

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, DC 20549

FORM 8-K/A

CURRENT REPORT

Amendment to Application of Report  
Pursuant to Section 12, 13 or 15(d) of  
The Securities Exchange Act of 1934

AUGUST 29, 1997

MANUFACTURED HOME COMMUNITIES, INC.  
(Exact name of registrant as specified in its Charter)

1-11718  
(Commission File No.)

MARYLAND  
(State or other jurisdiction of  
incorporation or organization)

36-3857664  
(I.R.S. Employer Identification No.)

TWO NORTH RIVERSIDE PLAZA, CHICAGO, ILLINOIS  
(Address of principal executive offices)

60606  
(Zip Code)

(312) 474-1122  
(Registrant's telephone number, including area code)

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## ITEM 2. ACQUISITION OR DISPOSITION OF ASSETS

Manufactured Home Communities, Inc. and its subsidiaries (the "Company") have acquired twenty-one manufactured home communities and two commercial properties during the period from January 1, 1997 through August 29, 1997. The combined purchase price for these properties was approximately \$133.7 million.

## CALIFORNIA HAWAIIAN MOBILE ESTATES, SAN JOSE, CALIFORNIA

## DESCRIPTION OF PROPERTY

On March 14, 1997, the Company acquired California Hawaiian Mobile Estates ("California Hawaiian"), located in San Jose, California. California Hawaiian consists of 412 developed sites situated around four lakes. The property is a family community with a majority of senior residents and a full amenity package including: a clubhouse, two heated pools, a jacuzzi and sauna, billiards, a playground, shuffleboard courts, and a beauty salon. As of June 30, 1997, occupancy was 100%.

## TERMS OF PURCHASE

The purchase price of California Hawaiian was approximately \$23.3 million. The Company purchased the property from California Hawaiian Associates, L.P., a California limited partnership. The acquisition was funded with a borrowing under the Company's line of credit.

## GOLF VISTA ESTATES, MONEE, ILLINOIS

## DESCRIPTION OF PROPERTY

On March 27, 1997, the Company acquired Golf Vista Estates ("Golf Vista"), located in Monee, Illinois, approximately 35 miles south of Chicago. Golf Vista consists of 200 developed sites and 319 expansion sites. The property is a senior community and features a 9-hole golf course and clubhouse. As of June 30, 1997, occupancy was 81% at the developed sites.

## TERMS OF PURCHASE

The purchase price of approximately \$7.4 million was funded with available cash on hand. The Company purchased Golf Vista from Abart Investment Corporation, an Illinois corporation.

## GOLDEN TERRACE SOUTH, GOLDEN, COLORADO

## DESCRIPTION OF PROPERTY

On May 29, 1997, the Company entered into a capital lease with East Tincup Village, Inc., a Colorado corporation, for Golden Terrace South (formerly known as East Tincup Village). The property is located adjacent to two of the Company's existing properties in Golden, Colorado. Golden Terrace South is a family community consisting of 80 developed sites and 86 recreational vehicle ("RV") sites, and includes a common building with restrooms and showers. As of June 30, 1997, occupancy was 99% at the developed sites.

## TERMS OF LEASE

The lease term is 110 months commencing on May 29, 1997, with monthly rental payments of approximately \$18,000. The Company paid a \$550,000 lease deposit at closing. The lease contains an option for the Company to purchase Golden Terrace South at the termination of the lease for \$2.4 million. For financial accounting purposes, the Company accounted for the lease as a direct financing lease, and, accordingly, the Company has recorded an investment in real estate and note payable.

## THE MOBILEPARKS WEST TRANSACTION

On August 29, 1997, the Company acquired 17 manufactured home communities, a 50% general partnership interest in San Jose Mobilepark West I, and two commercial properties (collectively, the "MPW Properties") from limited partnerships and joint ventures affiliated with Mobileparks West, a California limited partnership. The aggregate purchase price of the MPW Properties was approximately \$103 million. Approximately \$64 million of the purchase price was in the form of units of limited partnership interest ("OP Units") which are convertible into an equivalent number of shares of the Company's common stock, approximately \$6 million was in the form of installment notes payable, approximately \$17 million was in the form of cash funded from a borrowing under the Company's line of credit, and the Company assumed debt of approximately \$13 million.

