

SCHEDULE 14A
(RULE 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

PROXY STATEMENT PURSUANT TO SECTION 14(a)
OF THE SECURITIES EXCHANGE ACT OF 1934

Filed by the registrant Filed by a party other than the registrant

Check the appropriate box:

- Preliminary proxy statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- Definitive proxy statement
- Definitive additional materials
- Soliciting material under Rule 14a-12

Name of Registrant as Specified in its Charter:

Equity Lifestyle Properties, Inc.

Name of Person(s) Filing Proxy Statement if other than the Registrant:

N/A

Payment of filing fee (check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 1. Title of each class of securities to which transaction applies:
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 3. Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
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 1. Amount previously paid:
 2. Form, schedule or registration statement no.:
 3. Filing party:
 4. Date filed:

EQUITY LIFESTYLE PROPERTIES, INC.
TWO NORTH RIVERSIDE PLAZA, SUITE 800
CHICAGO, ILLINOIS 60606

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON MAY 10, 2005

You are cordially invited to attend the 2005 Annual Meeting of Stockholders (the "Meeting") of EQUITY LIFESTYLE PROPERTIES, INC., a Maryland corporation (the "Company"), to be held at Twenty North Wacker Drive, Sixth Floor, Chicago, Illinois, on Tuesday, May 10, 2005, at 10:00 a.m. Central time. At the Meeting, we will consider and take action on the following matters:

(1) Election of eight directors to the Company's Board of Directors (the "Board"); and

(2) Any other business as may properly come before the Meeting or any adjournment or postponement thereof.

The Board recommends that you vote "for" each of the nominees for the Board.

Only stockholders of record at the close of business on March 11, 2005 will be entitled to vote at the Meeting or any adjournment or postponement thereof.

YOUR VOTE IS VERY IMPORTANT. WHETHER OR NOT YOU EXPECT TO BE PRESENT AT THE MEETING IN PERSON, PLEASE SIGN AND DATE THE ENCLOSED PROXY AND RETURN IT AS SOON AS POSSIBLE IN THE ENCLOSED ENVELOPE.

By Order of the Board of Directors

-s- Ellen Kelleher
Ellen Kelleher
Executive Vice President, General
Counsel
and Secretary

April 6, 2005

EQUITY LIFESTYLE PROPERTIES, INC.
TWO NORTH RIVERSIDE PLAZA, SUITE 800
CHICAGO, ILLINOIS 60606

PROXY STATEMENT

INTRODUCTION

This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (the "Board") of Equity LifeStyle Properties, Inc., a Maryland corporation (the "Company"), of proxies to be voted at the Annual Meeting of Stockholders of the Company to be held on Tuesday, May 10, 2005 (the "Meeting"), and any adjournment or postponement thereof. The Company will pay the cost of soliciting these proxies. The Company will reimburse brokerage firms and other persons representing beneficial owners of shares for their expenses in forwarding solicitation materials to such beneficial owners. The Company may conduct further solicitation personally, by telephone or by facsimile through its employees, officers and directors, none of whom will receive additional compensation for assisting with the solicitation. Brokers and other nominees who held of record stock of the Company on March 11, 2005 (the "Record Date"), the record date for determining stockholders entitled to notice of and to vote at the Meeting, will be asked to contact the beneficial owners of the shares which they hold.

This Proxy Statement and accompanying proxy are being mailed to stockholders commencing on or about April 8, 2005. The proxy, if properly executed and returned, will be voted according to your instructions, but it may be revoked at any time before it is exercised by giving notice of revocation in writing to the Secretary of the Company, by voting in person at the Meeting or by submitting a subsequently dated proxy to the Secretary of the Company at or prior to the Meeting. The mere presence at the Meeting of a stockholder who has granted a proxy shall not itself revoke the proxy. Shares held in street name may be voted in person only if the stockholder obtains a signed proxy from the record holder giving the stockholder the right to vote.

