

FORM 10-Q

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

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2005

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

COMMISSION FILE NUMBER: 1-11718

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

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

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

(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 is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

23,289,065 shares of Common Stock as of August 2, 2005.

EQUITY LIFESTYLE PROPERTIES, INC.

TABLE OF CONTENTS

PART I - FINANCIAL STATEMENTS

	Page

ITEM 1. FINANCIAL STATEMENTS	
INDEX TO FINANCIAL STATEMENTS	
Consolidated Balance Sheets as of June 30, 2005 (unaudited) and December 31, 2004.....	3
Consolidated Statements of Operations for the quarters and six months ended June 30, 2005 and 2004 (unaudited).....	4
Consolidated Statements of Cash Flows for the six months ended June 30, 2005 and 2004 (unaudited).....	6
Notes to Consolidated Financial Statements.....	8
ITEM 2. Management's Discussion and Analysis of Financial Condition and Results of Operations....	22
ITEM 3. Quantitative and Qualitative Disclosures About Market Risk.....	38
ITEM 4. Controls and Procedures.....	38
PART II - OTHER INFORMATION	
ITEM 1. Legal Proceedings.....	39
ITEM 4. Submission of Matters to a Vote of Security Holders	39
ITEM 6. Exhibits.....	39

EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS
AS OF JUNE 30, 2005 AND DECEMBER 31, 2004
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	JUNE 30, 2005 (UNAUDITED)	DECEMBER 31, 2004
	-----	-----
ASSETS		
Investment in real estate:		
Land	\$ 473,026	\$ 470,587
Land improvements	1,454,547	1,438,923
Buildings and other depreciable property	128,201	126,280
	-----	-----
Accumulated depreciation	2,055,774	2,035,790
	(350,894)	(322,867)
	-----	-----
Net investment in real estate	1,704,880	1,712,923
Cash and cash equivalents	7,416	5,305
Notes receivable	12,208	13,290
Investment in and advances to joint ventures	46,271	43,583
Rents receivable, net	1,230	1,469
Deferred financing costs, net	15,273	16,162
Inventory	57,402	50,654
Prepaid expenses and other assets	47,710	42,903
	-----	-----
Total assets	\$ 1,892,390	\$ 1,886,289
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable and other	\$ 1,411,761	\$ 1,417,251
Unsecured line of credit	38,200	115,800
Unsecured term loan	112,800	120,000
Accounts payable and accrued expenses	41,814	36,146
Accrued interest payable	8,647	8,894
Rents received in advance and security deposits	21,255	21,135
Distributions payable	816	448
	-----	-----
Total liabilities	1,635,293	1,719,674
	-----	-----
Commitments and contingencies		
Minority interest - Common OP Units and other	12,760	9,771
Minority interest - Perpetual Preferred OP Units	200,000	125,000
Stockholders' equity:		
Preferred stock, \$.01 par value		
10,000,000 shares authorized; none issued	---	---
Common stock, \$.01 par value		
50,000,000 shares authorized; 23,074,950 and 22,937,192 shares issued and outstanding for June 30, 2005 and December 31 2004, respectively	224	224
Paid-in capital	296,614	294,304
Deferred compensation	(21)	(166)
Distributions in excess of accumulated earnings	(252,480)	(262,518)
	-----	-----
Total stockholders' equity	44,337	31,844
	-----	-----
Total liabilities and stockholders' equity	\$ 1,892,390	\$ 1,886,289
	=====	=====

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

EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	QUARTERS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
PROPERTY OPERATIONS:				
Community base rental income	\$ 53,041	\$ 51,192	\$ 105,960	\$ 100,310
Resort base rental income	14,862	12,951	39,109	25,293
Utility and other income	6,908	6,284	14,517	12,618
Property operating revenues	74,811	70,427	159,586	138,221
Property operating and maintenance	24,514	23,032	50,808	43,232
Real estate taxes	6,287	5,818	12,447	11,082
Property management	3,966	3,423	7,615	6,269
Property operating expenses (exclusive of depreciation shown separately below)	34,767	32,273	70,870	60,583
Income from property operations	40,044	38,154	88,716	77,638
HOME SALES OPERATIONS:				
Gross revenues from inventory home sales	17,450	10,698	27,687	18,123
Cost of inventory home sales	(15,623)	(9,280)	(24,570)	(16,128)
Gross profit from inventory home sales	1,827	1,418	3,117	1,995
Brokered resale revenues, net	813	595	1,417	1,085
Home selling expenses	(2,219)	(2,185)	(4,257)	(4,226)
Ancillary services revenues, net	376	728	2,512	1,633
Income from home sales operations and other	797	556	2,789	487
OTHER INCOME (EXPENSES):				
Interest income	312	314	683	767
Income from other investments	4,617	334	8,928	624
Other corporate expenses	(250)	---	(500)	---
General and administrative	(3,835)	(2,367)	(6,717)	(4,579)
Rent control initiatives	(43)	(291)	(613)	(920)
Interest and related amortization	(25,003)	(23,031)	(50,002)	(43,170)
Depreciation on corporate assets	(223)	(427)	(439)	(804)
Depreciation on real estate assets	(13,761)	(11,666)	(27,259)	(21,756)
Total other income (expenses)	(38,186)	(37,134)	(75,919)	(69,838)
Income before minority interests, equity in income from unconsolidated joint ventures, gain on sale of properties and discontinued operations	2,655	1,576	15,586	8,287
Income allocated to Common OP Units	(553)	(78)	(2,864)	(952)
Income allocated to Perpetual Preferred OP Units	(3,056)	(2,821)	(5,912)	(5,634)
Equity in income from unconsolidated joint ventures	3,003	1,568	3,720	2,330
Income from continuing operations	2,049	245	10,530	4,031
DISCONTINUED OPERATIONS:				
Discontinued operations	554	614	1,173	1,206
Depreciation on discontinued operations	---	(345)	(329)	(686)
Gain on sale of discontinued properties	---	---	---	638
Minority interests on discontinued operations	(116)	(54)	(178)	(219)
Income from discontinued operations	438	215	666	939
NET INCOME AVAILABLE FOR COMMON SHARES	\$ 2,487	\$ 460	\$ 11,196	\$ 4,970

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

EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
 FOR THE QUARTERS AND SIX MONTHS ENDED JUNE 30, 2005 AND 2004
 (AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
 (UNAUDITED)

	QUARTERS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
EARNINGS PER COMMON SHARE - BASIC:				
Income from continuing operations	\$ 0.09	\$ 0.01	\$ 0.46	\$ 0.18
Income from discontinued operations	0.02	0.01	0.03	0.04
Net income available for Common Shares	<u>\$ 0.11</u>	<u>\$ 0.02</u>	<u>\$ 0.49</u>	<u>\$ 0.22</u>
EARNINGS PER COMMON SHARE - FULLY DILUTED:				
Income from continuing operations	\$ 0.09	\$ 0.01	\$ 0.45	\$ 0.17
Income from discontinued operations	0.02	0.01	0.03	0.04
Net income available for Common Shares	<u>\$ 0.11</u>	<u>\$ 0.02</u>	<u>\$ 0.48</u>	<u>\$ 0.21</u>
Distributions declared per Common Share outstanding	<u>\$ 0.025</u>	<u>\$ 0.0125</u>	<u>\$ 0.050</u>	<u>\$ 0.025</u>
Weighted average Common Shares outstanding - basic	<u>23,042</u>	<u>22,737</u>	<u>23,008</u>	<u>22,706</u>
Weighted average Common Shares outstanding - fully diluted ..	<u>29,974</u>	<u>29,142</u>	<u>29,934</u>	<u>28,840</u>

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, 2005 AND 2004
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	JUNE 30, 2005	JUNE 30, 2004
	-----	-----
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 11,196	\$ 4,970
Adjustments to reconcile net income to cash provided by operating activities:		
Income allocated to minority interests	8,954	6,805
Gain on sale of properties	---	(638)
Depreciation expense	28,851	23,720
Amortization expense	1,378	1,062
Debt premium amortization	(1,334)	---
Equity in income of unconsolidated joint ventures	(4,554)	(2,804)
Amortization of deferred compensation	1,337	1,324
Increase in provision for uncollectible rents receivable	346	102
Increase in inventory reserve	300	---
Increase in provision for notes receivable	268	---
Changes in assets and liabilities:		
Rents receivable	(208)	745
Inventory	(7,048)	(6,863)
Prepaid expenses and other assets	(5,381)	(1,128)
Accounts payable and accrued expenses	9,183	7,003
Rents received in advance and security deposits	120	(1,644)
	-----	-----
Net cash provided by operating activities	43,408	32,654
	-----	-----
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of rental properties	(6,587)	(137,504)
Disposition of rental properties	---	671
Distributions from (investments in) joint ventures	801	(29,681)
Repayment (funding) of notes receivable	915	(1,290)
Improvements:		
Improvements - corporate	(436)	(200)
Improvements - rental properties	(5,333)	(6,509)
Site development costs	(7,949)	(5,695)
	-----	-----
Net cash used in investing activities	(18,589)	(180,208)
	-----	-----
CASH FLOWS FROM FINANCING ACTIVITIES:		
Net proceeds from stock options and employee stock purchase plan ..	1,398	4,673
Proceeds from issuance of Perpetual Preferred OP Units	75,000	---
Distributions to Common Stockholders, Common OP Unitholders, and Perpetual Preferred OP Unitholders	(7,035)	(230,586)
Line of credit:		
Proceeds	34,200	81,000
Repayments	(111,800)	(18,000)
Term loan repayment	(7,200)	---
Principal payments	(6,782)	(3,926)
Debt issuance costs	(489)	(1,921)
	-----	-----
Net cash used in financing activities	(22,708)	(168,760)
	-----	-----
Net increase (decrease) in cash and cash equivalents	2,111	(316,314)
Cash and cash equivalents, beginning of period	5,305	325,740
	-----	-----
Cash and cash equivalents, end of period	\$ 7,416	\$ 9,426
	=====	=====

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, 2005 AND 2004
 (AMOUNTS IN THOUSANDS)
 (UNAUDITED)

	JUNE 30, 2005	JUNE 30, 2004
	-----	-----
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for interest	\$ 52,049	\$ 41,475
Non cash investing and financing activities:		
Mortgage debt assumed on acquisition of real estate	\$ ---	\$ 347,300
Other assets and liabilities acquired on acquisition of real estate	\$ ---	\$ 13,500
Minority interest of 7% partner on acquisition of NHC Portfolio	\$ ---	\$ 5,600
Issuance of operating partnership units in connection with the acquisition of Monte Vista	\$ ---	\$ 32,100
Proceeds from loan to pay insurance premiums	\$ 2,404	\$ ---

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., together with MHC Operating Limited Partnership (the "Operating Partnership") and other consolidated subsidiaries ("Subsidiaries"), are referred to herein as the "Company", "ELS", "we", "us", and "our". Capitalized terms used but not defined herein are as defined in the Company's Annual Report on Form 10-K (as amended by the Form 10-K/A filed on March 31, 2005, the "2004 Form 10-K") for the year ended December 31, 2004.

PRESENTATION:

These unaudited Consolidated Financial Statements of ELS, a Maryland corporation, 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 2004 Form 10-K. The following Notes to Consolidated Financial Statements highlight significant changes to the Notes included in the 2004 Form 10-K and present interim disclosures as required by the SEC. The accompanying Consolidated Financial Statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. Certain reclassifications have been made to the prior periods' financial statements in order to conform with current period presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

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

In December 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46R, Consolidation of Variable Interest Entities ("FIN 46R") - - an interpretation of ARB 51. The objective of FIN 46R is to provide guidance on how to identify a variable interest entity ("VIE") and determine when the assets, liabilities, non-controlling interests, and results of operations of a VIE need to be included in a company's consolidated financial statements. A company that holds variable interests in an entity will need to consolidate such entity if the company absorbs a majority of the entity's expected losses or receives a majority of the entity's expected residual returns if they occur, or both (i.e., the primary beneficiary). The Company will apply FIN 46R to all types of entity ownership (general and limited partnerships and corporate interests).

The Company will re-evaluate and apply the provisions of FIN 46R to existing entities if certain events occur which warrant re-evaluation of such entities. In addition, the Company will apply the provisions of FIN 46R to all new entities in the future. The Company also consolidates entities in which it has a controlling direct or indirect voting interest. The equity method of accounting is applied to entities in which the Company does not have a controlling direct or indirect voting interest, 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.

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Segments

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

(d) Inventory

Inventory consists of new and used Site Set homes and is stated at the lower of cost or market after consideration of the N.A.D.A. (National Automobile Dealers Association) Manufactured Housing Appraisal Guide and the current market value of each home included in the home inventory. Inventory sales revenues and resale revenues are recognized when the home sale is closed. Inventory is recorded net of an inventory reserve as of June 30, 2005 and December 31, 2004 of \$900,000 and \$600,000, respectively. Resale revenues are stated net of commissions paid to employees of \$747,000 and \$573,000 for the six months ended June 30, 2005 and 2004, respectively.

(e) Real Estate

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

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

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

For Properties to be disposed of, an impairment loss is recognized when the fair value of the Property, less the estimated cost to sell, is less than the carrying amount of the Property measured at the time the Company has a commitment to sell the Property and/or is actively marketing the Property for sale. A Property to be disposed of is reported at the lower of its carrying amount or its estimated fair value, less costs to sell. Subsequent to the date that a Property is held for disposition, depreciation expense is not recorded. The Company accounts for its Properties held for disposition in accordance with Statement of Financial Accounting Standards No. 144 ("SFAS No. 144"), "Accounting for the Impairment or Disposal of Long-Lived Assets". Accordingly, the results of operations for all assets sold or held for sale after January 1, 2003 have been classified as discontinued operations in all periods presented.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Cash and Cash Equivalents

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

(g) Notes Receivable

Notes receivable generally are stated at their outstanding unpaid principal balances net of any deferred fees or costs on originated loans, or unamortized discounts or premiums net of a valuation allowance. Interest income is accrued on the unpaid principal balance. Discounts or premiums are amortized to income using the interest method. In certain cases we finance the sales of homes to our customers (referred to as "Chattel Loans") which loans are secured by the homes. The valuation allowance for the Chattel Loans is calculated based on a comparison of the outstanding principal balance of each note compared to the N.A.D.A. value and the current market value of the underlying manufactured home collateral. These notes are recorded net of allowances of \$210,000 and \$250,000 as of June 30, 2005 and December 31, 2004, respectively.

(h) Investments in Joint Ventures

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

In applying the provisions of FIN 46R (see Basis of Consolidation, above), the Company determined that its Mezzanine Investment (as hereinafter defined) is a VIE; however, the Company concluded that it is not the primary beneficiary. As such, the adoption of this pronouncement had no effect on the Company's financial statements.

(i) Income from Other Investments

Income from other investments consists of ground lease income from the Thousand Trails Transaction of \$8.0 million and \$0 for the six months ended June 30, 2005 and 2004, respectively and income from the College Heights preferred limited partnership investment of approximately \$0.5 million for the six months ended June 30, 2005 and 2004.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) Insurance Claims

The Properties are covered against fire, flood, property, earthquake, wind storm and business interruption by insurance policies containing various deductible requirements and coverage limits. Recoverable costs are classified in other assets as incurred. 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 in the replacement period. Insurance proceeds relating to the capital costs will be recorded as income in the period they are received.

As disclosed in the 2004 Form 10-K, approximately 70 Florida Properties suffered damage from the four hurricanes that struck Florida during August and September 2004. As of June 30, 2005, total expenditures related thereto approximated \$10.1 million partially offset by receipts of \$0.6 million. Approximately \$0.7 million and \$1.0 million for 2005 and 2004, respectively has been charged to operations as reserves related to these expenditures. The remaining portion is included in other assets as a receivable from insurance providers. The Company expects to incur additional expenditures to complete the work necessary to restore these Properties to their pre-hurricanes condition.