## ALL SEASONS MOBILEHOME COMMUNITY, SALT LAKE CITY, UTAH

## DESCRIPTION OF PROPERTY

All Seasons Mobilehome Community is a 121-site senior community located in Salt Lake County, Utah. Amenities include: a clubhouse with a kitchen, a swimming pool, a recreation center with billiards and a library, laundry facilities, and an RV storage area. As of June 30, 1997, occupancy was 100%.

## CORALWOOD MOBILEHOME COMMUNITY, MODESTO, CALIFORNIA

## DESCRIPTION OF PROPERTY

Coralwood Mobilehome Community is a 194-site senior community located in Stanislaus County near San Jose, California. Amenities include: a clubhouse, a spa and swimming pool, tennis courts, a recreation center, and laundry facilities. As of June 30, 1997, occupancy was 93%.

## FALCON WOOD VILLAGE, EUGENE, OREGON

## DESCRIPTION OF PROPERTY

Falcon wood Village is a 183-site senior community located in Lane County, Oregon. Amenities include: a clubhouse, shuffleboard, a spa and swimming pool, laundry and car wash facilities, and an RV parking area. As of June 30, 1997, occupancy was 100%.

## FOUR SEASONS MOBILEHOME COMMUNITY, FRESNO, CALIFORNIA

## DESCRIPTION OF PROPERTY

Four Seasons Mobilehome Community is a 242-site family community located in Fresno County, California. Amenities include: a clubhouse, a swimming pool, a tennis court, two basketball courts, a playground and play field, a barbecue area, laundry facilities, and an RV parking area. As of June 30, 1997, occupancy was 69%.

## KLOSHE ILLAHEE MOBILEHOME COMMUNITY, FEDERAL WAY, WASHINGTON

## DESCRIPTION OF PROPERTY

Kloshe Illahee Mobilehome Community is a 258-site senior community located in King County near Seattle, Washington. Amenities include: a community room, game room, sauna, jacuzzi, swimming pool, tennis court, library, kitchen, laundry facilities, and an RV storage area. As of June 30, 1997, occupancy was 100%.

## MONTE DEL LAGO MOBILEHOME COMMUNITY, CASTROVILLE, CALIFORNIA

## DESCRIPTION OF PROPERTY

Monte Del Lago Mobilehome Community is a 310-site senior community located in Monterey County near San Jose, California. Amenities include: a clubhouse, spa, 2 outdoor pools, recreation center, basketball court, small playground, laundry facilities, and an RV storage area. As of June 30, 1997, occupancy was 86%.

## QUAIL HOLLOW, FAIRVIEW, OREGON

## DESCRIPTION OF PROPERTY

Quail Hollow is a 137-site senior community located in Multnomah County near Portland, Oregon. Amenities include: a clubhouse, swimming pool, and laundry facilities. As of June 30, 1997, occupancy was 100%.

## ROYAL OAKS MOBILEHOME COMMUNITY, VISALIA, CALIFORNIA

## DESCRIPTION OF PROPERTY

Royal Oaks Mobilehome Community is a 149-site senior community located in Tulare County near Fresno, California. Amenities include: a clubhouse, swimming pool, recreation center, basketball court, playground, barbecue area, laundry facilities, and an RV storage area. As of June 30, 1997, occupancy was 87%.

## SAN JOSE MOBILEPARK WEST I-IV, SAN JOSE, CALIFORNIA

## DESCRIPTION OF PROPERTY

San Jose MobilePark West I-IV consists of four adjacent family communities and a day care center located in Santa Clara County, California with 179 sites, 182 sites, 189 sites and 173 sites, respectively. Amenities include: two laundry buildings, a recreation building, RV storage, three swimming pools with spas, two tennis courts, a basketball court, three playground areas, two saunas, a carwash, and shuffleboard. As of June 30, 1997, occupancy was 100% at all four of the communities.

## SEA OAKS MOBILEHOME COMMUNITY, LOS OSOS, CALIFORNIA

## DESCRIPTION OF PROPERTY

Sea Oaks Mobilehome Community is a 125-site senior community located in San Luis Obispo County near San Jose, California. Amenities include: a recreation center, outdoor pool, and a barbecue area. As of June 30, 1997, occupancy was 100%.

## SEDONA SHADOWS, SEDONA, ARIZONA

## DESCRIPTION OF PROPERTY

Sedona Shadows is a 200-site senior community located in Yavapai County, Arizona. Amenities include: two community rooms, a game room, tennis court, sauna, jacuzzi, swimming pool, kitchen, barbecue area, and an RV storage area. As of June 30, 1997, occupancy was 86%.

