestyle Properties, Inc.'s Series B Subordinated Non-Voting Cumulative Redeemable Preferred Stock, par value $0.01 per share.
3.2(b)	Articles Supplementary designating Equity Lifestyle Properties, Inc.'s Series B Subordinated Non-Voting Cumulative Redeemable Preferred Stock, par value $0.01 per share.
4.1(a)	Form of Registration Rights Agreement, to be entered into by and between Equity LifeStyle Properties, Inc. and Hometown America, L.L.C.
4.2(d)	Registration Rights Agreement, dated July 1, 2011 by and between Equity LifeStyle Properties, Inc. and Hometown America, L.L.C.
10.46(c)	Amended and Restated Credit Agreement ($380 million Unsecured Revolving Facility) dated May 19, 2011
10.49(c)	Amended and Restated Guaranty dated May 19, 2011.
10.50(b)	Term Loan Agreement, dated July 1, 2011, by and among the Company, the Operating Partnership, Wells Fargo Securities, LLC, Bank of America, N.A., Wells Fargo Bank, National Association and each of the financial institutions initially a signatory thereto together with their successors and assignees.
10.51(b)	Guaranty, dated July 1, 2011, by and among the Company, MHC Trust, MHC T1000 Trust and Wells Fargo Bank, National Association.
10.52(b)	Series H Subordinated Non-Voting Cumulative Redeemable Preference Units Term Sheet and Joinder to the Second Amended and Restated Agreement of Limited Partnership of the Operating Partnership.
31.1(d)	Certification of Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2(d)	Certification of Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1(d)	Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350.
32.2(d)	Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350.
	Pursuant to applicable SEC rules, the Company will file, no later than 30 days after the date of the filing of this Quarterly Report on Form 10-Q (the "Form 10-Q"), an amendment to this Form 10-Q as permitted by Rule 405 of Regulation S-T that will include the Company's (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations, (iii) Consolidated Statements of Changes in Equity, (iv) Consolidated Statements of Cash Flow and (v) Notes to Consolidated Financial Statements included in this Form 10-Q, each submitted in XBRL (eXtensible Business Reporting Language) format containing the detailed tagging requirements set forth in Rule 405 of Regulation S-T.

(a) Included as an exhibit to the Company's Report on Form 8-K filed May 31, 2011

(b) Included as an exhibit to the Company's Report on Form 8-K filed July 1, 2011

(c) Included as an exhibit to the Company's Report on Form 8-K filed May 25, 2011

(d) Filed herewith

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.

Date: August 4, 2011

By: /s/ Thomas Heneghan
Thomas Heneghan
President and Chief Executive Officer
(Principal Executive Officer)

Date: August 4, 2011

By: /s/ Michael Berman
Michael Berman
Executive Vice President and Chief Financial Officer
(Principal Financial Officer
and Principal Accounting Officer)

Exhibit 4.2

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "**Agreement**"), dated as of July 1, 2011, is entered into by and between EQUITY LIFESTYLE PROPERTIES, INC., a Maryland corporation formerly known as Manufactured Home Communities, Inc. (the "**Company**"), and Hometown America, L.L.C., a Delaware limited liability company (the "**Investor**").

RECITALS

WHEREAS, pursuant to a Purchase and Sale Agreement dated May 31, 2011 by and among MHC Operating Limited Partnership, an Illinois limited partnership (the "**Partnership**"), the Investor and certain other entities listed on the signature page thereto, the Company will issue to the Investor shares of the common stock of the Company, par value $.01 per share (the "**Common Stock**"), and shares of Series B Subordinated Non-Voting Cumulative Redeemable Preferred Stock of the Company, par value $.01 per share (the "**Series B Preferred Stock**"), which are in turn exchangeable for either cash or, at the option of the Company, Common Stock; and

WHEREAS, the Investor is willing to enter into the agreements contained herein as a condition to the Partnership's delivery of the Common Stock and the Series B Preferred Stock to the Investor.

NOW, THEREFORE, in consideration of the premises and the mutual agreements herein contained, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. Definitions.

As used in this Agreement, the following capitalized defined terms shall have the following meanings:

"**Agreement**" shall have the meaning set forth in the preamble.

"**Closing Date**" shall mean the first date on which any issuance of shares of Common Stock or Series B Preferred Stock to the Investor by the Company occurs.