2004 ANNUAL REPORT

Stockholders are concurrently being furnished a copy of the Company's 2004 Annual Report (the "Annual Report") and information required pursuant to Rule 14a-3 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which is included as Appendix B hereto. Additional copies of the Annual Report and of this Proxy Statement may be obtained from the Company's website at <http://www.mhchomes.com> or by contacting Ellen Kelleher, Executive Vice President, General Counsel and Secretary of the Company, at Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606, 312-279-1400; copies will be furnished promptly at no additional expense.

VOTING

Only stockholders of record at the close of business on the Record Date will be entitled to vote at the Meeting. On the Record Date, 23,172,094 shares of the Company's common stock, par value \$.01 per share ("Common Stock"), were outstanding. Each share of Common Stock outstanding on the Record Date entitles the holder thereof to one vote upon each matter to be voted upon at the Meeting. The presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at the Meeting shall constitute a quorum. Shares represented by proxies that reflect abstentions and broker non-votes are counted for purposes of determining the presence or absence of a quorum for the transaction of business. The affirmative vote of a plurality of all votes cast at the

Meeting, if a quorum is present, is sufficient to elect each nominated director to the Board. An abstention as to any particular matter when passage requires the vote of a plurality or a majority of the votes entitled to be cast at the Meeting, however, does not constitute a vote "for" or "against" and will be disregarded in calculating the votes cast as to such matter. "Broker non-votes" (i.e., where a broker or nominee submits a proxy specifically indicating the lack of discretionary authority to vote on a matter) will be treated in the same manner as abstentions.

If there is not a quorum at the Meeting, the stockholders entitled to vote at the Meeting, whether present in person or represented by proxy, shall only have the power to adjourn the Meeting until such time as there is a quorum. The Meeting may be reconvened without notice to the stockholders, other than an announcement at the prior adjournment of the Meeting, within 120 days after the Record Date, and a quorum must be present at such reconvened Meeting.

If a proxy in the form enclosed is duly executed, dated and returned, and it has not been revoked in accordance with the instructions set forth therein, the shares of Common Stock represented thereby will be voted by Samuel Zell and Thomas P. Heneghan, the Board's proxy agents for the Meeting, in accordance with the specifications made thereon by the stockholder. If no such specifications are made, such proxy will be voted (i) for the election of all of the current director nominees to the Board, and (ii) at the discretion of Mr. Zell and Mr. Heneghan with respect to such other business as may properly come before the Meeting or any adjournment or postponement thereof.

PROPOSAL NO. 1

ELECTION OF DIRECTORS

The Board currently consists of eight members. The Company's charter (the "Charter") currently provides that all director nominees will be elected for one-year terms at each Annual Meeting of Stockholders. Biographical information for each of the director nominees is set forth below under the caption "Management."

Each nominee has consented to be named in this Proxy Statement and to serve if elected. All nominees are currently directors. In the event that any nominee should become unable to serve as a director (which is not anticipated), the persons designated as representatives will cast votes for the remaining nominees and for such other person or persons as the Board may recommend.

THE BOARD RECOMMENDS A VOTE "FOR" EACH OF THE NOMINEES NAMED BELOW. PROXIES SOLICITED BY THE BOARD WILL BE VOTED "FOR" THE NOMINEES UNLESS INSTRUCTIONS TO WITHHOLD SUCH VOTE OR TO THE CONTRARY ARE GIVEN.

MANAGEMENT

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets forth certain information with respect to the executive officers and directors of the Company.