## SHADOWBROOK, CLACKAMAS, OREGON

## DESCRIPTION OF PROPERTY

Shadowbrook is a 156-site family community located in Clackamas County near Portland, Oregon. Amenities include: a clubhouse, swimming pool, laundry facilities, and an RV storage area. As of June 30, 1997, occupancy was 100%.

**SUNSHADOW MOBILEHOME COMMUNITY, SAN JOSE, CALIFORNIA****DESCRIPTION OF PROPERTY**

Sunshadow Mobilehome Community is a 121-site family community located in Santa Clara County, California. Amenities include: a clubhouse, spa, swimming pool, and laundry facilities. As of June 30, 1997, occupancy was 100%.

**VILLA BOREGA MOBILEHOME COMMUNITY, LAS VEGAS, NEVADA****DESCRIPTION OF PROPERTY**

Villa Borega Mobilehome Community is a 293-site senior community located in Clark County, Nevada. Amenities include: a clubhouse, recreation center, a swimming pool and spa, tennis courts, and laundry facilities. As of June 30, 1997, occupancy was 99%.

**WESTWOOD VILLAGE MOBILEHOME COMMUNITY, FARR WEST, UTAH****DESCRIPTION OF PROPERTY**

Westwood Village Mobilehome Community is a 293-site senior community located in Weber County near Salt Lake City, Utah. Amenities include: a clubhouse, recreation center, library, swimming pool, kitchen, laundry facilities, and an RV storage area. As of June 30, 1997, occupancy was 100%.

**GARDEN WEST OFFICE PLAZA, MONTEREY, CALIFORNIA****DESCRIPTION OF PROPERTY**

Garden West Office Plaza is a 23,000 square foot office building located in Monterey, California. The building holds the office of Mobileparks West, the general partner of the MPW Properties, along with smaller scale professional tenants, including a state employment agency and an accounting agency. As of June 30, 1997, occupancy was 95%.

**NICHOLSON PLAZA, SAN JOSE, CALIFORNIA****DESCRIPTION OF PROPERTY**

Nicholson Plaza is a 17,000 square foot retail strip center located in front of the San Jose Mobile Park West I-IV properties. Tenants include fast food restaurants and a brokerage firm. As of June 30, 1997, occupancy was 93%.

MANUFACTURED HOME COMMUNITIES, INC.  
PROFORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

REQUIRED UNDER ITEM 7(b) OF FORM 8-K

MANUFACTURED HOME COMMUNITIES, INC.  
PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
UNAUDITED

The following unaudited Pro Forma Condensed Consolidated Balance Sheet presents the effect of the MPW transaction which transpired subsequent to June 30, 1997. The following unaudited Pro Forma Condensed Consolidated Statement of Operations for the six months ended June 30, 1997 presents the effect of the following transactions as if they had occurred on January 1, 1997: (i) the acquisition of California Hawaiian on March 14, 1997; (ii) the acquisition of Golf Vista on March 27, 1997; (iii) the capital lease on Golden Terrace South, which was accounted for as a purchase, entered into on May 29, 1997, (collectively, the "1997 Previously Acquired Properties"), and (iv) the acquisition of the MPW Properties on August 29, 1997. The 1997 Previously Acquired Properties are included in the Historical Balance Sheet as of June 30, 1997 and the MPW transaction is described in Note A of the Pro Forma Condensed Consolidated Balance Sheet as of June 30, 1997.

The following unaudited Pro Forma Condensed Consolidated Statement of Operations for the year ended December 31, 1996 has been presented as if the following transactions had occurred on January 1, 1996: (i) the acquisition of Waterford on February 28, 1996; (ii) the funding of the Candlelight Village loan, which was accounted for as a purchase, on May 9, 1996; (iii) the acquisition of Casa del Sol Resort No. 1 and Casa del Sol Resort No. 2 on October 23, 1996, (collectively, the "1996 Acquisitions"); (iv) the acquisitions of the 1997 Previously Acquired Properties, and (v) the acquisition of the MPW Properties.

The unaudited Pro Forma Condensed Consolidated Financial Statements are not necessarily indicative of the results of future operations, nor the results of historical operations, had all the transactions occurred as described above on either January 1, 1996 or January 1, 1997.

The unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with the accompanying Notes to Pro Forma Condensed Consolidated Financial Statements and Combined Statements of Revenue and Certain Expenses (included elsewhere herein).