Through June 30, 2005 the Company has submitted proofs of claims to carriers for substantially all hurricane related expenditures referred to in the preceding paragraph. In addition, these proofs of claims included requests for reimbursement for inventory losses, lost income as well as expected future hurricane related expenditures. The Company continues to compile the information and supporting documentation required to submit additional claims for reimbursement. While the Company believes that it has provided timely notice to its insurance providers and submitted claims in a timely fashion, the recoverability of such claims and the timing of reimbursements are based on several factors, some of which are not within the Company's control. This process will continue to impact the Company's balance sheet and cash flow until such claims are resolved, as it is impossible to predict with any certainty, the date that such recoveries from the insurance carriers will be received. In addition, there is a risk that the insurance providers will dispute some or all of the Company's claims. However, the Company believes, based on consultation with its legal and other advisors, that subject to limitations for policy deductibles there is a reasonable basis to expect all amounts claimed and to be claimed should be recoverable under the Company's insurance policies.

(k) Restatement

During 2004, the Company changed the way it accounted for costs incurred in pursuing certain rent control initiatives. As a result, the Company expensed \$613,000 and \$920,000 for the six months ended June 30, 2005 and 2004, respectively, because the previous method of accounting for the costs was determined to be incorrect. The Company had historically classified these costs, primarily legal, in other assets. To the extent the Company's efforts to effectively change the use and operations of the Properties were successful, the Company capitalized the costs to land improvements as an increase in the established value of the revised project and depreciated them over 30 years. To the extent these efforts were not successful, the costs would have been expensed.

(l) Reclassifications

Certain 2004 amounts have been reclassified to conform to the 2004 annual financial presentation. Such reclassifications have no effect on the operations or equity as originally presented.

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

The following table sets forth the computation of basic and diluted earnings per share for the quarters and six months ended June 30, 2005 and 2004 (amounts in thousands):

	QUARTERS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
NUMERATORS:				
INCOME FROM CONTINUING OPERATIONS:				
Income from continuing operations - basic	\$ 2,049	\$ 245	\$ 10,530	\$ 4,031
Amounts allocated to dilutive securities	553	78	2,864	952
Income from continuing operations - fully diluted	\$ 2,602	\$ 323	\$ 13,394	\$ 4,983
INCOME FROM DISCONTINUED OPERATIONS:				
Income from discontinued operations - basic	\$ 438	\$ 215	\$ 666	\$ 939
Amounts allocated to dilutive securities	116	54	178	219
Income from discontinued operations - fully diluted	\$ 554	\$ 269	\$ 844	\$ 1,158
NET INCOME AVAILABLE FOR COMMON SHARES - FULLY DILUTED:				
Net income available for Common Shares - basic	\$ 2,487	\$ 460	\$ 11,196	\$ 4,970
Amounts allocated to dilutive securities	669	132	3,042	1,171
Net income available for Common Shares - fully diluted	\$ 3,156	\$ 592	\$ 14,238	\$ 6,141
DENOMINATOR:				
Weighted average Common Shares outstanding - basic	23,042	22,737	23,008	22,706
Effect of dilutive securities:				
Redemption of Common OP Units for Common Shares	6,314	5,917	6,325	5,615
Employee stock options and restricted shares	618	488	601	519
Weighted average Common Shares outstanding - fully diluted	29,974	29,142	29,934	28,840

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 3 - COMMON STOCK AND RELATED TRANSACTIONS

On June 30, 2005, the Operating Partnership issued \$50 million of 7.95% Series F Cumulative Redeemable Perpetual Preference Units (the "Series F Units"), to institutional investors. The Series F Units are non-callable for five years and have no stated maturity or mandatory redemption. Net proceeds from the offering were used to pay down amounts outstanding under the Company's line of credit.

On March 24, 2005, the Operating Partnership issued \$25 million of 8.0625% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 8% Units"), to institutional investors. The Series D 8% Units are non-callable for five years. In addition, the Operating Partnership had an existing \$125 million of 9.0% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 9% Units") outstanding that were callable by the Operating Partnership as of September 2004. In connection with the new issue, the Operating Partnership agreed to extend the non-call provision of the Series D 9% Units to be coterminous with the new issue, and the institutional investors holding the Series D 9% Units agreed to lower the rate on such units to 8.0625%. All of the units have no stated maturity or mandatory redemption. Net proceeds from the offering were used to pay down amounts outstanding under the Company's line of credit.

On April 8, 2005, the Company paid a \$0.025 per share distribution for the quarter ended March 31, 2005 to stockholders of record on March 25, 2005. On July 8, 2005, the Company paid a \$0.025 per share distribution for the quarter ended June 30, 2005 to stockholders of record on June 24, 2005. On March 24, 2005, the Operating Partnership paid distributions of 9.0% per annum on the \$125 million of Series D 9% Units, and for the seven days ended March 31, 2005, the Operating Partnership paid distributions of 8.0625% per annum on the \$150 million of Series D 8% Units. On June 30, 2005 the Operating Partnership paid distributions of 8.0625% per annum on the \$150 million of Series D 8% Units.

NOTE 4 - INVESTMENT IN REAL ESTATE

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

	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
Properties Held for Long Term		
Investment in real estate:		
Land	\$ 465,058	\$ 462,619
Land improvements	1,421,684	1,406,246
Buildings and other depreciable property	126,274	124,357
	-----	-----
	2,013,016	1,993,222
Accumulated depreciation	(336,975)	(309,277)
	-----	-----
Net investment in real estate	\$ 1,676,041	\$ 1,683,945
	=====	=====
Properties Held for Sale		
	JUNE 30, 2005	DECEMBER 31, 2004
	-----	-----
Investment in real estate:		
Land	\$ 7,968	\$ 7,968
Land improvements	32,863	32,677
Buildings and other depreciable property	1,927	1,923
	-----	-----
	42,758	42,568
Accumulated depreciation	(13,919)	(13,590)
	-----	-----
Net investment in real estate	\$ 28,839	\$ 28,978
	=====	=====

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT IN REAL ESTATE (CONTINUED)

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

During the six months ended June 30, 2005, we acquired one Property as listed in the table below. The combined investment in real estate for this Property was approximately \$6.6 million and was funded with money drawn from our line of credit (amounts in millions, except for total sites).

CLOSING DATE	PROPERTY	LOCATION	TOTAL SITES	REAL ESTATE	DEBT	NET EQUITY
June 20, 2005	San Francisco RV	Pacifica, CA	182	\$ 6.6	\$ ---	\$ 6.6

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

As of March 31, 2005, the Company designated seven Properties as held for disposition pursuant to SFAS No. 144. The Company determined that these Properties no longer met its investment criteria. The Company expects to sell these Properties within 12 months from the date determined to designate these Properties as held for sale for proceeds greater than their net book value. As such, the results from operations of these Properties have been classified as income from discontinued operations. The seven Properties classified as held for disposition are summarized in the table below.

Property	Location	Sites
Casa Village.....	Billings, MT	490
Creekside.....	Wyoming, MI	165
Del Rey.....	Albuquerque, NM	407
Five Seasons.....	Cedar Rapids, IA	390
Forest Oaks.....	Chesterton, IN	227
Holiday Village.....	Sioux City, IA	519
Windsong.....	Indianapolis, IN	268

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 4 - INVESTMENT IN REAL ESTATE (CONTINUED)

The following table summarizes the combined results of operations of the seven Properties held for sale for the quarter and six months ended June 30, 2005, and eight Properties, including one Property sold during the second quarter of 2004, for the quarter and six months ended June 30, 2004 (amounts in thousands).

	QUARTERS ENDED		SIX MONTHS ENDED	
	JUNE 30,		JUNE 30,	
	2005	2004	2005	2004
Rental income	\$ 1,543	\$ 1,749	\$ 3,149	\$ 3,536
Utility and other income	147	170	321	364
Property operating revenues	1,690	1,919	3,470	3,900
Property operating expenses	893	1,050	1,818	2,107
Income from property operations	797	869	1,652	1,793
Income (loss) from home sales operations and other ..	(7)	7	(9)	(71)
Interest	(228)	(253)	(454)	(499)
Amortization	(8)	(9)	(16)	(17)
Depreciation	---	(345)	(329)	(686)
Total other expenses	(236)	(607)	(799)	(1,202)
Gain on sale	---	---	---	638
Minority interest	(116)	(54)	(178)	(219)
Net income	\$ 438	\$ 215	\$ 666	\$ 939

NOTE 5 - NOTES RECEIVABLE

As of June 30, 2005 and December 31, 2004, the Company had approximately \$12.2 million and \$13.3 million in notes receivable, respectively. The Company has approximately \$11.9 million in Chattel Loans receivable, which yield interest at a per annum average rate of approximately 9.3%, have an average term and amortization of 5 to 15 years, require monthly principal and interest payments and are collateralized by manufactured homes at certain of the Properties. The Company has approximately \$403,000 in notes which bear interest at a per annum rate of prime plus 0.5% and mature on December 31, 2011. The notes are collateralized with a combination of Common OP Units and partnership interests in certain joint ventures.

NOTE 6 - INVESTMENT IN AND ADVANCES TO JOINT VENTURES

The Company recorded approximately \$3.7 million and \$2.3 million of net income from joint ventures, net of \$0.8 million and \$0.5 million of depreciation expense, in the six months ended June 30, 2005 and 2004, respectively. The Company received approximately \$7.8 million and \$2.2 million in distributions for the six months ended June 30, 2005 and 2004, respectively, \$1.2 million and \$0.5 million exceeded the Company's basis and thus was recorded in equity in income from joint ventures. Due to the Company's inability to control the joint ventures, the Company accounts for its investment in the joint ventures using the equity method of accounting.

During the six months ended June 30, 2005, the Company invested approximately \$7 million for a 50 percent preferred joint venture interest in three properties located near Bar Harbor, Maine.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 6 - INVESTMENT IN AND ADVANCES TO JOINT VENTURES (CONTINUED)

The following table summarizes the Company's investments in unconsolidated joint ventures:

PROPERTY	LOCATION	NUMBER OF SITES	ECONOMIC INTEREST (a)	INVESTMENT AS OF JUNE 30, 2005	INVESTMENT AS OF DEC. 31, 2004
				(in thousands)	(in thousands)
Trails West.....	Tucson, AZ	503	50%	\$ ---	\$ 1,731
Plantation.....	Calimesa, CA	385	50%	---	3,032
Home.....	Hallandale, FL	136	90%	---	---
Villa del Sol.....	Sarasota, FL	207	90%	642	630
Voyager.....	Tucson, AZ	767	25%	3,187	3,010
Mezzanine Investments.....	Various	5,054	---	31,801	31,207
Indian Wells.....	Indio, CA	350	30%	229	271
Diversified Investments....	Various	4,443	25%	3,457	3,702
Mt. Desert Narrows.....	Bar Harbor, ME	221	50%	3,988	---
Narrows Too.....	Trenton, ME	110	50%	1,720	---
Patten Pond.....	Ellsworth, ME	164	50%	1,247	---
		12,340		\$ 46,271	\$ 43,583
		=====		=====	=====

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

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

BALANCE SHEET

	AS OF	
	JUNE 30, 2005	DECEMBER 31, 2004
ASSET		
Real estate, net	\$193,083	\$183,480
Other assets	23,882	22,646
TOTAL ASSETS	\$216,965	\$206,126
	=====	=====
LIABILITIES		
Mortgage debt & other loans ..	\$165,053	\$152,682
Other liabilities	14,095	13,485
Partners' equity	37,817	39,959
TOTAL LIABILITIES AND EQUITY	\$216,965	\$206,126
	=====	=====

STATEMENT OF OPERATIONS

	FOR THE QUARTERS ENDED JUNE 30,		FOR THE SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
Rentals.....	\$ 7,493	\$ 6,166	\$ 16,295	\$ 14,188
Other Income.....	1,639	1,544	4,416	3,978
TOTAL REVENUES.....	9,132	7,710	20,711	18,166
Operating Expenses.....	4,611	4,259	9,875	8,955
Interest.....	2,565	1,741	4,545	3,582
Other Income & Expenses.....	371	339	1,119	724
Depreciation & Amortization.....	2,830	2,481	5,563	4,895
TOTAL EXPENSES.....	10,377	8,820	21,102	18,156
NET (LOSS)/INCOME.....	\$ (1,245)	\$ (1,110)	\$ (391)	\$ 10
	=====	=====	=====	=====

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM BORROWINGS

As of June 30, 2005 and December 31, 2004, the Company had outstanding mortgage indebtedness for Properties held for the long-term of approximately \$1,395 million and \$1,402 million, respectively, and \$15 million as of June 30, 2005 and December 31, 2004 for Properties held for sale, encumbering 165 of the Company's Properties. As of June 30, 2005 and December 31, 2004, the carrying value of such Properties was approximately \$1,679 million and \$1,653 million, respectively.

The outstanding mortgage indebtedness as of June 30, 2005 consists of:

- Approximately \$497.5 million of mortgage debt consisting of 49 loans collateralized by 51 Properties beneficially owned by separate legal entities that are Subsidiaries of the Company, which we closed on October 17, 2003. Of this mortgage debt, \$165 million bears interest at 5.35% per annum and matures November 1, 2008; \$80.1 million bears interest at 5.72% per annum and matures November 1, 2010; \$79.1 million bears interest at 6.02% per annum and matures November 1, 2013; and \$173.3 million bears interest at 6.33% per annum and matures November 1, 2015. The mortgage debt amortizes over 30 years.
- A \$265.0 million mortgage note (the "\$265 Million Mortgage") collateralized by 28 Properties beneficially owned by MHC Financing Limited Partnership. The \$265 Million Mortgage has a maturity date of January 2, 2028 and bears interest at 7.015% per annum. There is no principal amortization until February 1, 2008, after which principal and interest are to be paid from available cash flow and the interest rate will be reset at a rate equal to the then 10-year U.S. Treasury obligations plus 2.0%. The \$265 Million Mortgage is presented net of a settled hedge of \$3.0 million (net of accumulated amortization of \$522,031), which is being amortized into interest expense over the life of the loan.
- A \$90.0 million mortgage note (the "DeAnza Mortgage") collateralized by 6 Properties beneficially owned by MHC-DeAnza Financing Limited Partnership. The DeAnza Mortgage bears interest at a rate of 7.82% per annum, amortizes beginning August 1, 2000 over 30 years and matures July 1, 2010.
- A \$48.1 million mortgage note (the "Stagecoach Mortgage") collateralized by 7 Properties beneficially owned by MHC Stagecoach L.L.C. The Stagecoach Mortgage bears interest at a rate of 6.98% per annum, amortizes beginning September 1, 2001 over 10 years and matures September 1, 2011.
- A \$43.2 million mortgage note (the "Bay Indies Mortgage") collateralized by one Property beneficially owned by MHC Bay Indies, L.L.C. The Bay Indies Mortgage bears interest at a rate of 5.69% per annum, amortizes beginning April 17, 2003 over 25 years and matures May 1, 2013.
- A \$15.1 million mortgage note (the "Date Palm Mortgage") collateralized by one Property beneficially owned by MHC Date Palm, L.L.C. The Date Palm Mortgage bears interest at a rate of 7.96% per annum, amortizes beginning August 1, 2000 over 30 years and matures July 1, 2010.
- Approximately \$453.8 million of mortgage debt on 71 other Properties, net of a recorded \$10.4 million premium being amortized over the life of the loans using the effective interest rate method. Scheduled maturities for the outstanding indebtedness are at various dates through November 1, 2027, and fixed interest rates range from 5.16% to 8.55% per annum. Included in this debt, the Company has a \$2.4 million loan recorded to account for a direct financing lease entered into in May 1997.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 7 - LONG-TERM BORROWINGS (CONTINUED)

UNSECURED LOANS

TERM LOAN

The Company has a Term Loan agreement, pursuant to which it borrowed \$120 million, on an unsecured basis, at LIBOR plus 1.75% per annum. The Term Loan will be due and payable on November 10, 2007, unless this initial maturity date is extended by the borrower for an additional two years upon satisfaction of certain conditions. Proceeds from this debt were used to acquire KTTI Holding Company, Inc. as part of the Thousand Trails transaction. During the six months ended June 30, 2005, the Company made a principal repayment of \$7.2 million.