"**Common Stock**" shall have the meaning set forth in the preamble.

"**Company**" shall have the meaning set forth in the preamble and shall also include the Company's successors or other parties who succeed to the Company's obligations hereunder.

"**Covered Securities**" shall have the meaning set forth in Section 4(d) hereof.

"**Cure Date**" shall have the meaning set forth in Section 4(d) hereof.

"**Default Date**" shall have the meaning set forth in Section 4(d) hereof.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and any successor statute thereto, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the relevant time.

“**Existing Shelf Registration Statement**” shall mean the Company’s “automatic registration statement,” as defined under Rule 405 under the Exchange Act, on Form S-3ASR (No. 333-159014), including the related base prospectus, covering the registration of shares of preferred stock, shares of common stock, depositary shares representing preferred stock, warrants and rights under the Securities Act, and the offer and sale thereof from time to time in accordance with Rule 415 under the Securities Act and all amendments and supplements to such Existing Shelf Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

“**Holder**” shall mean (i) the Investor or (ii) any Person holding Registrable Securities as a result of a transfer or assignment of Registrable Securities to that Person other than pursuant to an effective Registration Statement or Rule 144 under the Securities Act, in each case where securities sold in such transaction may be resold in a public distribution without subsequent registration under the Securities Act, and together the entities described in clauses (i) and (ii) hereof shall be “Holders.”

“**Indemnified Party**” shall have the meaning set forth in Section 5(c) hereof.

“**Indemnifying Party**” shall have the meaning set forth in Section 5(c) hereof.

“**Investor**” shall have the meaning set forth in the preamble.

“**New Registration Statement**” shall have the meaning set forth in Section 2(b) hereof.

“**Person**” shall mean an individual, partnership, corporation, trust, or unincorporated organization, or government or agency or political subdivision thereof.

“**Prospectus**” shall mean any prospectus included in a Registration Statement, including any preliminary Prospectus, and any such Prospectus as amended or supplemented by any prospectus supplement (including the Selling Stockholder Prospectus Supplement) with respect to the terms of the offering of any portion of the Registrable Securities covered by a Registration Statement, and by all other amendments and supplements to such Prospectus, including post-effective amendments, and in each case including all material incorporated by reference therein.

“**Registrable Securities**” shall mean (i) the shares of Common Stock issued by the Company to the Investor, and (ii) any shares of Common Stock issued by the Company upon redemption of any shares of Series B Preferred Stock; provided, however, that the securities listed above shall cease to be Registrable Securities to the extent that (i) a Registration Statement with respect to such securities shall have been declared effective under the Securities Act and remains effective as provided herein, (ii) all such securities are eligible for resale in a public distribution pursuant to Rule 144 without holding periods or volume limitations, or (iii) such securities have been disposed of pursuant to such Registration Statement.

“**Registration Expenses**” shall mean any and all expenses incident to the Company’s performance of or compliance with this Agreement, including without limitation: (i) all SEC, stock exchange or Financial Industry Regulatory Authority, Inc. (“**FINRA**”) registration, listing and filing fees, (ii) all reasonable fees and expenses incurred in connection with compliance with federal or state securities or blue sky laws, (iii) all expenses of the Company in preparing or assisting in preparing, word processing, duplicating, printing, delivering and distributing any Registration Statement, any Prospectus, any amendments or supplements thereto, certificates and other documents relating to the performance of and compliance with this Agreement, (iv) all fees and expenses incurred in connection with the listing of any of the Registrable Securities on any securities exchange or the Nasdaq National Market pursuant to Section 3(k) hereof, (v) the fees and disbursements of counsel for the Company and of the independent public accountants of the Company, but excluding underwriting discounts and commission and transfer taxes, if any, relating to the sale or disposition of Registrable Securities by a Holder, (vi) Securities Act liability insurance, if the Company so desires, and (vii) fees and expenses of other Persons reasonably necessary in connection with the registration, including any experts, transfer agent or registrar, retained by the Company.

"**Registration Statement**" shall mean a Registration Statement (including the Existing Shelf Registration Statement and, if necessary, a New Registration Statement) of the Company which covers all of the Registrable Securities on an appropriate form under the Securities Act, or any similar rule that may be adopted by the SEC, and all amendments and supplements to such Registration Statement, including post-effective amendments, in each case including the Prospectus contained therein, all exhibits thereto and all material incorporated by reference therein.