MANUFACTURED HOME COMMUNITIES, INC.  
PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET  
AS OF JUNE 30, 1997  
(UNAUDITED)  
(AMOUNTS IN THOUSANDS)

	Historical	MPW Properties (A)	Pro Forma
	-----	-----	-----
<b>ASSETS</b>			
Rental property, net.....	\$ 555,380	\$ 103,238	\$ 658,618
Cash and cash equivalents.....	1,613	---	1,613
Short term investments.....	3,820	(1,799)	2,021
Notes receivable.....	15,607	---	15,607
Investment in and advances to affiliates.....	5,807	---	5,807
Deferred financing costs, net.....	1,770	---	1,770
Other assets.....	4,826	---	4,826
	-----	-----	-----
Total assets.....	\$ 588,823	\$ 101,439	\$ 690,262
	=====	=====	=====
<b>LIABILITIES AND EQUITY</b>			
<b>Liabilities</b>			
Mortgage notes payable.....	\$ 199,135	\$ 12,610	\$ 211,745
Term loan.....	60,000	---	60,000
Line of credit.....	19,000	17,826	36,826
Other notes payable.....	---	6,625	6,625
Other liabilities.....	31,958	603	32,561
	-----	-----	-----
Total liabilities.....	310,093	37,664	347,757
	-----	-----	-----
Minority interests.....	28,401	36,725	65,126
	-----	-----	-----
<b>Stockholders' equity</b>			
Common stock, \$.01 par value.....	247	---	247
Paid-in capital.....	288,023	27,050	315,073
Employee notes.....	(6,100)	---	(6,100)
Distributions in excess of accumulated earnings.....	(31,841)	---	(31,841)
	-----	-----	-----
Total stockholders' equity.....	250,329	27,050	277,379
	-----	-----	-----
Total liabilities and stockholders' equity.....	\$ 588,823	\$ 101,439	\$ 690,262
	=====	=====	=====

(A) Reflects the acquisition of the MPW Properties on August 29, 1997. In connection with such acquisition the amounts presented include the initial purchase price as well as liabilities assumed and subsequent closing costs incurred as identified in the acquisition process. The amounts also reflect debt assumed, installment notes payable issued, OP Units issued, and additional borrowings under the line of credit for the acquisition of the MPW Properties. The issuance of OP Units is treated as a capital transaction in the Company's financial statements. As a result, the \$63.8 million increase in the underlying equity of MHC Operating Limited Partnership is allocated between stockholders equity and minority interests (to the extent represented by OP Units) to account for the change in their respective percentage ownership of the underlying equity resulting in a \$27.0 million adjustment to paid-in capital.



MANUFACTURED HOME COMMUNITIES, INC.  
PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
FOR THE SIX MONTHS ENDED JUNE 30, 1997  
(UNAUDITED)  
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Historical	1997 Previously Acquired Properties (A)	MPW Properties (B)	Adjustments(C)	Pro Forma
<b>Revenues:</b>					
Base rental income.....	\$ 50,978	\$ 862	\$ 7,543	\$ ---	\$ 59,383
Utility and other income.....	5,483	228	970	---	6,681
Equity in income of affiliates.....	207	---	---	---	207
Interest income.....	1,246	---	154	(143)	1,257
Total revenues.....	57,914	1,090	8,667	(143)	67,528
<b>Expenses:</b>					
Property operating & maintenance....	15,274	302	3,894	(461)	19,009
Real estate taxes.....	3,914	73	361	---	4,348
Property management.....	2,412	---	---	461	2,873
General and administrative.....	2,212	---	---	---	2,212
Interest and related amortization...	10,017	86	---	1,790	11,893
Depreciation on corporate assets....	289	---	---	---	289
Depreciation on real estate assets and other costs.....	8,034	---	---	1,635	9,669
Total expenses.....	42,152	461	4,255	3,425	50,293
Income before allocation to minority interests.....	15,762	\$ 629	\$ 4,412	\$ (3,568)	17,235
(Income) allocated to minority interests.....	(1,585)	=====	=====	=====	(3,240)
Net income.....	\$ 14,177	=====	=====	=====	\$ 13,995
Net income per common share.....	\$ .57	=====	=====	=====	\$ .56
Weighted Average Common Shares Outstanding.....	24,777	=====	=====	=====	24,777

(A) Reflects the results of operations of the 1997 Previously Acquired Properties. The amounts presented represent the historical amounts for certain revenues and expenses for the periods from January 1, 1997 through the respective acquisition dates for each of the properties.