LINES OF CREDIT

The Company has a \$110 million credit facility with a group of banks, bearing interest at LIBOR plus 1.65% per annum that matures on August 9, 2006, which can be extended by the borrower for an additional year to August 9, 2007. As of June 30, 2005, \$82.2 million was available under this facility.

The Company has a \$50 million credit facility with Wells Fargo Bank bearing interest at LIBOR plus 1.65% per annum that matures on May 4, 2006, which can be extended by the borrower for an additional year to May 4, 2007. As of June 30, 2005, \$39.6 million was available under this facility.

OTHER LOANS

During the six months ended June 30, 2005, the Company borrowed \$2.4 million to finance its insurance premium payments. As of June 30, 2005, \$1.6 million remained outstanding. This loan is due in January 2006 and bears interest at 4.07% per annum.

NOTE 8 - STOCK-BASED COMPENSATION

We account for our stock-based compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation", which results in compensation expense being recorded based on the fair value of the stock option compensation issued. SFAS No. 148 provided three possible transition methods for changing to the fair value method. Effective January 1, 2003, we elected to use the modified-prospective method, which required that we recognize stock-based employee compensation cost from the beginning of the fiscal year in which the recognition provisions are first applied as if the fair value method had been used to account for all employee awards granted, or settled, in fiscal years beginning after December 15, 1994. Stock-based compensation expense was approximately \$1,337,000 and \$1,324,000 for the six months ended June 30, 2005 and 2004, respectively.

Pursuant to the Stock Option Plan as discussed in Note 14 to the 2004 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, 2005, Options for 26,083 shares of common stock were exercised for proceeds of approximately \$383,000.

In December 2004, the FASB issued Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment ("FAS 123(R)"), which replaces FAS 123. We expect to adopt FAS 123(R) on January 1, 2006 using the modified prospective method. The adoption of this standard will have an immaterial effect on the financial statements. Had we adopted FAS 123(R) in prior periods, the impact of that standard would have approximated the impact of FAS 123.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES

DEANZA SANTA CRUZ

The customers of DeAnza Santa Cruz Mobile Estates, a Property located in Santa Cruz, California, brought several actions opposing fees and charges in connection with water service at the Property. As a result of one action, the Company rebated approximately \$36,000 to the customers. The DeAnza Santa Cruz Homeowners Association ("HOA") then proceeded to a jury trial alleging these "overcharges" entitled them to an award of punitive damages. In January 1999, a jury awarded the HOA \$6.0 million in punitive damages. On December 21, 2001 the California Court of Appeal for the Sixth District reversed the \$6.0 million punitive damage award, the related award of attorneys' fees, and, as a result, all post-judgment interest thereon, on the basis that punitive damages are not available as a remedy for a statutory violation of the California Mobilehome Residency Law ("MRL"). The decision of the appellate court left the HOA, the plaintiff in this matter, with the right to seek a new trial in which it must prove its entitlement to either the statutory penalty and attorneys' fees available under the MRL or punitive damages based on causes of action for fraud, misrepresentation or other tort. In order to resolve this matter, the Company accrued for and agreed to pay \$201,000 to the HOA. This payment resolved the punitive damages claim. The HOA's attorney made a motion asking for an award of attorneys' fees and costs in the amount of approximately \$1.5 million as a result of this resolution of the litigation. On April 2, 2003 the court awarded attorney's fees to the HOA's attorney in the amount of \$593,000 and court costs of approximately \$20,000. The Company appealed this award. On July 13, 2004, the California Court of Appeal affirmed the award of attorney's fees in favor of the HOA's attorney. In August 2004, the Company paid all related fees, costs and interest.

OTHER CALIFORNIA RENT CONTROL LITIGATION

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

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

The Company has filed two lawsuits in Federal court against the City of San Rafael, challenging its rent control ordinance on constitutional grounds. The Company believes that one of those lawsuits was settled by the City agreeing to amend the ordinance to permit adjustments to market rent upon turnover. The City subsequently rejected the settlement agreement. The Court initially found the settlement agreement was binding on the City, but then

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

reconsidered and determined to submit the claim of breach of the settlement agreement to a jury. In October 2002, the first case against the City went to trial, based on both breach of the settlement agreement and the constitutional claims. A jury found no breach of the settlement agreement; the Company then filed motions asking the Court to rule in its favor on that claim, notwithstanding the jury verdict. The Court has postponed decision on those motions and on the constitutional claims, pending a ruling on some property rights issues by the United States Supreme Court. In the event that the Court does not rule in favor of the Company on either the settlement agreement or the constitutional claims, then the Company has pending claims seeking a declaration that it can close the Property and convert it to another use.

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

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

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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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

DISPUTE WITH LAS GALLINAS VALLEY SANITARY DISTRICT

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

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

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

The Company believes that it has complied with the Compliance Order. The Company further believes that the allegations in the June 2 Letter are without merit, and will vigorously defend against any such claims by the District.

OTHER

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

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

OVERVIEW

The Company is a fully integrated owner and operator of resort and retirement oriented properties ("Properties"). The Company leases individual developed areas ("sites" or "pads") with access to utilities for placement of factory built homes or recreational vehicles. As of June 30, 2005, we owned or had an ownership interest in a portfolio of 279 Properties located throughout the United States containing 101,960 residential sites. These Properties are located in 26 states and British Columbia (with the number of Properties in each state or province shown parenthetically) - Florida (84), California (47), Arizona (35), Texas (15), Washington (13), Colorado (10), Oregon (9), Delaware (7), Indiana (7), Pennsylvania (7), Nevada (6), North Carolina (6), Wisconsin (5), Virginia (4), Illinois (3), Maine (3), Iowa (2), Michigan (2), New Jersey (2), Ohio (2), South Carolina (2), Tennessee (2), Utah (2), Montana (1), New Mexico (1), New York (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", "intend", "may be" and "will be" and similar words or phrases, or the negative thereof, unless the context requires otherwise, are intended to identify forward-looking statements. These forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, but not limited to: in the age-qualified communities, home sales results could be impacted by the ability of potential homebuyers to sell their existing residences as well as by financial markets volatility; in the all-age communities, results from home sales and occupancy will continue to be impacted by local economic conditions, lack of affordable manufactured home financing, and competition from alternative housing options including site-built single-family housing; our ability to maintain rental rates and occupancy with respect to properties currently owned or pending acquisitions; our assumptions about rental and home sales markets; the completion of pending acquisitions and timing with respect thereto; the effect of interest rates as well as other risks indicated from time to time in our filings with the Securities and Exchange Commission. These forward-looking statements are based on management's present expectations and beliefs about future events. As with any projection or forecast, these statements are inherently susceptible to uncertainty and changes in circumstances. ELS is under no obligation to, and expressly disclaims any obligation to, update or alter its forward-looking statements whether as a result of such changes, new information, subsequent events or otherwise.

RISK FACTORS

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

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

- - changes in the national, regional and local economic climate;
- - local conditions such as an oversupply of resort and retirement oriented properties or a reduction in demand for resort and retirement oriented properties in the area, the attractiveness of our Properties to customers, competition from manufactured home communities and other resort and retirement oriented properties and alternative forms of housing (such as apartment buildings and site-built single family homes);
- - our ability to collect rent from customers and pay maintenance, insurance and other operating costs (including real estate taxes), which could increase over time;
- - the failure of our assets to generate income sufficient to pay our expenses, service our debt and maintain our Properties, which may adversely affect our ability to make expected distributions to our stockholders;
- - our inability to meet mortgage payments on any Property that is mortgaged, in which case the lender could foreclose on the mortgage and take the Property;

- - interest rate levels and the availability of financing, which may adversely affect our financial condition; and
- - changes in laws and governmental regulations (including rent control laws and regulations governing usage, zoning and taxes), which may adversely affect our financial condition.

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

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

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

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

Scheduled Debt Payments Could Adversely Affect Our Financial Condition. Our business is subject to risks normally associated with debt financing. The total principal amount of our outstanding indebtedness was approximately \$1.56 billion as of June 30, 2005. Our substantial indebtedness and the cash flow associated with serving our indebtedness could have important consequences, including the risks that:

- - our cash flow could be insufficient to pay distributions at expected levels and meet required payments of principal and interest;
- - we will be required to use a substantial portion of our cash flow from operations to pay our indebtedness, thereby reducing the availability of our cash flow to fund the implementation of our business strategy, acquisitions, capital expenditures and other general corporate purposes;
- - our debt service obligations could limit our flexibility in planning for, or reacting to, changes in our business and the industry in which we operate;
- - we may not be able to refinance existing indebtedness (which in virtually all cases requires substantial principal payments at maturity) and, if we can, the terms of such refinancing might not be as favorable as the terms of existing indebtedness;
- - if principal payments due at maturity cannot be refinanced, extended or paid with proceeds of other capital transactions, such as new equity capital, our cash flow will not be sufficient in all years to repay all maturing debt; and

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

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

Our Degree of Leverage Could Limit Our Ability to Obtain Additional Financing. Our debt to market capitalization ratio (total debt as a percentage of total debt plus the market value of the outstanding Common Stock and Units held by parties other than the Company) is approximately 57% as of June 30, 2005. The degree of leverage could have important consequences to stockholders, including an adverse effect on our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions, development or other general corporate purposes, and makes us more vulnerable to a downturn in business or the economy generally.

WE DEPEND ON OUR SUBSIDIARIES' DIVIDENDS AND DISTRIBUTIONS.

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

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

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

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

We Have a Stock Ownership Limit for REIT Tax Purposes. To remain qualified as a REIT for U.S. federal income tax purposes, not more than 50% in value of our outstanding shares of capital stock may be owned, directly or

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

CONFLICTS OF INTEREST COULD INFLUENCE THE COMPANY'S DECISIONS.

Certain Stockholders Could Exercise Influence in a Manner Inconsistent With the Stockholders' Best Interests. As of June 30, 2005, Mr. Zell and certain affiliated holders beneficially owned approximately 14.3% of our outstanding Common Stock (in each case including Common Stock issuable upon the exercise of stock options and the exchange of Units). Accordingly, Mr. Zell has significant influence on our management and operation. Such influence could be exercised in a manner that is inconsistent with the interests of other stockholders.

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

RISK OF EMINENT DOMAIN AND TENANT LITIGATION.

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

ENVIRONMENTAL PROBLEMS ARE POSSIBLE AND CAN BE COSTLY.

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

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

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

As of June 30, 2005, we owned or had an ownership interest in 279 Properties located in 26 states and British Columbia, including 84 Properties located in Florida and 47 Properties located in California. The occurrence of a natural disaster or other catastrophic event in any of these areas may cause a sudden decrease in the value of our Properties. While we have obtained insurance policies providing certain coverage against damage from fire, flood, property, earthquake, wind storm and business interruption, these insurance policies contain coverage limits, limits on covered property and various deductible amounts that the Company must pay before insurance proceeds are available. Such insurance may therefore be insufficient to restore our economic position with respect to damage or destruction to our Properties caused by such occurrences. Moreover, each of these coverages must be renewed every year and there is the possibility that all or some of the coverages may not be available at a reasonable cost. In addition, in the event of such natural disaster or other catastrophic event, the process of obtaining reimbursement for covered losses, including the lag between expenditures incurred by us and reimbursements received from the insurance providers, could adversely affect our economic performance.

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

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

WE ARE DEPENDENT ON EXTERNAL SOURCES OF CAPITAL.

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

Moreover, additional equity offerings may result in substantial dilution of stockholders' interests, and additional debt financing may substantially increase our leverage.

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

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

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

The following chart lists the Properties acquired, invested in, or sold since January 1, 2004.

PROPERTY	TRANSACTION DATE	SITES
TOTAL SITES AS OF JANUARY 1, 2004.....		52,482
PROPERTY OR PORTFOLIO (# OF PROPERTIES IN PARENTHESES):		
O'Connell's	January 15, 2004	668
Spring Gulch.....	January 30, 2004	420
Paradise.....	February 3, 2004	950
Twin Lakes.....	February 18, 2004	400
Lakeside.....	February 19, 2004	95
Diversified Portfolio (10).....	February 5, 2004	2,567
NHC (28).....	February 17, 2004	11,311
Viewpoint.....	May 3, 2004	1,928
Cactus Gardens.....	May 12, 2004	430
Monte Vista.....	May 13, 2004	832
GE Portfolio (5).....	May 14, 2004	1,155
Yukon Trails.....	September 8, 2004	214
Caledonia.....	November 4, 2004	247
Thousand Trails (57).....	November 10, 2004	17,911
Fremont.....	December 30, 2004	325
San Francisco RV.....	June 20, 2005	182
JOINT VENTURES:		
Lake Myers.....	December 18, 2003	425
Pine Haven.....	January 21, 2004	625
Twin Mills.....	January 27, 2004	501
Plymouth Rock.....	February 10, 2004	609
Indian Wells.....	February 17, 2004	350
Mesa Verde.....	May 18, 2004	345
Winter Garden.....	May 18, 2004	350
Arrowhead.....	August 20, 2004	377
Sun Valley.....	September 10, 2004	265
Appalachian.....	October 26, 2004	357
Robin Hill.....	November 5, 2004	270
Round Top.....	December 22, 2004	319
Mt. Desert Narrows.....	April 7, 2005	221
Narrows Too.....	April 7, 2005	110
Patten Pond.....	April 7, 2005	164
MEZZANINE INVESTMENTS (11).....	February 3, 2004	5,054
EXPANSION SITE DEVELOPMENT AND OTHER:		
Sites added (reconfigured) in 2004.....		147
Sites added (reconfigured) in 2005.....		52
DISPOSITIONS:		
Lake Placid.....	May 28, 2004	(408)
Manatee (Joint Venture).....	September 1, 2004	(290)
TOTAL SITES AS OF JUNE 30, 2005.....		101,960

OUTLOOK

Occupancy in our Properties as well as our ability to increase rental rates directly affect revenues. We currently have approximately 58,300 annual sites for which we expect to have average annual revenue of approximately \$4,400 per site. We have 7,600 seasonal sites, which are leased to customers generally for 3 to 6 months, for which we expect to collect annualized rental revenues in the range of \$1,800 to \$1,900 per site. We also have 5,600 transient sites, occupied by customers who lease on a short-term basis, for which we expect to collect annualized rental revenues in the range of \$2,000 to \$2,200 per site. We expect to service 60,000 customers with these transient sites. We consider the transient revenue stream to be our most volatile. It is subject to weather conditions, gas prices, and other factors affecting the marginal RV customer's vacation and travel preferences. Finally, we have approximately 17,900 Thousand Trails sites for which we receive ground rent of \$16 million annually (subject to annual escalations). This rent is classified in Other Income in the Consolidated Statements of Operations. We have interests in Properties containing approximately 12,300 sites for which revenue is classified as Equity in Income from Unconsolidated Joint Ventures in the Consolidated Statements of Operations. The following table outlines the annual, seasonal and transient average results as of June 30, 2005 and as of December 31, 2004:

	TOTAL SITES AS OF JUNE 30, 2005 (ROUNDED TO 100s)	TOTAL SITES AS OF DEC. 31, 2004 (ROUNDED TO 100s)	APPROXIMATE ANNUAL REVENUE RANGE
Community Sites.....	45,200	45,200	\$ 5,400-\$5,500
Resort Sites:			
Annual.....	13,100	13,100	\$ 3,000-\$3,200
Seasonal.....	7,600	7,200	\$ 1,800-\$1,900
Transient.....	5,600	6,000	\$ 2,000-\$2,200
Thousand Trails.....	17,900	17,900	
Joint Ventures.....	12,300	11,800	
	-----	-----	
	101,700*	101,200	
	=====	=====	

*Does not include approximately 200 sites for San Francisco RV purchased June 20, 2005.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Refer to the 2004 Form 10-K for a discussion of our critical accounting policies, which includes impairment of real estate assets and investments, investments in unconsolidated joint ventures, and accounting for stock compensation. During the six months ended June 30, 2005, there were no changes to these policies.