NAME	AGE	POSITION	-	----	---	-
		-----				Samuel
Zell.....	63	Chairman of the Board				Howard
Walker.....	65	Vice Chairman of the Board				Thomas P.
Heneghan.....	41	President, Chief Executive Officer and Director				Roger A. Maynard.....
	47	Chief Operating Officer				Ellen
Kelleher.....	44	Executive Vice President, General Counsel and Secretary				Michael B.
Berman.....	47	Vice President, Chief Financial Officer and Treasurer				Donald S.
Chisholm.....	70	Director				Thomas E.
Dobrowski.....	61	Director				Joe B.
McAdams.....	61	Director				Sheli Z.
Rosenberg.....	63	Director				Gary L.
Waterman.....	63	Director				

The following is a biographical summary of the experience of the executive officers and directors of the Company. For information concerning membership as of the date of this Proxy Statement on committees of the Board, see "Committees of the Board; Meetings" below.

Samuel Zell has been Chairman of the Board of the Company since March 1995 and was Chief Executive Officer of the Company from March 1995 to August 1996. Mr. Zell was Co-Chairman of the Board of the Company from its formation until March 1995. Mr. Zell was a director of Mobile Home Communities, Inc., the former manager of the Company's manufactured home communities, from 1983 until its dissolution in 1993. Mr. Zell has served as chairman of the board of Equity Group Investments, L.L.C. ("EGI"), a private investment company, since 1999. Mr. Zell has been a trustee and chairman of the board of trustees of Equity Office Properties Trust ("Equity Office"), an equity real estate investment trust ("REIT") primarily focused on office buildings, since October 1996, and was its chief executive officer from April 2002 to April 2003, and its president from April 2002 to November 2002. For more than the past five years, Mr. Zell has served as chairman of the board of Anixter International, Inc. ("Anixter"), a global distributor of structured cabling systems; as chairman of the board of Equity Residential, an equity REIT that owns and operates multi-family residential properties; and as chairman of the board of Capital Trust, Inc., a specialized finance company ("Capital Trust"). Mr. Zell has been the chairman of the board of Rewards Network, Inc. (previously known as iDine Rewards Network, Inc.), an administrator of loyalty-based consumer reward programs, since 2002.

Howard Walker has been Vice-Chairman of the Board of the Company since May 2003 and Chairman of the Board's Executive Committee since January 2004. Mr. Walker has been a director of the Company since November 1997. Mr. Walker was Chief Executive Officer of the Company from December 1997 to December 2003. Mr. Walker was President of the Company from September 1997 to May 2000, and President of Realty Systems, Inc., an affiliate of the Company, from March 1995 to April 2000. Mr. Walker was a Vice President of the Company from January 1995 to March 1995. Mr. Walker is a director of Infohealth, Inc., a privately held company that provides information system services to the health care industry.

Thomas P. Heneghan has been President and Chief Executive Officer of the Company since January 2004. Mr. Heneghan has been a director of the Company

since March 2004. Mr. Heneghan is a member of the Company's management committee (the "Management Committee"), which was created in 1995 and is comprised of the Company's senior executive officers. Mr. Heneghan was President and Chief Operating Officer of the Company from May 2000 to December 2003. Mr. Heneghan was

Executive Vice President, Chief Financial Officer and Treasurer of the Company from April 1997 to May 2000, and Vice President, Chief Financial Officer and Treasurer of the Company from February 1995 to March 1997.

Roger A. Maynard has been Chief Operating Officer of the Company since January 2004. Mr. Maynard is also a member of the Management Committee. Mr. Maynard was Senior Vice President for national operations of the Company from January 2003 to December 2003. Mr. Maynard was Senior Regional Vice President for the Company's Eastern division from September 2001 to December 2002, and Senior Regional Vice President for the Company's Southeastern region from January 2000 to September 2001. Mr. Maynard was Regional Vice President for the Company's Southeastern region from June 1998 to December 1999, and Regional Vice President for the Company's Northeastern region from October 1997 to June 1998.

Ellen Kelleher has been Executive Vice President and General Counsel of the Company since March 1997, and has been Secretary of the Company since May 2000. Ms. Kelleher is also a member of the Management Committee. Ms. Kelleher was Senior Vice President, General Counsel and Assistant Secretary of the Company from March 1994 to March 1997. Ms. Kelleher is a director of Financial Management Advisors, a private money management company.