(B) Reflects the results of operations for the MPW Properties. The amounts presented for rental revenues, property operating and maintenance and real estate taxes are the revenues and certain expenses for the MPW Properties for the six months ended June 30, 1997 as contained in the Combined Statements of Revenue and Certain Expenses included elsewhere herein.

(C) Reflects the following adjustments to the 1997 Previously Acquired Properties and the MPW Properties results of operations as follows:

Interest income:

Reduction of interest income due to the use of working capital for property acquisitions ...	\$ (143)
	=====

Property operating and maintenance:

The elimination of third-party management fees where the Company will be providing on-site property management services .....	\$ (461)
	=====

Property management:

Incremental cost associated with self management of the MPW Properties for the six months ended June 30, 1997 .....	\$ 461
	=====

Interest and related amortization:

Interest associated with debt assumed in the MPW transaction of \$12.6 million bearing interest at an average rate of 8.2%, which reflects the actual rates .....	\$ 516
Interest associated with other notes payable issued in connection with the MPW transaction of \$6.6 million bearing interest at a rate of 7.5% .....	248
Interest associated with \$2.4 million Golden Terrace South note payable bearing interest at 9.05% .....	91
Interest associated with amounts borrowed under the Company's line of credit bearing interest at Libor plus 1.125%, which based on the 30-day Libor rate at the time of borrowings was 6.8% .....	936
Adjustment of unused facility fee on the Company's unused portion of the line of credit ....	(1)
	-----
	\$1,790
	=====

Depreciation:

Reflects depreciation based on real property acquired in the amount \$137.1 million, less approximately 25% allocated to land, excluding those properties covered by ground leases, in the amount of \$25.9 million and depreciated over a 30-year life for real property. Depreciation for the 1997 Previously Acquired Properties reflects depreciation from January 1, 1997 through the respective acquisition dates for each property .....	\$1,635
	=====

MANUFACTURED HOME COMMUNITIES, INC.  
 PRO FORMA CONDENSED CONSOLIDATED STATEMENT OF OPERATIONS  
 FOR THE YEAR ENDED DECEMBER 31, 1996  
 (UNAUDITED)

(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

	Historical -----	1996 Acquisitions (A) -----	1997 Previously Acquired Properties (B) -----	MPW Transaction (C) -----
<b>Revenues:</b>				
Base rental income.....	\$ 93,109	\$ 2,346	\$ 3,405	\$ 14,372
Utility and other income.....	8,821	52	900	2,181
Equity in income of affiliates.....	853	---	---	---
Interest income.....	2,420	---	---	---
	-----	-----	-----	-----
Total revenues.....	105,203	2,398	4,305	16,553
	-----	-----	-----	-----
<b>Expenses:</b>				
Property operating & maintenance....	28,399	638	1,713	6,102
Real estate taxes.....	7,947	85	406	650
Property management.....	4,338	---	---	---
General & administrative.....	4,062	---	---	---
Interest and related amortization...	17,782	---	---	---
Depreciation on corporate assets....	488	---	---	---
Depreciation on real estate assets and other costs.....	15,244	---	---	---
	-----	-----	-----	-----
Total expenses.....	78,260	723	2,119	6,752
	-----	-----	-----	-----
Income before allocation to minority interests.....	26,943	\$ 1,675 =====	\$ 2,186 =====	\$ 9,801 =====
(Income) allocated to minority interests.....	(2,671)			
	-----			
Net income.....	\$ 24,272 =====			
Net income per common share.....	\$ .98 =====			
Weighted Average Common Shares Outstanding.....	24,693 =====			
		Adjustments (D) -----	Pro Forma -----	
<b>Revenues:</b>				
Base rental income.....	\$ ---	\$ 113,232		
Utility and other income.....	---	11,954		
Equity in income of affiliates.....	---	853		
Interest income.....	(499)	1,921		
	-----	-----		
Total revenues.....	(499)	127,960		
	-----	-----		
<b>Expenses:</b>				
Property operating & maintenance....	516	37,368		
Real estate taxes.....	---	9,088		
Property management.....	784	5,122		
General & administrative.....	---	4,062		
Interest and related amortization...	5,923	23,705		
Depreciation on corporate assets....	---	488		
Depreciation on real estate assets and other costs.....	4,217	19,461		
	-----	-----		
Total expenses.....	11,440	99,294		
	-----	-----		
Income before allocation to minority interests.....	\$(11,939) =====	28,666		
(Income) allocated to minority interests.....		(5,389)		
		-----		
Net income.....		\$ 23,277 =====		
Net income per common share.....		\$ .94 =====		
Weighted Average Common Shares Outstanding.....		24,693 =====		