RESULTS OF OPERATIONS

During the six months ended June 30, 2005, the Company designated seven Properties as held for disposition pursuant to SFAS No. 144. The Company determined that these Properties no longer met its investment strategy. As such, the results from operations of these Properties have been classified as income from discontinued operations. See Note 4 for summarized information for these Properties.

COMPARISON OF THE QUARTER ENDED JUNE 30, 2005 TO THE QUARTER ENDED JUNE 30, 2004

Since December 31, 2003, the gross investment in real estate has increased from \$1,315 million to \$2,056 million. The total number of sites owned, controlled, or in which the Company holds an investment, has increased from 52,482 as of December 31, 2003 to 101,960 as of June 30, 2005.

PROPERTY OPERATIONS

The following table summarizes certain financial and statistical data for the Property Operations for all Properties owned throughout both periods ("Core Portfolio") and the Total Portfolio for the quarters ended June 30, 2005 and 2004 (amounts in thousands).

	CORE PORTFOLIO				TOTAL PORTFOLIO			
	2005	2004	INCREASE / (DECREASE)	% CHANGE	2005	2004	INCREASE / (DECREASE)	% CHANGE
Community base rental income....	\$ 50,777	\$ 48,901	\$ 1,876	3.8%	\$ 53,041	\$ 51,192	1,849	3.6%
Resort base rental income.....	2,821	2,963	(142)	(4.8)%	14,862	12,951	1,911	14.8%
Utility and other income.....	5,457	5,098	359	7.0%	6,908	6,284	624	9.9%
Property operating revenues...	59,055	56,962	2,093	3.7%	74,811	70,427	4,384	6.2%
Property operating and maintenance.....	16,605	15,738	867	5.5%	24,514	23,032	1,482	6.4%
Real estate taxes.....	5,161	4,859	302	6.2%	6,287	5,818	469	8.1%
Property management.....	2,598	2,383	215	9.0%	3,966	3,423	543	15.9%
Property operating expenses...	24,364	22,980	1,384	6.0%	34,767	32,273	2,494	7.7%
Income from property operations....	\$ 34,691	\$ 33,982	\$ 709	2.1%	\$ 40,044	\$ 38,154	1,890	5.0%

Property Operating Revenues

The 3.7% increase in the Core Portfolio property revenues reflects (i) a 4.8% increase in rates for our community base rental income combined with a 1.0% decrease in occupancy, (ii) a 4.8% decrease in revenues for our resort base income, and (iii) an increase in the real estate tax pass through income due to increased rates on certain Properties. Total Property revenues increased due to rate increases and our 2004 acquisitions.

Property Operating Expenses

The 6.0% increase in property operating expenses in the Core Portfolio reflects a 5.5% increase in property operating and maintenance expense due primarily to increases in repairs and maintenance, administrative expenses and utility expenses. The increase in real estate taxes is generally due to higher property assessments on certain Properties. Core Portfolio property management expense is based on a percentage of property revenues and increased 9.0% due to higher core revenues in 2005 and higher payroll costs. Total Portfolio property management increased 15.9% due to higher revenues in 2005 and higher payroll costs.

HOME SALES OPERATIONS

The following table summarizes certain financial and statistical data for the Home Sales Operations for the quarters ended June 30, 2005 and 2004 (amounts in thousands).

HOME SALES OPERATIONS

	2005	2004	VARIANCE	% CHANGE
Gross revenues from new home sales.....	\$ 16,253	\$ 9,153	\$ 7,100	77.6%
Cost of new home sales.....	(14,061)	(8,148)	(5,913)	(72.6%)
Gross profit from new home sales.....	2,192	1,005	1,187	118.1%
Gross revenues from used home sales.....	1,197	1,545	(348)	(22.5%)
Cost of used home sales.....	(1,562)	(1,132)	(430)	(38.0%)
Gross profit from used home sales.....	(365)	413	(778)	(188.4%)
Brokered resale revenues, net.....	813	595	218	36.6%
Home selling expenses.....	(2,219)	(2,185)	(34)	(1.6%)
Ancillary services revenues, net.....	376	728	(352)	(48.4%)
Income from home sales and other.....	\$ 797	\$ 556	\$ 241	43.3%

HOME SALES VOLUMES

New home sales.....	186	119	67	56.3%
Used home sales.....	92	123	(31)	(25.2%)
Brokered home resales.....	439	407	32	7.9%

New home sales gross profit reflects a 56.3% increase in sales volume combined with a 22.8% increase in the gross margin due to an increase in the average selling price of new homes in 2005 of \$11,372 or 15.2% compared to 2004. Used home gross profit reflects a decrease in sales volume and a decrease in gross margin. Brokered resale revenues reflects increased sales volume combined with a higher gross margin.

OTHER INCOME AND EXPENSES

The following table summarizes other income and expenses for the quarters ended June 30, 2005 and 2004 (amounts in thousands).

	2005	2004	VARIANCE	% CHANGE
Interest income.....	\$ 312	\$ 314	\$ (2)	(0.6%)
Income from other investments.....	4,617	334	4,283	1,282.3%
Other corporate expense.....	(250)	---	(250)	---
General and administrative.....	(3,835)	(2,367)	(1,468)	62.0%
Rent control initiatives.....	(43)	(291)	248	(85.2%)
Interest and related amortization.....	(25,003)	(23,031)	(1,972)	8.6%
Depreciation on corporate assets.....	(223)	(427)	204	47.8%
Depreciation on real estate assets and other costs...	(13,761)	(11,666)	(2,095)	(18.0%)
Total other income (expenses)	\$ (38,186)	\$ (37,134)	\$ (1,052)	2.8%

Income from other investments increased as a result of income from the Thousand Trails transaction. Other corporate expense increased due to Thousand Trails acquisitions. General and administrative expense increased due to higher payroll costs related to increased staffing, changing regulatory environment and legal costs. Interest expense increased primarily due to higher debt balances as a result of the 2004 acquisitions. Depreciation expense increased due to the 2004 acquisitions.

During 2004, the Company changed the way it accounted for costs incurred in pursuing certain rent control initiatives. As a result, the Company expensed \$43,000 and \$291,000 for the quarters ended June 30, 2005 and 2004, respectively. The Company had historically classified these costs, primarily legal, in other assets. To the extent the Company's efforts to effectively change the use and operations of the Properties were successful, the Company capitalized the costs to land improvements as an increase in the established value of the revised project and depreciated them over 30 years. To the extent these efforts were not successful, the costs would have been expensed.

EQUITY IN INCOME OF UNCONSOLIDATED JOINT VENTURES

During the quarter ended June 30, 2005 equity in income in unconsolidated joint ventures increased \$1.2 million due to joint venture disbursements and 2004 acquisitions.

COMPARISON OF THE SIX MONTHS ENDED JUNE 30, 2005 TO THE SIX MONTHS ENDED JUNE 30, 2004

PROPERTY OPERATIONS

The following table summarizes certain financial and statistical data for the Property Operations for all Properties owned throughout both periods ("Core Portfolio") and the Total Portfolio for the six months ended June 30, 2005 and 2004 (amounts in thousands).

	CORE PORTFOLIO				TOTAL PORTFOLIO			
	2005	2004	INCREASE/ (DECREASE)	% CHANGE	2005	2004	INCREASE/ (DECREASE)	% CHANGE
Community base rental income.....	\$101,409	\$ 97,729	\$ 3,680	3.8%	\$105,960	\$100,310	5,650	5.6%
Resort base rental income.....	8,711	8,422	289	3.4%	39,109	25,293	13,816	54.6%
Utility and other income.....	11,051	10,809	242	2.2%	14,517	12,618	1,899	15.0%
Property operating revenues....	121,171	116,960	4,211	3.6%	159,586	138,221	21,365	15.5%
Property operating and maintenance.....	34,568	32,572	1,996	6.1%	50,808	43,232	7,576	17.5%
Real estate taxes.....	10,186	9,684	502	5.2%	12,447	11,082	1,365	12.3%
Property management.....	5,016	4,810	207	4.3%	7,615	6,269	1,346	21.5%
Property operating expenses....	49,770	47,066	2,705	5.7%	70,870	60,583	10,287	17.0%
Income from property operations.....	\$ 71,401	\$ 69,894	\$ 1,506	2.2%	\$ 88,716	\$ 77,638	11,078	14.3%

Property Operating Revenues

The 3.6% increase in the Core Portfolio property revenues reflects (i) a 4.8% increase in rates for our community base rental income combined with a 1.0% decrease in occupancy, (ii) a 3.4% increase in revenues for our resort base income, and (iii) an increase in utility income due to higher utility rates. Total Property revenues increased due to our 2004 acquisitions.

Property Operating Expenses

The 5.7% increase in the property operating expenses in the Core Portfolio reflects a 6.1% increase in property operating and maintenance expense due primarily to increases in administrative expenses, utility expenses, and insurance expenses. The increase in real estate taxes is generally due to higher property assessments on certain Properties. Property management expense for the total portfolio, which reflects costs of managing the Properties increased 21.5% primarily due to payroll, legal and advertising costs.

HOME SALES OPERATIONS

The following table summarizes certain financial and statistical data for the Home Sales Operations for the six months ended June 30, 2005 and 2004 (amounts in thousands).

	HOME SALES OPERATIONS			
	2005	2004	VARIANCE	% CHANGE
Gross revenues from new home sales	\$ 25,856	\$ 15,862	\$ 9,994	63.0%
Cost of new home sales	(22,380)	(14,343)	(8,037)	(56.0%)
Gross profit from new home sales	3,476	1,519	1,957	128.8%
Gross revenues from used home sales	1,831	2,261	(430)	(19.0%)
Cost of used home sales	(2,190)	(1,785)	(405)	(22.7%)
Gross profit from used home sales	(359)	476	(835)	(175.4%)
Brokered resale revenues, net	1,417	1,085	332	30.6%
Home selling expenses	(4,257)	(4,226)	(31)	(0.7%)
Ancillary services revenues, net	2,512	1,633	879	53.8%
Income from home sales and other	\$ 2,789	\$ 487	\$ 2,302	472.7%

HOME SALES VOLUMES

New home sales	313	211	102	48.3%
Used home sales	138	190	(52)	(27.4%)
Brokered home resales	808	734	74	10.1%

New home sales gross profit reflects a 48.3% increase in sales volume combined with a 40.4% increase in the gross margin due to an increase in the average selling price of new homes in 2005 of \$11,372 or 15.2% compared to 2004. Used home gross profit reflects a decrease in sales volume and a decrease in gross margin. Brokered resale revenues reflects increased sales volume combined with a higher gross margin. The increase in ancillary service revenues primarily relates to income from property amenities at our newly acquired Properties and better than expected revenues at our Core Portfolio Properties.

OTHER INCOME AND EXPENSES

The following table summarizes other income and expenses for the six months ended June 30, 2005 and 2004 (amounts in thousands).

	2005	2004	VARIANCE	% CHANGE
Interest income.....	\$ 683	\$ 767	\$ (84)	(11.0%)
Income from other investments.....	8,928	624	8,304	1,330.8%
Other corporate expense.....	(500)	---	(500)	---
General and administrative.....	(6,717)	(4,579)	(2,138)	46.7%
Rent control initiatives.....	(613)	(920)	307	(33.4%)
Interest and related amortization.....	(50,002)	(43,170)	(6,832)	15.8%
Depreciation on corporate assets.....	(439)	(804)	365	45.4%
Depreciation on real estate assets and other costs.....	(27,259)	(21,756)	(5,503)	25.3%
Total other income (expenses)	\$ (75,919)	\$ (69,838)	\$ (6,081)	8.7%

Income from other investments increased as a result of income from the Thousand Trails transaction. Other corporate expense increased due to Thousand Trails acquisition. General and administrative expense increased due to higher payroll costs related to increased staffing, changing regulatory environment and legal costs. Interest expense increased primarily due to higher debt balances as a result of the 2004 acquisitions. Depreciation expense increased due to the 2004 acquisitions.

During 2004, the Company changed the way it accounted for costs incurred in pursuing certain rent control initiatives. As a result, the Company expensed \$613,000 and \$920,000 for the six months ended June 30, 2005 and 2004, respectively. The Company had historically classified these costs, primarily legal, in other assets. To the extent the Company's efforts to effectively change the use and operations of the Properties were successful, the Company capitalized the costs to land improvements as an increase in the established value of the revised project and depreciated them over 30 years. To the extent these efforts were not successful, the costs would have been expensed.

EQUITY IN INCOME OF UNCONSOLIDATED JOINT VENTURES

During the six months ended June 30, 2005, equity in income in unconsolidated joint ventures increased \$1.4 million due to joint venture disbursements and 2004 acquisitions.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

As of June 30, 2005, the Company had \$7.4 million in cash and cash equivalents and \$122 million available on its line of credit. The Company expects to meet its short-term liquidity requirements, including its distributions, generally through its working capital, net cash provided by operating activities and availability under the existing line of credit. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities, Property acquisitions and capital improvements by long-term collateralized and uncollateralized borrowings including borrowings under its existing line of credit and the issuance of debt securities or additional equity securities in the Company, in addition to working capital. The table below summarizes cash flow activity for the six months ended June 30, 2005 and 2004 (amounts in thousands).

	FOR THE SIX MONTHS ENDED JUNE 30,	
	2005	2004
Cash provided by operating activities.....	\$ 43,408	\$ 32,654
Cash (used in) provided by investing activities....	(18,589)	(180,208)
Cash (used in) provided by financing activities....	(22,708)	(168,760)
Net increase (decrease) in cash.....	\$ 2,111	\$ (316,314)

OPERATING ACTIVITIES

Net cash provided by operating activities increased \$10.8 million from \$32.7 million for the six months ended June 30, 2004. The increase reflects increased property operating income, partially offset by working capital requirements including insurance and property taxes.

INVESTING ACTIVITIES

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

INVESTMENT IN AND ADVANCES TO JOINT VENTURES

The Company recorded approximately \$3.7 million and \$2.3 million of net income from joint ventures, net of \$0.8 million and \$0.5 million of depreciation expense, in the six months ended June 30, 2005 and 2004, respectively. The Company received approximately \$7.8 million and \$2.2 million in distributions for the six months ended June 30, 2005 and 2004, respectively, \$1.2 million and \$0.5 million exceeded the Company's basis and thus was recorded in equity in income from joint ventures. Due to the Company's inability to control the joint ventures, the Company accounts for its investment in the joint ventures using the equity method of accounting.

During the six months ended June 30, 2005, the Company invested approximately \$7 million for a 50 percent preferred joint venture interest in three Properties located near Bar Harbor, Maine. The Company expects a 7% annual yield on its investment prior to upgrade and expansion efforts.

ACQUISITIONS

During the six months ended June 30, 2005, we acquired one Property (see footnote 4 to the unaudited interim financial statements). The combined real estate investment in this Property was approximately \$6.6 million and was funded with money drawn from our line of credit.

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

CAPITAL IMPROVEMENTS

Capital expenditures for improvements are identified by the Company as recurring capital expenditures ("Recurring CapEx"), site development costs and corporate costs. Recurring CapEx was approximately \$5.3 million for the six months ended June 30, 2005. Site development costs were approximately \$7.9 million for the six months ended June 30, 2005, and represent costs to develop expansion sites at certain of the Company's Properties and costs for improvements to sites when a used home is replaced with a new home. Corporate costs were approximately \$436,000 for the six months ended June 30, 2005 which reflects corporate office expansion projects.