Michael B. Berman has been Vice President, Chief Financial Officer and Treasurer of the Company since September 2003. Mr. Berman is also a member of the Management Committee. In 2003, Mr. Berman was an associate professor at New York University Real Estate Institute. Mr. Berman was a managing director in the Investment Banking department at Merrill Lynch & Co. from 1995 to 2002.

Donald S. Chisholm has been a director of the Company since March 1993. Mr. Chisholm is president of Vernon Development Co., the developer of a 650-acre golf course community, and of Ann Arbor Associates Inc., a real estate development and management company, both for more than five years.

Thomas E. Dobrowski has been a director of the Company since March 1993. Mr. Dobrowski has been the managing director of real estate and alternative investments of General Motors Investment Management Corporation since December 1994. Mr. Dobrowski is a director of Capital Trust. Mr. Dobrowski is also a trustee of Equity Office.

Joe B. McAdams has been a director of the Company since January 2004. From July 1991 to December 2003, Mr. McAdams was president and chief executive officer of Affinity Group, Inc. ("AGI"), a leading provider of products and services to the recreational vehicle market. Mr. McAdams is a director of AGI, Liberty Publishing Company, a publisher of approximately 100 daily newspapers as well as 200 alternate publications, and Vestcom, Inc., a leading provider of business and marketing communications.

Sheli Z. Rosenberg has been a director of the Company since August 1996. In 2002, Mrs. Rosenberg was appointed the Lead Director of the Company. Mrs. Rosenberg was vice chairman of EGI from January 2000 through December 2003. Mrs. Rosenberg was president of Equity Group Investments, Inc. ("EGI, Inc."), an investment company, from November 1994 to December 1999, and chief executive officer of EGI, Inc. from November 1994 to December 1998. Mrs. Rosenberg was a principal of the law firm of Rosenberg & Liebentritt from 1980 to September 1997. Mrs. Rosenberg is a director of CVS Corporation, an owner and operator of drug stores; Cendant Corporation, a travel related, real estate related and direct marketing consumer and business services company; and Ventas, Inc., an owner of real estate in the health care field. Mrs. Rosenberg is a trustee of Equity Office and Equity Residential.

Gary L. Waterman has been a director of the Company since March 1993. Since 1989, Mr. Waterman has been president of Waterman Limited, a real estate services and investment company that he founded. Mr. Waterman is a director and member of the compensation committee of Java Trading Company, a wholesale coffee roasting company.

The Board has determined that, other than Mr. Walker and Mr. Heneghan, each director nominee qualifies as an "independent" director in accordance with the rules of The New York Stock Exchange (the "NYSE") and the director independence guidelines established by the Board as part of its Guidelines on Corporate Governance.

STOCKHOLDER COMMUNICATIONS WITH THE BOARD

Any stockholder or other interested party who has a concern or inquiry regarding the conduct of the Company may communicate directly with the Board or the non-management directors by contacting the Lead Director, who will receive all such communications on behalf of the Board or the non-management directors (as applicable). Communications may be confidential or anonymous, and may be submitted in writing to the Lead Director, c/o Secretary, Equity LifeStyle Properties, Inc., Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606. All written communications will be received and processed by the Secretary of the Company and all substantive communications will be referred to the Lead Director. All such communications will be reviewed and, if necessary, investigated and/or addressed by the Lead Director and the status of such communications will be reported to the Board or the non-management directors (as applicable) on a quarterly basis. The Lead Director may direct special treatment, including the retention of outside advisors or counsel, for any such concern or inquiry.

Although each director is strongly encouraged to attend each Annual Meeting of Stockholders, the Board has no formal policy with respect to such attendance. Each of the eight directors in office as of the date of the 2004 Annual Meeting of Stockholders was in attendance at such meeting.