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- (A) Reflects the results of operations for the 1996 Acquisitions. The amounts presented represent the historical amounts for certain revenues and expenses for the periods from January 1, 1996 through the respective acquisition dates for each property.
  - (B) Reflects the results of operations of the 1997 Previously Acquired Properties. The amounts presented for rental revenues, property operating and maintenance and real estate taxes are based on the revenues and certain expenses of the 1997 Previously Acquired Properties for the year ended December 31, 1996.
  - (C) Reflects results of operations of the MPW Properties. The amounts presented for rental revenues, property operating and maintenance and real estate taxes are the revenues and certain expenses of the MPW Properties for the year ended December 31, 1996 as contained in the Combined Statements of Revenues and Certain Expenses included elsewhere herein.

(D) Reflects the following adjustments:

Interest income:	
Reduction of interest income due to the use of working capital for property acquisitions ...	\$ (499)
	=====
Property operating and Maintenance:	
Increase of ground lease expense to reflect new leases entered into on January 1, 1997 related to the MPW Properties .....	1,300
The elimination of third-party management fees where the Company will be providing on-site property management services .....	\$ (784)
	=====
	\$ 516
	=====
Property management:	
Incremental cost associated with self management of MPW Properties for the year ended December 31, 1996 .....	\$ 784
	=====
Interest and related amortization:	
Interest associated with debt assumed in the MPW Transaction of \$12.6 million bearing interest at an average rate of 8.2%, which reflects the actual rates .....	\$ 1,033
Interest associated with other notes payable issued in the MPW Transaction of \$6.6 million bearing interest at a rate of 7.5% .....	497
Interest associated with \$2.4 million Golden Terrace South note payable bearing interest at 9.05% .....	216
Interest associated with amounts borrowed under the Company's line of credit bearing interest at Libor plus 1.125%, which based on the 30-day Libor rate at the time of the 1996 borrowings was 7.1% and at the time of the 1997 borrowings was 6.8% .....	4,182
Adjustment of unused facility fee on the Company's unused portion of the line of credit ....	(5)
	-----
	\$ 5,923
	=====
Depreciation:	
Reflects depreciation based on real property acquired in the amount \$144.5 million, less approximately 25% allocated to land, excluding those properties covered by ground leases, in the amount of \$37.2 million and depreciated over a 30-year life for real property. Depreciation for the 1997 Previously Acquired Properties reflects depreciation from January 1, 1996 through the respective acquisition dates for each property .....	\$ 4,217
	=====

Mobileparks West  
Combined Statement of Revenue and Certain Expenses  
Year Ended December 31, 1996  
with Report of Independent Auditors  
Required under Item 7(a) of Form 8-K

Mobileparks West  
Statement Of Revenue And Certain Expenses

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ended December 31, 1997 and for the six months ended June 30,  
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## Report of Independent Auditors

The Board of Directors of  
Manufactured Home Communities, Inc.

We have audited the accompanying combined Statement of Revenue and Certain Expenses of 20 Mobileparks West Communities (the "Properties") as described in Note 2 for the year ended December 31, 1996. The combined Statement of Revenue and Certain Expenses is the responsibility of the Properties' management. Our responsibility is to express an opinion on the Statement of Revenue and Certain Expenses based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the combined Statement of Revenue and Certain Expenses are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the combined Statement of Revenue and Certain Expenses. An audit also includes assessing the basis of accounting used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Revenue and Certain Expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying combined Statement of Revenue and Certain Expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission, for inclusion in Manufactured Home Communities, Inc.'s Current Report on Form 8-K as described in Note 1, and is not intended to be a complete presentation of the Properties' revenue and expenses.