DISPOSITIONS

We currently have seven Properties held for disposition, which are in various stages of negotiations. The Company plans to reinvest its proceeds or reduce outstanding line of credit debt with the proceeds from these dispositions.

FINANCING ACTIVITIES

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

MORTGAGES AND CREDIT FACILITIES

Throughout the six months ended June 30, 2005, the Company borrowed \$34.2 million on its line of credit and paid down \$111.8 million on the line of credit funded by the Company's operations and proceeds from a preferred operating unit issue (see Equity Transactions below). The line of credit bears interest at a per annum rate of LIBOR plus 1.65%. In addition, we repaid \$7.2 million on the Company's Term Loan.

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

As of June 30, 2005, we were subject to certain contractual payment obligations as described in the table below (dollars in thousands).

Contractual Obligations	Total	2005 (2)	2006 (3)	2007 (4)	2008	2009	Thereafter
Long Term Debt (1,5)	\$1,554,539	\$ 8,307	\$90,041	\$432,919	\$197,054	\$64,450	\$761,768
Weighted average per annum interest rates	6.03%	--	5.26%	6.13%	5.45%	6.69%	6.20%

(1) Balance excludes net premiums and discounts of \$8.0 million.

(2) Balance includes principal amortization only.

(3) Includes Line of Credit repayment in 2006 of approximately \$38 million. We have an option to extend this maturity for one year to 2007. We expect to close on two additional financings in the third quarter of 2005 for proceeds of \$34 million which will reduce our 2006 maturity obligations by approximately \$15 million.

(4) Includes a Term Loan repayment in 2007 of \$106 million. We have an option to extend this maturity for two successive years to 2009.

(5) Includes certain capital lease obligations totaling approximately \$6.5 million. These agreements expire in June 2009 and are paid semi-annually.

In addition, the Company leases land under non-cancelable operating leases at certain of the Properties expiring in various years from 2022 to 2032 with terms which require twelve equal payments per year plus additional rents calculated as a percentage of gross revenues. For the six months ended June 30, 2005 and 2004, ground lease rent was approximately \$800,000. Minimum future rental payments under the ground leases are approximately \$1.6 million for each of the next five years and approximately \$22.1 million thereafter.

EQUITY TRANSACTIONS

On June 30, 2005, the Operating Partnership issued \$50 million of 7.95% Series F Cumulative Redeemable Perpetual Preference Units (the "Series F Units"), to institutional investors. The Series F Units are non-callable for five years and have no stated maturity or mandatory redemption. Net proceeds from the offering were used to pay down amounts outstanding under the Company's line of credit.

On March 24, 2005, the Operating Partnership issued \$25 million of 8.0625% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 8% Units"), to institutional investors. The Series D 8% Units are non-callable for five years. In addition, the Operating Partnership had an existing \$125 million of 9.0% Series D Cumulative Redeemable Perpetual Preference Units (the "Series D 9% Units") outstanding that were callable by the

Company as of September 2004. In connection with the new issue, the Operating Partnership has agreed to extend the non-call provision of the Series D 9% Units to be coterminous with the new issue, and the institutional investors holding the Series D 9% Units have agreed to lower the rate on such units to 8.0625%. All of the units have no stated maturity or mandatory redemption. Net proceeds from the offering were used to pay down amounts outstanding under the Company's line of credit.

On April 8, 2005, the Company paid a \$0.025 per share distribution for the quarter ended March 31, 2005 to stockholders of record on March 25, 2005. On July 8, 2005, the Company paid a \$0.025 per share distribution for the quarter ended June 30, 2005 to stockholders of record on June 24, 2005. On March 24, 2005, the Operating Partnership paid distributions of 9.0% per annum on the \$125 million of Series D 9% Units, and for the seven days ended March 31, 2005, the Operating Partnership paid distributions of 8.0625% per annum on the \$150 million Series D 8% Units. On June 30, 2005 the Operating Partnership paid distributions of 8.0625% per annum on the \$150 million Series D 8% Units.

INFLATION

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

FUNDS FROM OPERATIONS

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

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

The following table presents a calculation of FFO for the quarters and six months ended June 30, 2005 and 2004 (amounts in thousands):

	QUARTERS ENDED JUNE 30,		SIX MONTHS ENDED JUNE 30,	
	2005	2004	2005	2004
COMPUTATION OF FUNDS FROM OPERATIONS:				
Net income available for common shares.....	\$ 2,487	\$ 460	\$ 11,196	\$ 4,970
Income allocated to common OP Units.....	669	132	3,042	1,171
Depreciation on real estate assets.....	14,159	11,935	28,083	22,230
Depreciation on discontinued real estate assets.....	---	345	329	686
Gain on sale of Properties and other.....	---	---	---	(638)
Funds from operations available for common shares...	\$ 17,315	\$ 12,872	\$ 42,650	\$ 28,419
Weighted average common shares outstanding - fully diluted.....	29,974	29,142	29,934	28,840

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our earnings, cash flows and fair values relevant to financial instruments are dependent on prevailing market interest rates. The primary market risk we face is long-term indebtedness, which bears interest at fixed and variable rates. The fair value of our long-term debt obligations is affected by changes in market interest rates. At June 30, 2005 approximately 99% or approximately \$1.5 billion of our outstanding debt had fixed interest rates, which minimizes the market risk until the debt matures. For each increase in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately \$85.1 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 \$90.0 million.

At June 30, 2005 approximately 1% or approximately \$20 million of our outstanding debt was at variable rates. Earnings are affected by increases and decreases in market interest rates on this debt. For each increase/decrease in interest rates of 1% (or 100 basis points), our earnings and cash flows would increase/decrease by approximately \$196,000 annually.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of June 30, 2005. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective at the reasonable assurance level as of June 30, 2005.

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, 2005.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

See Note 9 of the Consolidated Financial Statements contained herein.

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

The Company held its Annual Meeting of Stockholders on May 10, 2005. Stockholders holding 21,395,314 Common Shares (being the only class of shares entitled to vote at the meeting), or 92.33% of the Company's issued and outstanding Common Shares as of the record date for the meeting, attended the meeting or were represented by proxy. The Company's shareholders voted on one matter presented at the meeting, which received the requisite number of votes to pass. The results of the stockholders' vote were as follows:

PROPOSAL 1 -- Election of eight directors to terms expiring in 2006.

TOTAL	
VOTE FOR	
EACH	
TOTAL	
VOTE	
WITHHELD	
FROM	
DIRECTOR*	
EACH	
DIRECTOR*	
Donald	
S.	
Chisholm	95.63%
	4.37%
Thomas	
E.	
Dobrowski	99.69%
	0.31%
Thomas	
P.	
Heneghan	97.76%
	2.24%
Joe B.	
McAdams	97.82%
	2.18%
Sheli Z.	
Rosenberg	94.46%
	5.54%
Gary L.	
Waterman	95.64%
	4.36%
Howard	
Walker	97.73%
	2.27%
Samuel	
Zell	95.25%
	4.75%

* This percentage represents the number of shares voting on this matter out of the total number of shares voted at the meeting, not out of the total shares outstanding. This matter required a plurality of votes cast for approval.

ITEM 6. EXHIBITS

- 3.1(a) Amended and Restated Articles of Incorporation of Manufactured Home Communities, Inc. effective May 21, 1999.
- 3.2(c) Articles of Amendment of Articles of Incorporation of Manufactured Home Communities, Inc. effective May 13, 2003.
- 3.3(b) Articles of Amendment to Articles of Incorporation of Manufactured Home Communities, Inc. effective November 16, 2004.
- 3.4(c) Amended Bylaws of Manufactured Home Communities, Inc. dated December 31, 2003.
- 3.5(d) Articles Supplementary of Equity LifeStyle Properties, Inc. effective March 16, 2005
- 3.6(d) Articles Supplementary of Equity LifeStyle Properties, Inc. effective June 23, 2005
- 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

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

- (a) Included as an exhibit to the Company's Form S-3 Registration Statement, filed November 12, 1999 (SEC File No. 333-90813)
- (b) Included as an exhibit to the Company's Report on Form 8-K dated November 22, 2004
- (c) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 2004
- (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.

BY: /s/ Thomas P. Heneghan

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

BY: /s/ Michael B. Berman

Michael B. Berman
Vice President, Treasurer and
Chief Financial Officer
(Principal Financial Officer and
Principal Accounting Officer)

DATE: August 5, 2005

EQUITY LIFESTYLE PROPERTIES, INC.

AMENDED AND RESTATED ARTICLES SUPPLEMENTARY

7,000,000 SHARES

8.0625% SERIES D CUMULATIVE REDEEMABLE PERPETUAL PREFERRED STOCK

EQUITY LIFESTYLE PROPERTIES, INC. (the "COMPANY"), a Maryland corporation formerly known as MANUFACTURED HOME COMMUNITIES, INC., hereby certifies to the State Department of Assessments and Taxation of Maryland (the "DEPARTMENT") that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Company by Article V of the Articles of Amendment and Restatement of the Company filed with the Department on May 21, 1999 (the "CHARTER") and Section 2-105 of the Maryland General Corporation Law (the "MGCL"), the Board of Directors of the Company (the "BOARD OF DIRECTORS"), by resolutions duly adopted on March 16, 2005 has approved the amendment and restatement in their entirety of the Articles Supplementary designating 5,000,000 shares of the Company's authorized but unissued Preferred Stock, par value \$.01 per share ("PREFERRED STOCK") as "9.000% Series D Cumulative Redeemable Perpetual Preferred Stock" to (1) increase the number of shares designated and authorized for issuance from 5,000,000 to 7,000,000, (2) change the name of the designated series to "8.0625% Series D Cumulative Redeemable Perpetual Preferred Stock," and (3) provide that the dividend thereon shall be 8.0625% per annum rather than 9.000% per annum.

SECOND: The Board of Directors has unanimously adopted resolutions designating the aforesaid class of Preferred Stock as the "8.0625% Series D Cumulative Redeemable Perpetual Preferred Stock," setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications, terms and conditions of redemption and other terms and conditions of such 8.0625% Series D Cumulative Redeemable Perpetual Preferred Stock (to the extent not set by the Board of Directors in the resolutions referred to in Article FIRST of these Amended and Restated Articles Supplementary) and authorizing the issuance of up to 7,000,000 shares of 8.0625% Series D Cumulative Redeemable Perpetual Preferred Stock.

THIRD: The series of Preferred Stock of the Company the designations and terms of which have been amended by the resolutions duly adopted by the Board of Directors and referred to in Articles FIRST and SECOND of these Amended and Restated Articles Supplementary shall have the following designation, number of shares, preferences, conversion and other rights, voting powers, restrictions and limitation as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions:

SECTION 1. DESIGNATION AND NUMBER. A series of Preferred Stock, designated the "8.0625% Series D Cumulative Redeemable Perpetual Preferred Stock" (the "SERIES D PREFERRED STOCK") is established. The number of shares of Series D Preferred Stock shall be 7,000,000.

SECTION 2. RANK. The Series D Preferred Stock will, with respect to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company, rank senior to all classes or series of Common Stock (as defined in the Charter) and to all classes or series of equity securities of the Company now or hereafter authorized, issued or outstanding, other than any class or series of equity securities of the Company expressly designated as ranking on a parity with or senior to

the Series D Preferred Stock as to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company. For purposes of these Amended and Restated Articles Supplementary, the term "PARITY PREFERRED STOCK" shall be used to refer to any class or series of equity securities of the Company now or hereafter authorized, issued or outstanding expressly designated by the Company to rank on a parity with Series D Preferred Stock with respect to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company.

DISTRIBUTIONS. Payment of Distributions. Subject to the rights of holders of Parity Preferred Stock as to the payment of distributions and holders of equity securities ranking senior to the Series D Preferred Stock as to payment of distributions, holders of Series D Preferred Stock will be entitled to receive, when, as and if declared by the Company, out of funds legally available for the payment of distributions, cumulative preferential cash distributions at the rate per annum of 8.0625% of the \$25 liquidation preference per share of Series D Preferred Stock. All distributions shall be cumulative, shall accrue from September 29, 1999 (or, with respect to the Series D Preferred Stock registered for conversion of the 1,000,000 additional Series D Preference Units issued in March 2005, from the date of issuance of such additional Series D Preference Units) and shall be payable (i) quarterly (such quarterly periods for purposes of payment and accrual will be the quarterly periods ending on the dates specified in this sentence and not calendar quarters) in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on the first of such dates to occur after September 29, 1999 (or, with respect to the Series D Preferred Stock registered for conversion of the 1,000,000 additional Series D Preference Units issued in March 2005, from the date of issuance of such additional Series D Preference Units) and, (ii) in the event of a redemption, on the redemption date (each such payment or redemption date, a "PREFERRED SHARES DISTRIBUTION PAYMENT DATE"). The amount of the distribution payable for any period will be computed based on the ratio of a 360-day year of twelve 30-day months and for any period shorter than a full quarterly period for which distributions are computed, the amount of the distribution payable will be computed on the basis of the actual number of days elapsed in such a period to ninety (90) days. If any date on which distributions are to be made on the Series D Preferred Stock is not a Business Day (as defined herein), then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series D Preferred Stock will be made to the holders of record of the Series D Preferred Stock on the relevant record dates, which, unless otherwise provided by the Company with respect to any distribution, will be fifteen (15) Business Days prior to the relevant Preferred Stock Distribution Payment Date (each a "DISTRIBUTION RECORD DATE"). Notwithstanding anything to the contrary set forth herein, each share of Series D Preferred Stock shall also continue to accrue all accrued and unpaid distributions up to the exchange date on any Series D Preference Unit (as defined in the Second Amended and Restated MHC Operating Limited Partnership Agreement of Limited Partnership, dated as of March 15, 1996 (the "PARTNERSHIP AGREEMENT"), as amended and supplemented through the date hereof) validly exchanged into such share of Series D Preferred Stock in accordance with the provisions of such Partnership Agreement.

The term "BUSINESS DAY" shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(a) Limitations on Distributions. No distributions on the Series D Preferred Stock shall be declared or paid or set apart for payment by the Company at such time as the terms and provisions of any agreement of the Company, including any agreement relating to its indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration, payment or setting apart for payment shall be restricted or prohibited by law.

(b) Distributions Cumulative. Notwithstanding the foregoing, distributions on the Series D Preferred Stock will accrue whether or not declared, whether or not the terms and provisions set forth in Section 3(b) hereof at any time prohibit the current payment of distributions, whether or not the Company has earnings, whether or not there are funds legally available for the payment of such distributions and whether or not such distributions are authorized or declared. Accrued but unpaid distributions on the Series D Preferred Stock will accumulate as of the Preferred Stock Distribution Payment Date on which they first become payable. Accumulated and unpaid distributions will not bear interest.

(c) Priority as to Distributions. So long as any Series D Preferred Stock is outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Common Stock or any class or series of other stock of the Company ranking junior to the Series D Preferred Stock as to the payment of distributions or rights upon voluntary or involuntary dissolution, liquidation or winding-up (such Common Stock or other junior stock, collectively, "JUNIOR STOCK"), nor shall any cash or other property be set aside for or applied to the purchase, redemption or other acquisition for consideration of any Series D Preferred Stock, any Parity Preferred Stock or any Junior Stock, unless, in each case, all distributions accumulated on all Series D Preferred Stock and all classes and series of outstanding Parity Preferred Stock have been paid in full (or a sum sufficient for such full payment is not irrevocably deposited in trust for immediate payment). The foregoing sentence will not prohibit (i) distributions payable solely in Junior Stock, (ii) the conversion of Junior Stock or Parity Preferred Stock into stock of the Company ranking junior to the Series D Preferred Stock as to distributions and upon liquidation, winding-up or dissolution, (iii) purchase by the Company of such Series D Preferred Stock, Parity Preferred Stock or Junior Stock pursuant to Article VII of the Charter to the extent required to preserve the Company's status as a real estate investment trust, (iv) any distributions to the Company necessary for it to maintain its status as a "real estate investment trust" under the Code, or (v) the redemption, purchase or other acquisition of Junior Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Company or any subsidiary of the Partnership or the Company.