"**Sales Notice**" shall have the meaning set forth in Section 4(d) hereof.

"**SEC**" shall mean the Securities and Exchange Commission or any successor federal agency.

"**Securities Act**" shall mean the Securities Act of 1933, as amended, and any successor statute thereto, and the rules and regulations of the SEC thereunder, all as the same shall be in effect at the relevant time.

"**Selling Stockholder Prospectus Supplement**" shall mean the prospectus supplement to be filed by the Company under the Existing Shelf Registration Statement in accordance with the provisions of Rules 430B and 424(b) under the Securities Act relating to the terms of the offering of the Registrable Securities.

"**Series B Preferred Stock**" shall have the meaning set forth in the Recitals.

"**Underwriter**" means a securities dealer who purchases any Registrable Securities as principal and not as part of such dealer's market-making activities.

2. Registration Under the Securities Act.

(a) **Filing of Selling Stockholder Resale Prospectus**. The Company shall file on the Closing Date, a Selling Stockholder Prospectus Supplement providing for the resale of the Registrable Securities of the Holders. The Company agrees to use its best efforts to keep the Existing Shelf Registration Statement continuously effective until its expiration on May 6, 2012, or such shorter period which will terminate when all of the Registrable Securities covered by the Selling Stockholder Resale Prospectus have been sold. If the Existing Shelf Registration Statement ceases to be effective for any reason, or if the Registration Statement ceases to be an automatic shelf registration, the Company shall use commercially reasonable efforts to obtain withdrawal of any order suspending the effectiveness thereof and in any event within 30 days of the cessation of effectiveness either amend the Registration Statement in a manner reasonably expected to obtain the withdrawal of the stop order or file a new shelf Registration Statement as provided in Section 2(b). The Company further agrees, if necessary, to supplement or amend the Existing Shelf Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Registration Statement or by the Securities Act or by any other rules and regulations thereunder for shelf registration.

(b) **Filing of New Shelf Registration Statement**. If, at the time the Existing Shelf Registration Statement expires, or if at any time the Existing Shelf Registration Statement cannot be amended to cause the withdrawal of a stop order, Registrable Securities still exist, the Company agrees to use its best efforts to file a new "shelf" Registration Statement (the "**New Registration Statement**") and a new Selling Stockholder Prospectus Supplement providing for the sale of the remaining Registrable Securities of the Holders and to use its best efforts to keep such new shelf Registration Statement continuously effective until such date that is two (2) years following the Closing Date. The Company further agrees, if necessary, to supplement or amend the applicable Registration Statement if required by the rules, regulations or instructions applicable to the registration form used by the Company for such Registration Statement or by the Securities Act or by any other rules and regulations thereunder for shelf registration.

(c) **Expenses**. The Company shall pay all Registration Expenses in connection with any registration undertaken pursuant to Sections 2(a) and (b) hereof. Each Holder shall pay all underwriting discounts and commissions and transfer taxes, if any, relating to the sale or disposition of such Holder's Registrable Securities pursuant to the Registration Statement.

3. Registration Procedures.

In connection with the obligations of the Company with respect to the Selling Stockholder Prospectus Supplement filed pursuant to Section 2(a) or, if necessary, Section 2(b) hereof and, if necessary, a Registration Statement filed pursuant to Section 2(b) hereof, the Company shall use its commercially reasonable efforts to effect or cause to be effected the registration of the Registrable Securities under the Securities Act to permit the resale of such Registrable Securities by the Holder in accordance with its intended method or methods of distribution, and the Company shall:

(a) prepare and file with the SEC, as specified in Section 2(a) or, if necessary, Section 2(b) hereof, the Selling Stockholder Prospectus Supplement which, together with the Existing Shelf Registration Statement or the New Registration Statement, as applicable, shall comply as to form in all material respects with the requirements of the applicable form and include all financial statements required by the SEC to be filed therewith, and use its commercially reasonable efforts to cause such Existing Shelf Registration Statement or the New Registration Statement, as applicable, to become effective and remain effective in accordance with Section 2 hereof;