In our opinion, the combined Statement of Revenue and Certain Expenses referred to above presents fairly, in all material respects, the revenue and certain expenses described in Note 1 for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

Ernst & Young LLP

Chicago, Illinois  
May 30, 1997



Mobileparks West  
 Combined Statements Of Revenue  
 And Certain Expenses  
 (AMOUNTS IN THOUSANDS)

	FOR THE SIX MONTHS ENDED JUNE 30, 1997 (UNAUDITED)	FOR THE YEAR ENDED DECEMBER 31, 1996
<hr style="border-top: 1px dashed black;"/>		
REVENUE		
Rental revenue	\$7,543	\$14,372
Utility income	970	2,065
Other income	154	116
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Total revenue	8,667	16,553
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EXPENSES		
Utilities	1,325	2,572
Repairs and maintenance	546	880
Management fees	461	784
Ground leases	1,000	699
Real estate taxes	361	650
Payroll and benefits	269	604
General and administrative	273	418
Insurance	20	145
	<hr style="border-top: 1px dashed black;"/>	
Total expenses	4,255	6,752
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Revenue in excess of certain expenses	\$4,412	\$9,801
<hr style="border-top: 3px double black;"/>		

See accompanying notes.

## Mobileparks West

Notes to the Combined Statement  
of Revenue And Certain Expenses

## 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying combined Statements of Revenue and Certain Expenses for the year ended December 31, 1996, and the six months ended June 30, 1997 (unaudited), were prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Current Report on Form 8-K of Manufactured Home Communities, Inc. (the "Company"). The accompanying combined financial statements are not representative of the actual operations of the Properties for the periods presented as certain expenses, which may not be comparable to the expenses to be incurred by the Company in the proposed future operations of the Properties, have been excluded. Expenses excluded consist of interest, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

## Basis of Combination

The accompanying combined Statement of Revenue and Certain Expenses has been presented on a combined basis because all of the Properties are commonly owned and managed by Mobile Parks West, the seller of the Properties. All inter-property balances and transactions have been eliminated in the combination.

## Use of Estimates

The preparation of the combined Statement of Revenue and Certain Expenses in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

## Revenue and Expense Recognition

Revenue is recorded in the period in which it is earned. Expenses are recognized in the period in which they are incurred.

## Unaudited Interim Statement

In the opinion of management, the interim financial statement reflects all adjustments necessary for a fair presentation of the results of the interim period. All such adjustments are of a normal, recurring nature.

## DESCRIPTION OF PROPERTIES

The Company expects to acquire the following manufactured home communities ("MHC"s), office plaza and retail plaza, which are included in the combined statements of revenue and certain expenses:

Property Name	Location	Number of Units / Square feet	Total Investment (A)
All Seasons MHC	Salt Lake City, UT	121	\$2,131
Coralwood MHC (B)	Modesto, CA	194	5,040
Falcon Wood Village MHC	Eugene, OR	183	4,536
Four Seasons MHC	Fresno, CA	242	3,112
Kloshe Illahee MHC	Federal Way, WA	258	9,689
Monte Del Lago MHC	Castroville, CA	310	12,699
Quail Hollow MHC (B)	Fairview, OR	137	3,245
Royal Oaks MHC	Visalia, CA	149	2,516
San Jose Mobile Park West I (B) (C)	San Jose, CA	179	2,755
San Jose Mobile Park West II (B)	San Jose, CA	182	4,823
San Jose Mobile Park West III (B)	San Jose, CA	189	5,485
San Jose Mobile Park West IV (B)	San Jose, CA	173	4,615
Sea Oaks MHC	Los Osos, CA	125	3,570
Sedona Shadows MHC	Sedona, AZ	200	4,521
Shadowbrook MHC	Clackamas, OR	156	4,885
Sunshadow MHC (B)	San Jose, CA	121	5,698
Villa Borega MHC	Las Vegas, NV	293	11,661
Westwood Village MHC	Farr West, UT	293	5,522
<b>Total MHC</b>		<b>3,505</b>	<b>\$96,503</b>
Garden West Office Plaza	Monterey, CA	23,000	2,230
Nicholson Retail Plaza	San Jose, CA	17,000	4,505
<b>Total</b>			<b>\$103,238</b>

(A) Includes the initial purchase price and closing costs.

(B) Property is purchased subject to a ground lease.

(C) The Company purchased only the 50% General Partnership interest in the Property.