(i) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not irrevocably deposited in trust for immediate payment) upon the Series D Preferred Stock, all distributions authorized and declared on the Series D Preferred Stock and all classes or series of outstanding Parity Preferred Stock shall be authorized and declared so that the amount of distributions authorized and declared per share of Series D Preferred Stock and such other classes or series of Parity Preferred Stock shall in all cases bear to each other the same ratio that accrued distributions per share on the Series D Preferred Stock and such other classes or series of Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Stock does not have cumulative distribution rights) bear to each other.

(d) No Further Rights. Holders of Series D Preferred Stock shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

SECTION 3. LIQUIDATION PREFERENCE. Payment of Liquidating Distributions. Subject to the rights of holders of Parity Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company and subject to equity securities ranking senior to the Series D Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of Series D Preferred Stock shall be entitled to receive out of the assets of the Company legally available for distribution or the proceeds thereof, after payment or provision for debts and other liabilities of the Company, but before any payment or distributions of the assets shall be made to holders of Common Stock or any other class or series of shares of the Company that ranks junior to the Series D Preferred Stock as to rights upon liquidation, dissolution

or winding-up of the Company, an amount equal to the sum of (i) a liquidation preference of \$25 per share of Series D Preferred Stock, and (ii) an amount equal to any accumulated and unpaid distributions thereon, whether or not declared, to the date of payment. In the event that, upon such voluntary or involuntary liquidation, dissolution or winding-up, there are insufficient assets to permit full payment of liquidating distributions to the holders of Series D Preferred Stock and any Parity Preferred Stock as to rights upon liquidation, dissolution or winding-up of the Company, all payments of liquidating distributions on the Series D Preferred Stock and such Parity Preferred Stock shall be made so that the payments on the Series D Preferred Stock and such Parity Preferred Stock shall in all cases bear to each other the same ratio that the respective rights of the Series D Preferred Stock and such other Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such Parity Preferred Stock does not have cumulative distribution rights) upon liquidation, dissolution or winding-up of the Company bear to each other.

(a) Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Company, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by (i) fax and (ii) by first class mail, postage pre-paid, not less than thirty (30) and not more than sixty (60) days prior to the payment date stated therein, to each record holder of the Series D Preferred Stock at the respective addresses of such holders as the same shall appear on the share transfer records of the Company.

(b) No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series D Preferred Stock will have no right or claim to any of the remaining assets of the Company.

(c) Consolidation, Merger or Certain Other Transactions. The voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Company to, or the consolidation or merger or other business combination of the Company with or into any corporation, trust or other entity (or of any corporation, trust or other entity with or into the Company) shall not be deemed to constitute a liquidation, dissolution, or winding-up of the Company.

SECTION 4. OPTIONAL REDEMPTION. (a) Right of Optional Redemption. The Series D Preferred Stock may not be redeemed prior to March 22, 2010. On or after such date, the Company shall have the right to redeem the Series D Preferred Stock, in whole or in part, at any time or from time to time, upon not less than thirty (30) nor more than sixty (60) days' written notice, at a redemption price (the "Redemption Price"), payable in cash, equal to \$25 per share of Series D Preferred Stock plus accumulated and unpaid distributions, whether or not declared, to the date of redemption. If fewer than all of the outstanding shares of Series D Preferred Stock are to be redeemed, the shares of Series D Preferred Stock to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional units). Further, in order to ensure that the Company remains a qualified real estate investment trust for federal income tax purposes, the Series D Preferred Stock will also be subject to the provisions of Article VII of the Charter.

(b) Limitation on Redemption. The Company may not redeem fewer than all of the outstanding shares of Series D Preferred Stock unless all accumulated and unpaid distributions have been paid on all outstanding Series D Preferred Stock for all quarterly distribution periods terminating on or prior to the date of redemption; provided, however, that the foregoing shall not prevent the purchase or acquisition of Series D Preferred Stock or Parity Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all Series D Preferred Stock or Parity Preferred Stock, as the case may be, which offer may be accepted by such holders in such holders' sole discretion.

(c) Procedures for Redemption. Notice of redemption will be (i) faxed, and (ii) mailed by the Company, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, addressed to the respective holders of record of the Series D Preferred Stock to be redeemed at their respective addresses as they appear on the transfer records of the Company. No failure to give or defect in such notice shall affect the validity of the proceedings for the redemption of any Series D Preferred Stock except as to the holder to whom such notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series D Preferred Stock may be listed or admitted to trading, each such notice shall state: (i) the redemption date, (ii) the redemption price, (iii) the number of shares of Series D Preferred Stock to be redeemed, (iv) the place or places where such shares of Series D Preferred Stock are to be surrendered for payment of the redemption price, (v) that distributions on the Series D Preferred Stock to be redeemed will cease to accumulate on such redemption date and (vi) that payment of the redemption price and any accumulated and unpaid distributions will be made upon presentation and surrender of such Series D Preferred Stock. If fewer than all of the shares of Series D Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series D Preferred Stock held by such holder to be redeemed.

(i) If the Company gives a notice of redemption in respect of Series D Preferred Stock (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Company will deposit irrevocably in trust for the benefit of the Series D Preferred Stock being redeemed funds sufficient to pay the applicable redemption price, plus any accumulated and unpaid distributions, if any, on such shares to the date fixed for redemption, without interest, and will give irrevocable instructions and authority to pay such redemption price and any accumulated and unpaid distributions, whether or not declared, if any, on such shares to the holders of the Series D Preferred Stock upon surrender of the Series D Preferred Stock by such holders at the place designated in the notice of redemption. If fewer than all Series D Preferred Stock evidenced by any certificate is being redeemed, a new certificate shall be issued upon surrender of the certificate evidencing all Series D Preferred Stock, evidencing the unredeemed Series D Preferred Stock without cost to the holder thereof. On and after the date of redemption, distributions will cease to accumulate on the Series D Preferred Stock or portions thereof called for redemption, unless the Company defaults in the payment thereof. If any date fixed for redemption of Series D Preferred Stock is not a Business Day, then payment of the redemption price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the redemption price or any accumulated or unpaid distributions in respect of the Series D Preferred Stock is improperly withheld or otherwise not paid by the Company, distributions on such Series D Preferred Stock will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable redemption price and any accumulated and unpaid distributions.

(d) Status of Redeemed Stock. Any Series D Preferred Stock that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to class or series until such shares are once more designated as part of a particular class or series by the Board of Directors.

SECTION 5. Mandatory Redemption at Holders' Election.

(a) Notwithstanding any provision herein to the contrary, so long as any shares of Series D Preferred Stock remain outstanding, in the event of the occurrence of a Covered Transaction (as defined below), the Company shall redeem, on the date such Covered Transaction is completed or occurs, all of

the Series D Preferred Stock outstanding at the Redemption Price, if redemption of the Series D Preferred Stock was elected in writing by the holders of not less than a majority of the then outstanding Series D Preferred Stock in accordance with this Section 6. The Company shall give written notice of a Covered Transaction to each of the respective holders of record of the Series D Preferred Stock, at their respective addresses as they appear on the transfer records of the Company, not less than thirty (30) days prior to the completion or occurrence of a Covered Transaction. Each of the holders of record of the Series D Preferred Stock shall have until 5:00 p.m. New York Time on the 15th day following receipt of such notice from the Company to give the Company notice of such holder's election that the Series D Preferred Stock be redeemed. Notwithstanding any provision herein to the contrary, with respect to a Covered Transaction that arises under clause (iii) of the definition of Covered Transaction set forth below, in the event that the Company so fails to qualify as a real estate investment trust for any reason other than an affirmative election by the Company not to qualify, (i) the Company shall give notice of the occurrence of a Covered Transaction to each of the holders of record of the Series D Preferred Stock within 15 days of discovery of such failure to qualify, (ii) each of the holders of record of the Series D Preferred Stock shall have until 5:00 p.m. New York Time on the 15th day following receipt of such notice from the Company to give the Company notice of such holder's election that the Series D Preferred Stock be redeemed and (iii) if the holders of not less than a majority of the then outstanding Series D Preferred Stock have elected to have the Series D Preferred Stock redeemed, the Series D Preferred Stock shall be redeemed on a date not later than 45 days following the date of discovery of the Company's failure to qualify.

(b) On or before the date of redemption, the Company shall give notice of redemption to the respective holders of record of the Series D Preferred Stock, at their respective addresses as they appear on the transfer records of the Company and the provisions of Section 5(c), other than the first sentence thereof, shall apply to such notice of redemption.

(c) For purposes of this Section 6, the term "Covered Transaction" shall mean (i) the Company's completion of a "Rule 13e-3 transaction" (as defined in Rule 13e-3 under the Securities Exchange Act of 1934, as amended (the 'Exchange Act')) in which, as a result of such transaction, the Company's common stock is no longer registered under Section 12 of the Exchange Act, except that this clause (i) shall not apply to any delisting of the Company's common stock from the New York Stock Exchange or any national securities exchange (as defined in the Exchange Act), (ii) the completion of any transaction or series of transactions that would result in a Reorganization Event (defined below) of the Company or (iii) the Company's failure (or election not) to qualify as a real estate investment trust as defined in Section 856 (or any successor section) of the Internal Revenue Code of 1986, as amended (it being understood that a failure of the Company to satisfy a requirement specified in the Code for such treatment will not in and of itself constitute a "Covered Transaction" if the Company is permitted to and does in fact take mitigating actions which allow the Company to retain its status as a real estate investment trust).

(d) For purposes of this Section 6, the term "Reorganization Event" shall mean (x) any sale or other disposition of all or substantially all of the assets of the Company or the Company, as the case may be, to an entity that is not an Affiliate of the Company; or (y) any consolidation, amalgamation, merger, business combination, share exchange, reorganization or similar transaction involving the Company, as the case may be, pursuant to which the stockholders of the Company immediately prior to the consummation of such transaction will own less than a majority of the equity interests in the entity surviving such transaction; provided, however, a Reorganization Event shall not include any transaction contemplated by clauses (x) or (y) of this definition if the surviving entity has unsecured debt outstanding which is rated at least the lowest credit rating level established as investment grade by at least two of Standard & Poor's, Moody's Investor Service and Fitch Ratings (it being understood that as of the date of these amended and Restated Articles Supplementary the lowest investment grade rating of Standard & Poor's is BBB-, the lowest investment grade rating of Moody's Investor Service is Baa3 and the lowest

investment grade rating of Fitch Ratings is BBB-) and such rating has been reaffirmed in light of the contemplated transaction.

SECTION 6. VOTING RIGHTS. General. Holders of the Series D Preferred Stock will not have any voting rights, except as set forth below.

(a) Right to Elect Directors. If at any time full distributions shall not have been timely made on any Series D Preferred Stock with respect to any six (6) prior quarterly distribution periods, whether or not consecutive (a "PREFERRED DISTRIBUTION DEFAULT"), the holders such Series D Preferred Stock, voting together as a single class with the holders of each class or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, will have the right to elect two additional directors to serve on the Board of Directors (the "PREFERRED STOCK DIRECTORS") at a special meeting called by the holders of record of at least 10% of the outstanding shares of Series D Preferred Stock or any such class or series of Parity Preferred Stock or at the next annual meeting of stockholders, and at each subsequent annual meeting of stockholders or special meeting held in place thereof, until all such distributions in arrears and distributions for the current quarterly period on the Series D Preferred Stock and each such class or series of Parity Preferred Stock have been paid in full.

(i) At any time when such voting rights shall have vested, a proper officer of the Company shall call or cause to be called, upon written request of holders of record of at least 10% of the outstanding shares of Series D Preferred Stock, a special meeting of the holders of Series D Preferred Stock and all the series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable (collectively, the "PARITY SECURITIES") by mailing or causing to be mailed to such holders a notice of such special meeting to be held not less than ten and not more than forty-five (45) days after the date such notice is given. The record date for determining holders of the Parity Securities entitled to notice of and to vote at such special meeting will be the close of business on the third Business Day preceding the day on which such notice is mailed. At any such special meeting, all of the holders of the Parity Securities, by plurality vote, voting together as a single class without regard to series will be entitled to elect two directors on the basis of one vote per \$25 of liquidation preference to which such Parity Securities are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. The holder or holders of one-third of the Parity Securities then outstanding, present in person or by proxy, will constitute a quorum for the election of the Preferred Stock Directors except as otherwise provided by law. Notice of all meetings at which holders of the Series D Preferred Stock shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, the holders of a majority in interest of the Parity Securities present in person or by proxy shall have the power to adjourn the meeting for the election of the Preferred Stock Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Preferred Distribution Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Company shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series D Preferred Stock that would have been entitled to vote at such special meeting.

(ii) If and when all accumulated distributions and the distribution for the current distribution period on the Series D Preferred Stock shall have been paid in full or a sum sufficient for such payment is irrevocably deposited in trust for payment, the holders of the Series D Preferred Stock shall be divested of the voting rights set forth in Section 7(b) herein (subject to revesting in the event of each and every Preferred Distribution Default) and, if all distributions in arrears and the distributions for the current distribution period have been paid in full or set aside for payment in full on all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, the term and office of each Preferred Stock Director so elected shall terminate. Any Preferred Stock Director

may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding Series D Preferred Stock when they have the voting rights set forth in Section 7(b) (voting separately as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). So long as a Preferred Distribution Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none remains in office, by a vote of the holders of record of a majority of the outstanding Series D Preferred Stock when they have the voting rights set forth in Section 7(b) (voting separately as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

(b) Certain Voting Rights. So long as any Series D Preferred Stock remains outstanding, the Company shall not, without the affirmative vote of the holders of at least two-thirds of the Series D Preferred Stock outstanding at the time (i) designate or create, or increase the authorized or issued amount of, any class or series of shares ranking senior to the Series D Preferred Stock with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any authorized shares of the Company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, (ii) designate or create, or increase the authorized or issued amount of, any Parity Preferred Stock or any stock which purport to be on parity with the Series D Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up, or reclassify any authorized shares of the Company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, but only to the extent such Parity Preferred Stock or any stock which purport to be on parity with the Series D Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up is issued to an affiliate of the Company, or (iii) either (A) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety, to any corporation or other entity, or (B) amend, alter or repeal the provisions of the Company's Charter (including these Amended and Restated Articles Supplementary) or By-laws, whether by merger, consolidation or otherwise, in each case in such a way that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series D Preferred Stock or the holders thereof; provided, however, that with respect to the occurrence of a merger, consolidation or a sale or lease of all of the Company's assets as an entirety, so long as (a) the Company is the surviving entity and the Series D Preferred Stock remains outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a corporation organized under the laws of any state and substitutes for the Series D Preferred Stock other preferred stock having substantially the same terms and same rights as the Series D Preferred Stock, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect the rights, privileges or voting powers of the holders of the Series D Preferred Stock. Notwithstanding anything to the contrary contained in clause (ii) above, the Company may (x) create additional classes and series of Parity Preferred Stock and stock junior to the Series D Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, or both, (y) increase the authorized number of shares of Parity Preferred Stock and stock junior to the Series D Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, or both, and (z) issue additional classes and series of Parity Preferred Stock and stock junior to the Series D Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, without the consent of any holders of Series D Preferred Stock, to any "affiliate" of the Company (as such term is defined in Rule 144 of the General Rules and Regulations under the Securities Act of 1933), provided that any such Parity Preferred Stock or any stock which purport to be on parity with the Series D Preferred Stock as to either (but not

both) distributions or rights upon dissolution, liquidation or winding up is issued with the consent of the majority of the independent directors of the Company's Board of Directors.