(b) subject to Section 3(j) hereof, prepare and file with the SEC such amendments and post-effective amendments to each Registration Statement as may be necessary to keep such Registration Statement effective for the applicable period; cause each such Prospectus to be supplemented by any required prospectus supplement, and as so supplemented to be filed pursuant to Rule 424 or any similar rule that may be adopted under the Securities Act; and comply with the provisions of the Securities Act with respect to the disposition of all securities covered by each Registration Statement during the applicable period in accordance with the intended method or methods of distribution by the selling Holder thereof;

(c) furnish to the Holder of Registrable Securities without charge, as many copies of each Prospectus, including each summary prospectus or preliminary Prospectus, and any amendment or supplement thereto and such other documents as such Holder may reasonably request, in order to facilitate the public sale or other disposition of the Registrable Securities; the Company consents to the use of any such Prospectus, including each preliminary Prospectus, by the Holder of Registrable

Securities, if any, in connection with the offering and. sale of the Registrable Securities covered by any such Prospectus;

(d) use its best efforts to register or qualify, or obtain exemption from registration or qualification for, all Registrable Securities by the time the applicable Registration Statement is declared effective by the SEC under all applicable state securities or “blue sky” laws of such jurisdictions as the Holder of Registrable Securities covered by a Registration Statement shall reasonably request in writing, keep each such registration or qualification or exemption effective during the period such Registration Statement is required to be kept effective and do any and all other acts and things that may be reasonably necessary or advisable to enable such Holder to consummate the disposition in each such jurisdiction of such Registrable Securities owned by such Holder; provided, however, that the Company shall not be required to (i) qualify generally to do business in any jurisdiction or to register as a broker or dealer in such jurisdiction where it would not otherwise be required to qualify but for this Section 3(d), (ii) subject itself to taxation in any such jurisdiction, or (iii) submit to the general service of process in any such jurisdiction;

(e) notify the Holder of Registrable Securities promptly and, if requested by such Holder, confirm such advice in writing (i) when a Registration Statement has become effective and when any post-effective amendments and supplements thereto become effective, (ii) of the issuance by the SEC or any state securities authority of any stop order suspending the effectiveness of a Registration Statement or the initiation of any proceedings for that purpose, and (iii) of the happening of any event during the period a Registration Statement is effective as a result of which such Registration Statement or the related Prospectus contains any untrue statement of a material fact, or omits to state any material fact, required to be stated therein or necessary to make the statements therein not misleading, and (iv) of the Company’s receipt of any notification of the suspension of the qualification of any Registrable Securities covered by a Registration Statement for sale in any jurisdiction; in the event the Company shall give notice as to the occurrence of any event described Sections 3(e)(ii), 3(e)(iii) or 3(e)(iv) hereof, the Company shall extend the period during which such Registration Statement shall be maintained effective by the number of days during the period from and including the date of the giving of such notice to the date the Company delivers notice that disposition may be made;

(f) furnish to the Holder of Registrable Securities copies of any request by the SEC or any state securities authority of amendments or supplements to a Registration Statement and Prospectus or for additional information;

(g) make every reasonable effort to obtain the withdrawal of any order suspending the effectiveness of a Registration Statement at the earliest possible moment;

(h) provide to the Holders, at no cost to such Holders, a copy of each Registration Statement and any amendment thereto with respect to Registrable Securities, each Prospectus contained in such Registration Statement or post-effective amendment and any amendment or supplement thereto and such other documents as such Holders may reasonably request in order to facilitate the disposition of their Registrable Securities covered by such Registration Statement; the Company consents to the use of each such Prospectus and any supplement thereto by such Holders in connection with the offering and sale of their Registrable Securities covered by such Registration Statement or any amendment thereto;

(i) upon the occurrence of any event contemplated by Section 3(e)(iii) hereof, immediately notify all Holders of the Registrable Securities affected by such event of such event and prepare and provide to such Holders a supplement or post-effective amendment to a Registration Statement or the related Prospectus or any document incorporated therein by reference and file any required document so that, as thereafter delivered to the purchasers of the Registrable Securities, such Prospectus will not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(j) make available for inspection by representatives of the Holder of the Registrable Securities and any special counsel or accountant retained by such Holders, all financial and other records, pertinent corporate documents and properties of the Company and, cause the respective officers, directors and employees of the Company to supply all information reasonably requested by any such representative, special counsel or accountant in connection with a Registration Statement; provided, however, that such records, documents or information which the Company determines, in good faith, to be confidential and notifies such representatives, special counsel or accountants are confidential shall not be disclosed by the representatives, special counsel or accountants unless (i) the disclosure of such records, documents or information is necessary to avoid or correct a misstatement or omission in a Registration Statement, (ii) the release of such records, documents or information is ordered pursuant to a subpoena or other order from a court of competent jurisdiction, or (iii) such records, documents or information have been generally made available to the public;