## 3. GROUND LEASES

Certain Properties lease land under noncancellable operating leases expiring in various years from 2022 to 2031 with terms which require twelve equal payments per year plus additional rents

## 3. GROUND LEASES (CONTINUED)

calculated as a percent of gross revenues. For the year ended December 31, 1996, ground rent was \$861,000. Minimum future rental payments under the lease for each of the next five years and in the aggregate are as follows:

1997	\$ 1,529,242
1998	1,529,242
1999	1,529,242
2000	1,529,242
2001	1,529,242
Thereafter	33,402,071
	-----
Total	\$ 41,048,281
	=====

CALIFORNIA HAWAIIAN MOBILE ESTATES  
STATEMENT OF REVENUE AND CERTAIN EXPENSES  
Year ended December 31, 1996  
with Report of Independent Auditors  
Required under Item 7(a) of Form 8-K

CALIFORNIA HAWAIIAN MOBILE ESTATES  
STATEMENT OF REVENUE AND CERTAIN EXPENSES  
YEAR ENDED DECEMBER 31, 1996

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## Report of Independent Auditors

The Board of Directors  
Manufactured Home Communities, Inc.

We have audited the accompanying Statement of Revenue and Certain Expenses of California Hawaiian Mobile Estates (the "Property") for the year ended December 31, 1996. This Statement is the responsibility of the Company's management. Our responsibility is to express an opinion on the Statement of Revenue and Certain Expenses based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the Statement of Revenue and Certain Expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the Statement of Revenue and Certain Expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement of Revenue and Certain Expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Form 8-K filed by Manufactured Home Communities, Inc. as described in Note 2, and is not intended to be a complete presentation of the Property's revenue and expenses.

In our opinion, the Statement of Revenue and Certain Expenses referred to above presents fairly, in all material respects, the revenues and certain expenses described in Note 2 of California Hawaiian Mobile Estates for the year ended December 31, 1996, in conformity with generally accepted accounting principles.

Ernst & Young, LLP

Chicago, Illinois  
February 14, 1997

## California Hawaiian Mobile Estates

## Statement of Revenue and Certain Expenses (in 000's)

Year ended December 31, 1996  
(amounts in thousands)

REVENUE	
Rental income	\$ 2,599
Utility income	592
Other income	90
	-----
Total revenue	3,281
	-----
EXPENSES	
Utilities	479
Repairs and maintenance	227
Management fees	89
Real estate taxes	368
Payroll and benefits	107
General and administrative	18
Insurance	24
	-----
Total expenses	1,312
	-----
Revenue in excess of certain expenses	\$ 1,969
	=====

See accompanying notes.



## California Hawaiian Mobile Estates

## Notes to Statement of Revenue and Certain Expenses

December 31, 1996

## 1. BUSINESS

The accompanying Statement of Revenue and Certain Expenses relates to the operations of California Hawaiian Mobile Estates, a 412-unit manufactured home community located in San Jose, California (the "Property"). The Property is expected to be acquired in March 1997, by Manufactured Home Communities, Inc., from an unrelated entity.

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Basis of Presentation

The accompanying Statement of Revenue and Certain Expenses for the year ended December 31, 1996 was prepared for the purposes of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in the Current Report 8-K of Manufactured Home Communities, Inc. (the "Company"). The accompanying financial statements are not representative of the actual operations of the Property for the period presented as certain expenses, which may not be comparable to the expenses to be incurred by the Company in the proposed future operations of the Property, have been excluded. Expenses excluded consist of interest, depreciation and amortization, and other costs not directly related to the future operations of the Properties.

## Revenue and Expense Recognition

Revenue is recorded in the period in which it is earned. Expenses are recognized in the period in which they are incurred.

## Use of Estimates

The preparation of the Statement of Revenue and Certain Expenses in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

SIGNATURE

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.

MANUFACTURED HOME COMMUNITIES, INC.

By: \s\ Thomas P. Heneghan  
-----  
Thomas P. Heneghan  
Executive Vice President, Treasurer and  
Chief Financial Officer

By: \s\ Judy A. Pultorak  
-----  
Judy A. Pultorak  
Principal Accounting Officer

Date: November 3, 1997

## Consent of Independent Auditors

We consent to the incorporation by reference in the Registration Statements (Form S-3 No. 333-25297) of Manufactured Home Communities, Inc. of our reports with respect to the financial statements indicated below included in the Current Report on Form 8-K of Manufactured Home Communities, Inc., filed with the Securities and Exchange Commission.

## Financial Statements

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## Date of Auditors' Report

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Statement of Revenues and Certain Expenses  
of California Hawaiian Mobile Estates  
for the year ended December 31, 1996

February 14, 1997

Statement of Revenues and Certain Expenses  
of Mobile Parks West for the year ended  
December 31, 1996

May 30, 1997

Chicago, Illinois  
October 31, 1997

Ernst &amp; Young, LLP