SECTION 7. TRANSFER RESTRICTIONS. The Series D Preferred Stock shall be subject to the provisions of Article VII of the Charter.

SECTION 8. NO CONVERSION RIGHTS. The holders of the Series D Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of stock or into any other securities of, or interest in, the Company.

SECTION 9. NO SINKING FUND. No sinking fund shall be established for the retirement or redemption of the Series D Preferred Stock.

SECTION 10. NO PREEMPTIVE RIGHTS. No holder of the Series D Preferred Stock shall, as such holder, have any preemptive rights to purchase or subscribe for additional shares of stock of the Company or any other security of the Company which it may issue or sell.

FOURTH: The Series D Preferred Stock has been classified and designated by the Board under the authority contained in the Charter.

FIFTH: These Amended and Restated Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

SIXTH: The undersigned Vice President of the Company acknowledges these Amended and Restated Articles Supplementary to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned Vice President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused these Amended and Restated Articles Supplementary to be executed under seal in its name and on its behalf by its Vice President and Chief Financial Officer and attested to by its Assistant Secretary on the 21st day of March 2005.

EQUITY LIFESTYLE PROPERTIES, INC.

By: /s/ Michael B. Berman

Name: Michael B. Berman
Title: Vice President and Chief Financial Officer

[SEAL]

ATTEST:

/s/ David W. Fell

The undersigned Vice President and Chief Financial Officer of Equity Lifestyle Properties, Inc., who executed on behalf of the corporation the Amended and Restated Articles Supplementary of which this certificate is made a part, hereby acknowledges in the name and on behalf of said corporation the foregoing Amended and Restated Articles Supplementary to be the corporate act of said corporation and hereby certifies that the matter and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

By: /s/ Michael Berman

Name: Michael B. Berman
Title: Vice President and Chief Financial Officer

EQUITY LIFESTYLE PROPERTIES, INC.

ARTICLES SUPPLEMENTARY

2,000,000 SHARES

7.95% SERIES F CUMULATIVE REDEEMABLE PERPETUAL PREFERRED STOCK

EQUITY LIFESTYLE PROPERTIES, INC. (the "COMPANY"), a Maryland corporation formerly known as MANUFACTURED HOME COMMUNITIES, INC., hereby certifies to the State Department of Assessments and Taxation of Maryland (the "DEPARTMENT") that:

FIRST: Pursuant to the authority expressly vested in the Board of Directors of the Company by Article V of the Articles of Amendment and Restatement of the Company filed with the Department on May 21, 1999 (the "CHARTER") and Section 2-105 of the Maryland General Corporation Law (the "MGCL"), the Board of Directors of the Company (the "BOARD OF DIRECTORS"), by resolutions duly adopted on June 23, 2005 has classified 2,000,000 shares of the authorized but unissued Preferred Stock par value \$.01 per share ("PREFERRED STOCK") as a separate series of Preferred Stock, authorized the issuance of a maximum of 2,000,000 shares of such series of Preferred Stock, set certain of the preferences, conversion and other rights, voting powers, restrictions, limitations as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions of such series of Preferred Stock, and determined the number of shares of such series of Preferred Stock (not in excess of the aforesaid maximum number) to be issued and the consideration and other terms and conditions upon which such shares of such series of Preferred Stock are to be issued.

SECOND: The Board of Directors has unanimously adopted resolutions designating the aforesaid series of Preferred Stock as the "7.95% Series F Cumulative Redeemable Perpetual Preferred Stock," setting the preferences, conversion and other rights, voting powers, restrictions, limitations as to distributions, qualifications, terms and conditions of redemption and other terms and conditions of such 7.95% Series F Cumulative Redeemable Perpetual Preferred Stock and authorizing the issuance of up to 2,000,000 shares of 7.95% Series F Cumulative Redeemable Perpetual Preferred Stock.

THIRD: The series of Preferred Stock of the Company created by the resolutions duly adopted by the Board of Directors and referred to in Articles FIRST and SECOND of these Articles Supplementary shall have the following designation, number of shares, preferences, conversion and other rights, voting powers, restrictions and limitation as to dividends and other distributions, qualifications, terms and conditions of redemption and other terms and conditions:

SECTION 1. DESIGNATION AND NUMBER. A series of Preferred Stock, designated the "7.95% Series F Cumulative Redeemable Perpetual Preferred Stock" (the "SERIES F PREFERRED STOCK") is hereby established. The number of shares of Series F Preferred Stock shall be 2,000,000.

SECTION 2. RANK. The Series F Preferred Stock will, with respect to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company, rank senior to all classes or series of Common Stock (as defined in the Charter) and to all classes or series of equity securities of the Company now or hereafter authorized, issued or outstanding, other than any class or series of equity securities of the Company expressly designated as ranking on a parity with or senior to the Series F Preferred Stock as to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company. For purposes of these Articles Supplementary, the term

"PARITY PREFERRED STOCK" shall be used to refer to any class or series of equity securities of the Company now or hereafter authorized, issued or outstanding expressly designated by the Company to rank on a parity with Series F Preferred Stock with respect to distributions and rights upon voluntary or involuntary liquidation, winding-up or dissolution of the Company.

SECTION 3. DISTRIBUTIONS. Payment of Distributions. Subject to the rights of holders of Parity Preferred Stock as to the payment of distributions and holders of equity securities ranking senior to the Series F Preferred Stock as to payment of distributions, holders of Series F Preferred Stock will be entitled to receive, when, as and if declared by the Company, out of funds legally available for the payment of distributions, cumulative preferential cash distributions at the rate per annum of 7.95% of the \$25 liquidation preference per share of Series F Preferred Stock. All distributions shall be cumulative, shall accrue from the original date of issuance and shall be payable (i) quarterly (such quarterly periods for purposes of payment and accrual will be the quarterly periods ending on the dates specified in this sentence and not calendar quarters) in arrears, on March 31, June 30, September 30 and December 31 of each year, commencing on the first of such dates to occur after the original date of issuance and, (ii) in the event of a redemption, on the redemption date (each such payment or redemption date, a "PREFERRED SHARES DISTRIBUTION PAYMENT DATE"). The amount of the distribution payable for any period will be computed based on the ratio of a 360-day year of twelve 30-day months and for any period shorter than a full quarterly period for which distributions are computed, the amount of the distribution payable will be computed on the basis of the actual number of days elapsed in such a period to ninety (90) days. If any date on which distributions are to be made on the Series F Preferred Stock is not a Business Day (as defined herein), then payment of the distribution to be made on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day is in the next succeeding calendar year, such payment shall be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date. Distributions on the Series F Preferred Stock will be made to the holders of record of the Series F Preferred Stock on the relevant record dates, which, unless otherwise provided by the Company with respect to any distribution, will be fifteen (15) Business Days prior to the relevant Preferred Stock Distribution Payment Date (each a "DISTRIBUTION RECORD DATE"). Notwithstanding anything to the contrary set forth herein, each share of Series F Preferred Stock shall also continue to accrue all accrued and unpaid distributions up to the exchange date on any Series F Preference Unit (as defined in the Second Amended and Restated MHC Operating Limited Partnership Agreement of Limited Partnership, dated as of March 15, 1996 (the "PARTNERSHIP AGREEMENT"), as amended and supplemented through the date hereof) validly exchanged into such share of Series F Preferred Stock in accordance with the provisions of such Partnership Agreement.

The term "BUSINESS DAY" shall mean each day, other than a Saturday or a Sunday, which is not a day on which banking institutions in New York, New York are authorized or required by law, regulation or executive order to close.

(a) Limitations on Distributions. No distributions on the Series F Preferred Stock shall be declared or paid or set apart for payment by the Company at such time as the terms and provisions of any agreement of the Company, including any agreement relating to its indebtedness, prohibits such declaration, payment or setting apart for payment or provides that such declaration, payment or setting apart for payment would constitute a breach thereof or a default thereunder, or if such declaration, payment or setting apart for payment shall be restricted or prohibited by law.

(b) Distributions Cumulative. Notwithstanding the foregoing, distributions on the Series F Preferred Stock will accrue whether or not declared, whether or not the terms and provisions set forth in Section 3(b) hereof at any time prohibit the current payment of distributions, whether or not the Company has earnings, whether or not there are funds legally available for the payment of such distributions and

whether or not such distributions are authorized or declared. Accrued but unpaid distributions on the Series F Preferred Stock will accumulate as of the Preferred Stock Distribution Payment Date on which they first become payable. Accumulated and unpaid distributions will not bear interest.

(c) Priority as to Distributions. So long as any Series F Preferred Stock is outstanding, no distribution of cash or other property shall be authorized, declared, paid or set apart for payment on or with respect to any class or series of Common Stock or any class or series of other stock of the Company ranking junior to the Series F Preferred Stock as to the payment of distributions or rights upon voluntary or involuntary dissolution, liquidation or winding-up (such Common Stock or other junior stock, collectively, "JUNIOR STOCK"), nor shall any cash or other property be set aside for or applied to the purchase, redemption or other acquisition for consideration of any Series F Preferred Stock, any Parity Preferred Stock or any Junior Stock, unless, in each case, all distributions accumulated on all Series F Preferred Stock and all classes and series of outstanding Parity Preferred Stock have been paid in full (or a sum sufficient for such full payment is not irrevocably deposited in trust for immediate payment). The foregoing sentence will not prohibit (i) distributions payable solely in Junior Stock, (ii) the conversion of Junior Stock or Parity Preferred Stock into stock of the Company ranking junior to the Series F Preferred Stock as to distributions and upon liquidation, winding-up or dissolution, (iii) purchase by the Company of such Series F Preferred Stock, Parity Preferred Stock or Junior Stock pursuant to Article VII of the Charter to the extent required to preserve the Company's status as a real estate investment trust, (iv) any distributions to the Company necessary for it to maintain its status as a "real estate investment trust" under the Code, or (v) the redemption, purchase or other acquisition of Junior Stock made for purposes of and in compliance with requirements of an employee incentive or benefit plan of the Company or any subsidiary of the Partnership or the Company.

(i) So long as distributions have not been paid in full (or a sum sufficient for such full payment is not irrevocably deposited in trust for immediate payment) upon the Series F Preferred Stock, all distributions authorized and declared on the Series F Preferred Stock and all classes or series of outstanding Parity Preferred Stock shall be authorized and declared so that the amount of distributions authorized and declared per share of Series F Preferred Stock and such other classes or series of Parity Preferred Stock shall in all cases bear to each other the same ratio that accrued distributions per share on the Series F Preferred Stock and such other classes or series of Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such class or series of Parity Preferred Stock does not have cumulative distribution rights) bear to each other.

(d) No Further Rights. Holders of Series F Preferred Stock shall not be entitled to any distributions, whether payable in cash, other property or otherwise, in excess of the full cumulative distributions described herein.

SECTION 4. LIQUIDATION PREFERENCE. Payment of Liquidating Distributions. Subject to the rights of holders of Parity Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company and subject to equity securities ranking senior to the Series F Preferred Stock with respect to rights upon any voluntary or involuntary liquidation, dissolution or winding-up of the Company, the holders of Series F Preferred Stock shall be entitled to receive out of the assets of the Company legally available for distribution or the proceeds thereof, after payment or provision for debts and other liabilities of the Company, but before any payment or distributions of the assets shall be made to holders of Common Stock or any other class or series of shares of the Company that ranks junior to the Series F Preferred Stock as to rights upon liquidation, dissolution or winding-up of the Company, an amount equal to the sum of (i) a liquidation preference of \$25 per share of Series F Preferred Stock, and (ii) an amount equal to any accumulated and unpaid distributions thereon, whether or not declared, to the date of payment. In the event that, upon such voluntary or involuntary liquidation, dissolution or winding-up, there are insufficient assets to permit full payment of

liquidating distributions to the holders of Series F Preferred Stock and any Parity Preferred Stock as to rights upon liquidation, dissolution or winding-up of the Company, all payments of liquidating distributions on the Series F Preferred Stock and such Parity Preferred Stock shall be made so that the payments on the Series F Preferred Stock and such Parity Preferred Stock shall in all cases bear to each other the same ratio that the respective rights of the Series F Preferred Stock and such other Parity Preferred Stock (which shall not include any accumulation in respect of unpaid distributions for prior distribution periods if such Parity Preferred Stock does not have cumulative distribution rights) upon liquidation, dissolution or winding-up of the Company bear to each other.

(a) Notice. Written notice of any such voluntary or involuntary liquidation, dissolution or winding-up of the Company, stating the payment date or dates when, and the place or places where, the amounts distributable in such circumstances shall be payable, shall be given by (i) fax and (ii) by first class mail, postage pre-paid, not less than thirty (30) and not more than sixty (60) days prior to the payment date stated therein, to each record holder of the Series F Preferred Stock at the respective addresses of such holders as the same shall appear on the share transfer records of the Company.

(b) No Further Rights. After payment of the full amount of the liquidating distributions to which they are entitled, the holders of Series F Preferred Stock will have no right or claim to any of the remaining assets of the Company.

(c) Consolidation, Merger or Certain Other Transactions. The voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the property or assets of the Company to, or the consolidation or merger or other business combination of the Company with or into any corporation, trust or other entity (or of any corporation, trust or other entity with or into the Company) shall not be deemed to constitute a liquidation, dissolution, or winding-up of the Company.

SECTION 5. OPTIONAL REDEMPTION. (a) Right of Optional Redemption. The Series F Preferred Stock may not be redeemed prior to June 30, 2010. On or after such date, the Company shall have the right to redeem the Series F Preferred Stock, in whole or in part, at any time or from time to time, upon not less than thirty (30) nor more than sixty (60) days' written notice, at a redemption price (the "Redemption Price"), payable in cash, equal to \$25 per share of Series F Preferred Stock plus accumulated and unpaid distributions, whether or not declared, to the date of redemption. If fewer than all of the outstanding shares of Series F Preferred Stock are to be redeemed, the shares of Series F Preferred Stock to be redeemed shall be selected pro rata (as nearly as practicable without creating fractional units). Further, in order to ensure that the Company remains a qualified real estate investment trust for federal income tax purposes, the Series F Preferred Stock will also be subject to the provisions of Article VII of the Charter.

(b) Limitation on Redemption. The Company may not redeem fewer than all of the outstanding shares of Series F Preferred Stock unless all accumulated and unpaid distributions have been paid on all outstanding Series F Preferred Stock for all quarterly distribution periods terminating on or prior to the date of redemption; provided, however, that the foregoing shall not prevent the purchase or acquisition of Series F Preferred Stock or Parity Preferred Stock pursuant to a purchase or exchange offer made on the same terms to holders of all Series F Preferred Stock or Parity Preferred Stock, as the case may be, which offer may be accepted by such holders in such holders' sole discretion.

(c) Procedures for Redemption. Notice of redemption will be (i) faxed, and (ii) mailed by the Company, postage prepaid, not less than thirty (30) nor more than sixty (60) days prior to the redemption date, addressed to the respective holders of record of the Series F Preferred Stock to be redeemed at their respective addresses as they appear on the transfer records of the Company. No failure to give or defect

in such notice shall affect the validity of the proceedings for the redemption of any Series F Preferred Stock except as to the holder to whom such notice was defective or not given. In addition to any information required by law or by the applicable rules of any exchange upon which the Series F Preferred Stock may be listed or admitted to trading, each such notice shall state: (i) the redemption date, (ii) the redemption price, (iii) the number of shares of Series F Preferred Stock to be redeemed, (iv) the place or places where such shares of Series F Preferred Stock are to be surrendered for payment of the redemption price, (v) that distributions on the Series F Preferred Stock to be redeemed will cease to accumulate on such redemption date and (vi) that payment of the redemption price and any accumulated and unpaid distributions will be made upon presentation and surrender of such Series F Preferred Stock. If fewer than all of the shares of Series F Preferred Stock held by any holder are to be redeemed, the notice mailed to such holder shall also specify the number of shares of Series F Preferred Stock held by such holder to be redeemed.