(k) use its commercially reasonable efforts (including, without limitation, seeking to cure any deficiencies (within the Company's control) cited by such exchange or market in the Company's listing application) to list all Registrable Securities on The New York Stock Exchange (unless the Company qualifies and chooses to list all Registrable Securities on the American Stock Exchange or The Nasdaq National Market in lieu of the New York Stock Exchange, in which event the Company shall use its best efforts to list all Registrable Securities on the American Stock Exchange or The Nasdaq National Market);

(l) provide a CUSIP number for all Registrable Securities, not later than the effective date of the Registration Statement;

(m) use its commercially reasonable efforts to comply with the Securities Act and the Exchange Act in connection with the offer and sale of the Registrable Securities to be sold pursuant to a Registration Statement, and, make available to its security holders, as soon as reasonably practicable, an earnings statement covering at least twelve (12) months which shall satisfy the provisions of Section 11 (a) of the Securities Act and Rule 158 thereunder;

(n) provide and cause to be maintained a transfer agent for all Registrable Securities covered by such Registration Statement from and after a date not later than the effective date of such Registration Statement; and

(o) cooperate with the Holders to facilitate the timely preparation and delivery of certificates representing their Registrable Securities to be sold pursuant to a Registration Statement and not bearing any Securities Act legend; and enable certificates for such Registrable Securities be issued for such numbers of shares and registered in such names as such Holders may reasonably request at least two (2) business days prior to any sale of their Registrable Securities.

The Company may require the Holder of Registrable Securities to furnish to the Company such information regarding the proposed distribution by such Holder of such Registrable Securities as the Company may from time to time reasonably request in writing in order to comply with all laws, rules and regulations affecting the Registration Statement.

The Holders agree that, upon receipt of any notice from the Company of the happening of any event of the kind described in Section 3(e)(iii) hereof, such Holders will immediately discontinue disposition of Registrable Securities pursuant to a Registration Statement until such Holders' receipt of the copies of the supplemented or amended Prospectus and, if so directed by the Company, such Holders will deliver to the Company (at the expense of the Company) all copies in their possession, other than permanent file copies then in such Holders' possession, of the Prospectus covering such Registrable Securities current at the time of receipt of such notice.

4. Black-Out Period.

(a) Following the filing of the a Selling Stockholder Prospectus Supplement pursuant to Section 2(a) or, if necessary, Section 2(b) hereof (and the filings with any state securities commissions), the Company may direct the Holder to suspend sales of the Registrable Securities for such times as the Company reasonably may determine is necessary and advisable, including the following events: (i) an underwritten primary offering by the Company where the Company is advised by the underwriters for such offering that sale of Registrable Shares under the Registration Statement would have a material adverse effect on the primary offering, or (ii) pending negotiations relating to, or consummation of, a transaction or the occurrence of an event (x) that would require additional disclosure of material information by the Company in the Registration Statement (or such filings), (y) as to which the Company has a *bona fide* business purpose for preserving confidentiality or (z) which renders the Company unable to comply with SEC requirements, in each case under circumstances that would make it impractical or inadvisable to cause the Registration Statement (or such filings) to become effective or to promptly amend or supplement the Registration Statement on a post-effective basis, as applicable.

(b) In the case of an event which causes the Company to suspend the effectiveness of a Registration Statement (a "**Suspension Event**"), the Company may give notice (a "**Suspension Notice**") to the Holder to suspend sales of the Registrable Shares so that the Company may correct or update the Registration Statement (or such filings); provided, however, that such suspension shall continue only for so long as the Suspension Event or its effect is continuing (a "**Suspension Period**"). The Holder agrees that it will not effect any sales of the Registrable Shares pursuant to such Registration Statement (or such filings) at any time after it has received a Suspension Notice from the Company. If so directed by the Company, the Holder will deliver to the Company all copies of the Prospectus covering the Registrable Shares held by them at the time of receipt of the Suspension Notice. The Holder may recommence effecting sales of the Registrable Shares pursuant to the Registration Statement (or such filings) following further notice to such effect (an "**End of Suspension Notice**") from the Company, which End of Suspension Notice shall be given by the Company promptly following the conclusion of any Suspension Event and the effectiveness of any required amendment or supplement to the Registration Statement.

(c) Notwithstanding the provisions of Sections 4(a) and 4(b) hereof to the contrary: (i) no Holder shall be subject to the provisions of Sections 4(a) and 4(b) hereof for a period of time in excess of one hundred twenty (120) days; and (ii) no Suspension Notice may be given more than once in any twelve (12) month period. Moreover, notwithstanding Sections 2(a) and 2(b) hereof, if the Company shall give a Suspension Notice pursuant to this Section 4, the Company agrees it shall extend the period during which the Registration Statement shall be maintained effective pursuant to this Agreement by the number of days during the period from the date of the giving of the Suspension Notice to and including the date when the Holders shall have received the End of Suspension Notice and copies of the supplemented or amended Prospectus necessary to resume sales.

(d) During any Suspension Period or at any time the Company is in default of its obligations to register the Registrable Securities pursuant to Section 2 hereof, the Holder may notify the

Company in writing (a "**Sales Notice**") that it desires to sell a specified number of its Registrable Securities (each a "**Covered Security**" and, together, the "**Covered Securities**"). If the Company fails within 30 days following receipt of such Sales Notice to deliver the End of Suspension Notice or register the Registrable Securities pursuant to Section 2 hereof, as applicable, the Company shall begin to accrue on the day after such 30th day a cash payment amount equal to the product of: (i) the 30-day U.S. Treasury rate as reported in the Wall Street Journal on the 30th day after the Company's receipt of the Sales Notice (the "**Default Date**"), or if such date is not a trading day, the most recent trading day immediately preceding such date; (ii) the last reported sale price per share of the Common Stock at the close of trading on the NYSE on the Default Date, or if such date is not a trading day, the most recent trading day immediately preceding such date; and (iii) the specified number of Covered Securities as set forth in the Sales Notice. This cash payment amount shall accrue, on a daily non-compounding basis until but excluding the day the Company delivers an End of Suspension Notice or complies with Section 2 hereof, as applicable (the "**Cure Date**"). The cash payment amount shall be payable two (2) business days after the Cure Date. Notwithstanding the foregoing, no Sales Notice may be given in respect of Registrable Securities that represent shares of Common Stock that may be issued in connection with a redemption of the Series B Preferred Stock unless and until such shares of common stock have been issued in satisfaction of a redemption request by the Holder in lieu of a cash redemption price. The accrual of the cash payment amount under this Section 4(d) shall be the Holder's sole remedy for the Company's failure to file a Selling Stockholder Prospectus Supplement or a New Registration Statement, as applicable, pursuant to its obligations under this Agreement.

5. Indemnification.

(a) The Company will indemnify each Holder, each such Holder's officers and directors, and each person controlling such Holder within the meaning of Section 15 of the Securities Act, against all claims, losses, damages, liabilities and expenses (including reasonable legal expenses), arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any Registration Statement or prospectus relating to such Holder's Registrable Securities, or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading; provided however, that the Company will not indemnify and will not be liable to any Holder in any such case to the extent that any such claim, loss, damage, liability or expense arises out of or is based on any untrue statement or omission or alleged untrue statement or omission, made in conformity with and in reliance upon information furnished in writing to the Company by such Holder or by an underwriter for inclusion therein.

(b) Each Holder will indemnify the Company, each of its trustees and each of its officers who signs the Registration Statement, each underwriter, if any, of the Company's securities covered by such Registration Statement, and each person who controls the Company or such underwriter within the meaning of Section 15 of the Securities Act, against all claims, losses, damages, liabilities and expenses (including reasonable legal fees and expenses) arising out of or based on any untrue statement (or alleged untrue statement) of a material fact contained in any such Registration Statement or prospectus, or any amendment or supplement thereto, or based on any omission (or alleged omission) to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement (or alleged untrue statement) or omission (or alleged omission) is made in such Registration Statement or prospectus, in reliance upon and in conformity with information furnished in writing to the Company by such Holder for inclusion therein.