(i) If the Company gives a notice of redemption in respect of Series F Preferred Stock (which notice will be irrevocable) then, by 12:00 noon, New York City time, on the redemption date, the Company will deposit irrevocably in trust for the benefit of the Series F Preferred Stock being redeemed funds sufficient to pay the applicable redemption price, plus any accumulated and unpaid distributions, if any, on such shares to the date fixed for redemption, without interest, and will give irrevocable instructions and authority to pay such redemption price and any accumulated and unpaid distributions, whether or not declared, if any, on such shares to the holders of the Series F Preferred Stock upon surrender of the Series F Preferred Stock by such holders at the place designated in the notice of redemption. If fewer than all Series F Preferred Stock evidenced by any certificate is being redeemed, a new certificate shall be issued upon surrender of the certificate evidencing all Series F Preferred Stock, evidencing the unredeemed Series F Preferred Stock without cost to the holder thereof. On and after the date of redemption, distributions will cease to accumulate on the Series F Preferred Stock or portions thereof called for redemption, unless the Company defaults in the payment thereof. If any date fixed for redemption of Series F Preferred Stock is not a Business Day, then payment of the redemption price payable on such date will be made on the next succeeding day that is a Business Day (and without any interest or other payment in respect of any such delay) except that, if such Business Day falls in the next calendar year, such payment will be made on the immediately preceding Business Day, in each case with the same force and effect as if made on such date fixed for redemption. If payment of the redemption price or any accumulated or unpaid distributions in respect of the Series F Preferred Stock is improperly withheld or otherwise not paid by the Company, distributions on such Series F Preferred Stock will continue to accumulate from the original redemption date to the date of payment, in which case the actual payment date will be considered the date fixed for redemption for purposes of calculating the applicable redemption price and any accumulated and unpaid distributions.

(d) Status of Redeemed Stock. Any Series F Preferred Stock that shall at any time have been redeemed shall, after such redemption, have the status of authorized but unissued Preferred Stock, without designation as to class or series until such shares are once more designated as part of a particular class or series by the Board of Directors.

SECTION 6. Mandatory Redemption at Holders' Election.

(a) Notwithstanding any provision herein to the contrary, so long as any shares of Series F Preferred Stock remain outstanding, in the event of the occurrence of a Covered Transaction (as defined below), the Company shall redeem, on the date such Covered Transaction is completed or occurs, all of the Series F Preferred Stock outstanding at the Redemption Price, if redemption of the Series F Preferred Stock was elected in writing by the holders of not less than a majority of the then outstanding Series F Preferred Stock in accordance with this Section 6. The Company shall give written notice of a Covered Transaction to each of the respective holders of record of the Series F Preferred Stock, at their respective

addresses as they appear on the transfer records of the Company, not less than thirty (30) days prior to the completion or occurrence of a Covered Transaction. Each of the holders of record of the Series F Preferred Stock shall have until 5:00 p.m. New York Time on the 15th day following receipt of such notice from the Company to give the Company notice of such holder's election that the Series F Preferred Stock be redeemed. Notwithstanding any provision herein to the contrary, with respect to a Covered Transaction that arises under clause (iii) of the definition of Covered Transaction set forth below, in the event that the Company so fails to qualify as a real estate investment trust for any reason other than an affirmative election by the Company not to qualify, (i) the Company shall give notice of the occurrence of a Covered Transaction to each of the holders of record of the Series F Preferred Stock within 15 days of discovery of such failure to qualify, (ii) each of the holders of record of the Series F Preferred Stock shall have until 5:00 p.m. New York Time on the 15th day following receipt of such notice from the Company to give the Company notice of such holder's election that the Series F Preferred Stock be redeemed and (iii) if the holders of not less than a majority of the then outstanding Series F Preferred Stock have elected to have the Series F Preferred Stock redeemed, the Series F Preferred Stock shall be redeemed on a date not later than 45 days following the date of discovery of the Company's failure to qualify.

(b) On or before the date of redemption, the Company shall give notice of redemption to the respective holders of record of the Series F Preferred Stock, at their respective addresses as they appear on the transfer records of the Company and the provisions of Section 5(c), other than the first sentence thereof, shall apply to such notice of redemption.

(c) For purposes of this Section 6, the term "Covered Transaction" shall mean (i) the Company's completion of a "Rule 13e-3 transaction" (as defined in Rule 13e-3 under the Securities Exchange Act of 1934, as amended (the 'Exchange Act')) in which, as a result of such transaction, the Company's common stock is no longer registered under Section 12 of the Exchange Act, except that this clause (i) shall not apply to any delisting of the Company's common stock from the New York Stock Exchange or any national securities exchange (as defined in the Exchange Act), (ii) the completion of any transaction or series of transactions that would result in a Reorganization Event (defined below) of the Company or (iii) the Company's failure (or election not) to qualify as a real estate investment trust as defined in Section 856 (or any successor section) of the Internal Revenue Code of 1986, as amended (it being understood that a failure of the Company to satisfy a requirement specified in the Code for such treatment will not in and of itself constitute a "Covered Transaction" if the Company is permitted to and does in fact take mitigating actions which allow the Company to retain its status as a real estate investment trust).

(d) For purposes of this Section 6, the term "Reorganization Event" shall mean (x) any sale or other disposition of all or substantially all of the assets of the Company or the Company, as the case may be, to an entity that is not an Affiliate of the Company; or (y) any consolidation, amalgamation, merger, business combination, share exchange, reorganization or similar transaction involving the Company, as the case may be, pursuant to which the stockholders of the Company immediately prior to the consummation of such transaction will own less than a majority of the equity interests in the entity surviving such transaction; provided, however, a Reorganization Event shall not include any transaction contemplated by clauses (x) or (y) of this definition if the surviving entity has unsecured debt outstanding which is rated at least the lowest credit rating level established as investment grade by at least two of Standard & Poor's, Moody's Investor Service and Fitch Ratings (it being understood that as of the date of these Articles Supplementary the lowest investment grade rating of Standard & Poor's is BBB-, the lowest investment grade rating of Moody's Investor Service is Baa3 and the lowest investment grade rating of Fitch Ratings is BBB-) and such rating has been reaffirmed in light of the contemplated transaction.

SECTION 7. VOTING RIGHTS. General. Holders of the Series F Preferred Stock will not have any voting rights, except as set forth below.

(a) Right to Elect Directors. If at any time full distributions shall not have been timely made on any Series F Preferred Stock with respect to any six (6) prior quarterly distribution periods, whether or not consecutive (a "PREFERRED DISTRIBUTION DEFAULT"), the holders such Series F Preferred Stock, voting together as a single class with the holders of each class or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, will have the right to elect two additional directors to serve on the Board of Directors (the "PREFERRED STOCK DIRECTORS") at a special meeting called by the holders of record of at least 10% of the outstanding shares of Series F Preferred Stock or any such class or series of Parity Preferred Stock or at the next annual meeting of stockholders, and at each subsequent annual meeting of stockholders or special meeting held in place thereof, until all such distributions in arrears and distributions for the current quarterly period on the Series F Preferred Stock and each such class or series of Parity Preferred Stock have been paid in full.

(i) At any time when such voting rights shall have vested, a proper officer of the Company shall call or cause to be called, upon written request of holders of record of at least 10% of the outstanding shares of Series F Preferred Stock, a special meeting of the holders of Series F Preferred Stock and all the series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable (collectively, the "PARITY SECURITIES") by mailing or causing to be mailed to such holders a notice of such special meeting to be held not less than ten and not more than forty-five (45) days after the date such notice is given. The record date for determining holders of the Parity Securities entitled to notice of and to vote at such special meeting will be the close of business on the third Business Day preceding the day on which such notice is mailed. At any such special meeting, all of the holders of the Parity Securities, by plurality vote, voting together as a single class without regard to series will be entitled to elect two directors on the basis of one vote per \$25 of liquidation preference to which such Parity Securities are entitled by their terms (excluding amounts in respect of accumulated and unpaid dividends) and not cumulatively. The holder or holders of one-third of the Parity Securities then outstanding, present in person or by proxy, will constitute a quorum for the election of the Preferred Stock Directors except as otherwise provided by law. Notice of all meetings at which holders of the Series F Preferred Stock shall be entitled to vote will be given to such holders at their addresses as they appear in the transfer records. At any such meeting or adjournment thereof in the absence of a quorum, subject to the provisions of any applicable law, the holders of a majority in interest of the Parity Securities present in person or by proxy shall have the power to adjourn the meeting for the election of the Preferred Stock Directors, without notice other than an announcement at the meeting, until a quorum is present. If a Preferred Distribution Default shall terminate after the notice of a special meeting has been given but before such special meeting has been held, the Company shall, as soon as practicable after such termination, mail or cause to be mailed notice of such termination to holders of the Series F Preferred Stock that would have been entitled to vote at such special meeting.

(ii) If and when all accumulated distributions and the distribution for the current distribution period on the Series F Preferred Stock shall have been paid in full or a sum sufficient for such payment is irrevocably deposited in trust for payment, the holders of the Series F Preferred Stock shall be divested of the voting rights set forth in Section 7(b) herein (subject to vesting in the event of each and every Preferred Distribution Default) and, if all distributions in arrears and the distributions for the current distribution period have been paid in full or set aside for payment in full on all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable, the term and office of each Preferred Stock Director so elected shall terminate. Any Preferred Stock Director may be removed at any time with or without cause by the vote of, and shall not be removed otherwise than by the vote of, the holders of record of a majority of the outstanding Series F Preferred Stock when they have the voting rights set forth in Section 7(b) (voting separately as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). So long as a Preferred Distribution Default shall continue, any vacancy in the office of a Preferred Stock Director may be filled by written consent of the Preferred Stock Director remaining in office, or if none

remains in office, by a vote of the holders of record of a majority of the outstanding Series F Preferred Stock when they have the voting rights set forth in Section 7(b) (voting separately as a single class with all other classes or series of Parity Preferred Stock upon which like voting rights have been conferred and are exercisable). The Preferred Stock Directors shall each be entitled to one vote per director on any matter.

(b) Certain Voting Rights. So long as any Series F Preferred Stock remains outstanding, the Company shall not, without the affirmative vote of the holders of at least two-thirds of the Series F Preferred Stock outstanding at the time (i) designate or create, or increase the authorized or issued amount of, any class or series of shares ranking senior to the Series F Preferred Stock with respect to payment of distributions or rights upon liquidation, dissolution or winding-up or reclassify any authorized shares of the Company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, (ii) designate or create, or increase the authorized or issued amount of, any Parity Preferred Stock or any stock which purport to be on parity with the Series F Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up, or reclassify any authorized shares of the Company into any such shares, or create, authorize or issue any obligations or security convertible into or evidencing the right to purchase any such shares, but only to the extent such Parity Preferred Stock or any stock which purport to be on parity with the Series F Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up is issued to an affiliate of the Company, or (iii) either (A) consolidate, merge into or with, or convey, transfer or lease its assets substantially as an entirety, to any corporation or other entity, or (B) amend, alter or repeal the provisions of the Company's Charter (including these Articles Supplementary) or By-laws, whether by merger, consolidation or otherwise, in each case in such a way that would materially and adversely affect the powers, special rights, preferences, privileges or voting power of the Series F Preferred Stock or the holders thereof; provided, however, that with respect to the occurrence of a merger, consolidation or a sale or lease of all of the Company's assets as an entirety, so long as (a) the Company is the surviving entity and the Series F Preferred Stock remains outstanding with the terms thereof unchanged, or (b) the resulting, surviving or transferee entity is a corporation organized under the laws of any state and substitutes for the Series F Preferred Stock other preferred stock having substantially the same terms and same rights as the Series F Preferred Stock, including with respect to distributions, voting rights and rights upon liquidation, dissolution or winding-up, then the occurrence of any such event shall not be deemed to materially and adversely affect the rights, privileges or voting powers of the holders of the Series F Preferred Stock. Notwithstanding anything to the contrary contained in clause (ii) above, the Company may (x) create additional classes and series of Parity Preferred Stock and stock junior to the Series F Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, or both, (y) increase the authorized number of shares of Parity Preferred Stock and stock junior to the Series F Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, or both, and (z) issue additional classes and series of Parity Preferred Stock and stock junior to the Series F Preferred Stock with respect to payment of distributions or the distribution of assets upon liquidation, dissolution or winding-up, without the consent of any holders of Series F Preferred Stock, to any "affiliate" of the Company (as such term is defined in Rule 144 of the General Rules and Regulations under the Securities Act of 1933), provided that any such Parity Preferred Stock or any stock which purport to be on parity with the Series F Preferred Stock as to either (but not both) distributions or rights upon dissolution, liquidation or winding up is issued with the consent of the majority of the independent directors of the Company's Board of Directors.

SECTION 8. TRANSFER RESTRICTIONS. The Series F Preferred Stock shall be subject to the provisions of Article VII of the Charter.

SECTION 9. NO CONVERSION RIGHTS. The holders of the Series F Preferred Stock shall not have any rights to convert such shares into shares of any other class or series of stock or into any other securities of, or interest in, the Company.

SECTION 10. NO SINKING FUND. No sinking fund shall be established for the retirement or redemption of the Series F Preferred Stock.

SECTION 11. NO PREEMPTIVE RIGHTS. No holder of the Series F Preferred Stock shall, as such holder, have any preemptive rights to purchase or subscribe for additional shares of stock of the Company or any other security of the Company which it may issue or sell.

FOURTH: The Series F Preferred Stock has been classified and designated by the Board under the authority contained in the Charter.

FIFTH: These Articles Supplementary have been approved by the Board of Directors in the manner and by the vote required by law.

SIXTH: The undersigned Vice President of the Company acknowledges these Articles Supplementary to be the corporate act of the Company and, as to all matters or facts required to be verified under oath, the undersigned Vice President acknowledges that to the best of his knowledge, information and belief, these matters and facts are true in all material respects and that this statement is made under the penalties for perjury.

IN WITNESS WHEREOF, the Company has caused these Articles Supplementary to be executed under seal in its name and on its behalf by its Vice President and attested to by its Assistant Secretary on the 27th day of June 2005.

EQUITY LIFESTYLE PROPERTIES, INC.

By: /s/ Michael Berman

Name: Michael Berman
Title: Vice President

[SEAL]

ATTEST:

/s/ David W. Fell

The undersigned Vice President of Equity Lifestyle Properties, Inc., who executed on behalf of the corporation the Articles Supplementary of which this certificate is made a part, hereby acknowledges in the name and on behalf of said corporation the foregoing Articles Supplementary to be the corporate act of said corporation and hereby certifies that the matter and facts set forth herein with respect to the authorization and approval thereof are true in all material respects under the penalties of perjury.

By: /s/ Michael Berman

Name: Michael Berman
Title: Vice President

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

I, Michael B. Berman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity Lifestyle Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

By: /s/ Michael B. Berman

Michael B. Berman
Vice President, Treasurer and Chief
Financial Officer

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

I, Thomas P. Heneghan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Equity Lifestyle Properties, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: August 5, 2005

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive Officer

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 and six months ended June 30, 2005 (the "Form 10-Q"), I, Michael B. Berman, Vice President, Treasurer 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 5, 2005

By: /s/ Michael B. Berman

Michael B. Berman
Vice President, Treasurer
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.

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 and six months ended June 30, 2005 (the "Form 10-Q"), I, Thomas P. Heneghan, President and Chief Executive Officer of Equity Lifestyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Form 10-Q fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Equity Lifestyle Properties, Inc.

Date: August 5, 2005

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive Officer

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