(c) Each party entitled to indemnification under this Section 5 (the "**Indemnified Party**") shall give notice to the party required to provide indemnification (the "**Indemnifying Party**") promptly after such Indemnified Party has actual knowledge of any claim as to which indemnity may be sought. However, the failure to so notify the Indemnifying Party shall not relieve the Indemnifying Party from any liability which it may have to the Indemnified Party pursuant to the provisions of this Section 5, except to the extent of the actual damages suffered by such delay in notification. The Indemnifying Party shall assume the defense of such action, including the employment of counsel, which shall be chosen by the Indemnifying Party and shall be reasonably satisfactory to the Indemnified Party, and payment of expenses in connection with such defense. The Indemnified Party shall have the right to employ its own counsel in any such case, but the legal fees and expenses of such counsel shall be at the expense of the Indemnified Party unless (i) the employment of such counsel shall have been authorized in writing by the Indemnifying Party, (ii) the Indemnifying Party shall not have assumed the defense of such action within a reasonable period of time, or (iii) the Indemnified Party shall have been reasonably advised by its counsel that there may be defenses available to it or them which are different from or additional to those available to Indemnifying Party (in which case the Indemnifying Party shall not have the right to direct the defense of such action on behalf of the Indemnified Party), in any of which events such fees and expenses shall be borne by the Indemnifying Party. No Indemnifying Party, in the defense of any such claim or litigation, shall, except with the consent of each Indemnified Party, consent to the entry of any judgment or enter into any settlement that does not include as an unconditional term thereof the giving by the claimant or plaintiff to each such Indemnified Party of a release from all liability in respect to such claim or litigation.

(d) If the indemnification provided for in this Section 5 is unavailable to a party that would have been an Indemnified Party under this Section 5, then each party that would have been an Indemnifying Party hereunder shall, in lieu of indemnifying such Indemnified Party, contribute to the amount paid or payable by such Indemnified Party as a result of such claims, losses, damages, liabilities and expenses in such proportion as is appropriate to reflect the relative fault of the Indemnifying Party on the one hand and such Indemnified Party on the other in connection with the statement or omission which resulted in such claims, losses, damages, liabilities and expenses, as well as any other relevant equitable considerations. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact related to information supplied by the Indemnifying Party or the Indemnified Party and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The Company and each Holder agree that it would not be just and equitable if contribution pursuant to this Section 5 were determined by pro rata allocation or by any other method of allocation that fails to take account of the equitable considerations referred to above in this Section 5(d). For purposes of this Section 5(d), each person, if any, who controls the Holder within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Holder and each trust manager of the Company, each officer of the Company who signed the Registration Statement and each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act shall have the same rights to contribution as the Company.

(e) No person guilty of fraudulent misrepresentation (within the meaning of Section, 11(f) of the Securities Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

(f) In no event shall any Holder be liable for any claims, losses, damages, liabilities or expenses pursuant to this Section 5 in excess of the net proceeds to such Holder for the sale of such Holder's Registrable Securities pursuant to a Registration.

6. Miscellaneous.

(a) **Amendments and Waivers**. The provisions of this Agreement, including the provisions of this sentence, may not be amended, modified or supplemented, and waivers or consents to departures from the provisions hereof may not be given without the written consent of the Company and Holders holding at least 51% of the total then outstanding (i) Registrable Securities and (ii) Series B Preferred Stock not theretofore exchanged for Common Stock, voting as one class for the purposes hereof.

(b) **Notices**. All notices and other communications provided for or permitted hereunder shall be made in writing by hand-delivery, registered first-class mail, telex, telecopier, or any courier guaranteeing overnight delivery (i) if to the Investor, at the address or telecopier number set forth below its signature hereon, and thereafter at such other address or telecopier number, notice of which is given in accordance with the provisions of this Section 6(b), (ii) if to an assignee or transferee of the Investor, to such address or telecopier number such assignee or transferee shall have provided to the Company, and (iii) if to the Company, at:

c/o Equity Lifestyle Properties, Inc.
Two N. Riverside Plaza, Suite 800
Chicago, IL 60606
Attn: Chief Financial Officer
fax no. (312) 279-1710

with a copy to:

c/o Equity Lifestyle Properties, Inc.
Two N. Riverside Plaza, Suite 800
Chicago, IL 60606
Attn: General Counsel
fax no. (312) 279-1715

and:

Clifford Chance US LLP
31 West 52nd Street
New York, New York 10019
Attn: Larry P. Medvinsky, Esq.

and thereafter at such other address or telecopier number, notice of which is given in accordance with the provisions of this Section 6(b). All such notices and communications shall be deemed to have been duly given: at the time delivered by hand, if personally delivered; five (5) business days after being deposited in the mail, postage prepaid, if mailed; when answered back, if telexed; when receipt is acknowledged, if telecopied; and on the next business day if timely delivered to an air courier guaranteeing overnight delivery.

(c) **Successors**. The rights and obligations of any Holder hereunder may be assigned to any other Holder and to any assignee of the Registrable Securities. This Agreement shall inure to the benefit of and be binding upon the permitted successors and assigns of the Company and the Holders.

(d) **Counterparts**. This Agreement may be executed in any number of counterparts and by the parties hereto in separate counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same agreement.

(e) **Headings**. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

(f) **GOVERNING LAW**. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE INTERNAL LAWS OF THE STATE OF MARYLAND, WITHOUT GIVING EFFECT TO THE CONFLICTS OF LAW PROVISIONS THEREOF. EACH OF THE PARTIES HERETO AGREES TO SUBMIT TO THE JURISDICTION OF THE COURTS OF THE STATE OF MARYLAND IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT.

(g) **Severability**. In the event that any one or more of the provisions contained herein, or the application thereof in any circumstance, is held invalid, illegal or unenforceable, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained herein shall not be affected or impaired thereby.

(h) **Specific Performance**. The parties hereto acknowledge that there would be no adequate remedy at law if any party fails to perform any of its obligations hereunder, and accordingly agree that each party, in addition to any other remedy to which it may be entitled at law or in equity, shall be entitled to compel specific performance of the obligations of any other party under this Agreement to accordance with the terms and conditions of this Agreement in any court of the United States or any State thereof having jurisdiction.

(i) **Entire Agreement**. This Agreement is intended by the parties as a final expression of their agreement and intended to be a complete and exclusive statement of the agreement and understanding of the parties hereto in respect of the subject matter contained herein. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter hereof.

(j) **Attorneys' Fees**. If the Company or any Holder brings an action to enforce its rights under this Agreement, the prevailing party in the action shall be entitled to recover its costs and expenses, including without limitation, reasonable attorneys' fees, incurred in connection with such action, including any appeal of such action.

(k) **Authority; Binding Effect**. Each party hereto represents and warrants that it has the fall legal right, power and authority to execute this Agreement, that this Agreement has been duly authorized, executed and delivered on behalf of such party and constitutes a valid and binding agreement of such party enforceable in accordance with its terms.

(l) **Additional Shares**. The parties agree that any Registration Statement may register shares that are not Registrable Securities but are equity securities of the Company held by others, or to be issued to others, provided the same shall not limit or affect the Company's obligations to Holders with respect to Registrable Securities hereunder.

[SIGNATURE PAGES FOLLOW]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first written above.

EQUITY LIFESTYLE PROPERTIES, INC.

By: /s/ Michael B. Berman
Name: Michael B. Berman
Title: Executive Vice President and Chief Financial Officer

Signature Page to Registration Rights Agreement

HOMETOWN AMERICA, L.L.C., a Delaware limited liability company

By: Hometown Residential Manager, L.L.C., a Delaware limited liability company, its manager

By: /s/ Richard G. Cline, Jr.

Name: Richard G. Cline, Jr.

Title: Chief Executive Officer

Address: 150 North Wacker Drive
Suite 2800
Chicago, IL 60606
Attention: Richard Cline, Jr.

Telecopier: (312) 604-7501

with a copy to:

Nancy Nagel, Esq., of counsel
Fox, Hefter, Swibel, Levin & Carroll, LLP
c/o Hometown America
150 N. Wacker Drive, Suite 2800
Chicago, IL 60606
Direct Fax: 801-409-4959
nnagel@hometownamerica.net

Signature Page to Registration Rights Agreement

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

I, Michael 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 reasonably 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: August 4, 2011

By: /s/ Michael Berman
Michael 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 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 reasonably 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: August 4, 2011

By: /s/ Thomas Heneghan
Thomas 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 June 30, 2011 (the "Form 10-Q"), I, Michael 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: August 4, 2011

By: /s/ Michael Berman
Michael 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 June 30, 2011 (the "Form 10-Q"), I, Thomas 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: August 4, 2011

By: /s/ Thomas Heneghan
Thomas 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.