NON-MANAGEMENT DIRECTORS EXECUTIVE SESSIONS

Executive sessions of the Company's non-management directors are scheduled in connection with regularly scheduled meetings of the Board and may be held without management present at such other times as requested by the non-management directors. The presiding director at these executive sessions is the Lead Director.

COMMITTEES OF THE BOARD; MEETINGS

Meetings: During the year ended December 31, 2004, the Board held five meetings and took six actions by unanimous written consent. Each of the directors attended 75% or more of the total number of the meetings of the Board and of its committees on which he or she served.

Executive Committee: The Executive Committee of the Board is comprised of Messrs. Zell, Walker and Chisholm. The Executive Committee has the authority, within certain parameters set by the Board, to authorize the acquisition, disposition and financing of investments for the Company (including the issuance of additional limited partnership interests of MHC Operating Limited Partnership ("OP Units")) and to authorize contracts and agreements, including those related to the borrowing of money by the Company, and generally exercise all other powers of the Board except as prohibited by law. During the year ended December 31, 2004, the Executive Committee held one meeting and took ten actions by unanimous written consent.

Compensation, Nominating and Corporate Governance Committee: The Compensation, Nominating and Corporate Governance Committee of the Board (the "Compensation Committee") is composed of Messrs. Chisholm and Waterman and Mrs. Rosenberg. The Board has determined that each of the Compensation Committee members is an "independent" director within the meaning set forth in the NYSE listing standards. The Compensation Committee determines compensation for the Company's executive officers and exercises all powers of the Board in connection with compensation matters, including incentive compensation and benefit plans. The Compensation Committee also has the authority to grant stock options, stock appreciation rights and restricted stock awards in accordance with the Company's 1992 Stock Option and Stock Award Plan, as amended and restated (the "Plan"), to the management of the Company and its subsidiaries, other employees and consul-

tants. In addition, the Compensation Committee identifies and recommends qualified individuals to become Board members, develops and recommends the Guidelines on Corporate Governance applicable to the Company and recommends to the Board director nominees for each committee of the Board. During the year ended December 31, 2004, the Compensation Committee held five meetings and took two actions by unanimous written consent.

Audit Committee: The Audit Committee of the Board is composed of Messrs. Dobrowski and McAdams and Mrs. Rosenberg. The Board has determined that each of the Audit Committee members is an "independent" director within the meaning set forth in the NYSE listing standards and Rule 10A-3 of the Exchange Act. The Board has also determined that Mr. McAdams is an "audit committee financial expert" as such term is defined by the Securities and Exchange Commission (the "SEC") in Item 401(h) of Regulation S-K. The Audit Committee is governed by the Audit Committee Charter attached as Appendix A to this Proxy Statement. The Audit Committee makes recommendations concerning the engagement of independent public accountants, reviews with the Company's independent public accountants the plans for and results of the audit engagement, approves professional services provided by the Company's independent public accountants, reviews the independence of the Company's independent public accountants, considers the range of audit and non-audit fees and reviews the adequacy of the Company's internal accounting controls. During the year ended December 31, 2004, the Audit Committee held five meetings and took no actions by unanimous written consent.

BOARD MEMBER NOMINATIONS

Board member nominations are governed by the Compensation, Nominating and Corporate Governance Committee Charter. The Compensation Committee will consider nominees recommended by stockholders. If you wish to recommend a person whom you consider qualified to serve on the Board, you must give written notice to the Secretary of the Company in accordance with the requirements described in "Stockholder Proposals." This notice must contain (i) as to each nominee, all information that would be required to be disclosed in a proxy statement with respect to the election of directors pursuant to the Exchange Act, (ii) the name and address of the stockholder giving the notice, (iii) the number of shares of common stock owned beneficially and of record by such stockholder, and (iv) the written consent of each nominee to serve as a director if so elected. The Compensation Committee will consider and evaluate persons recommended by stockholders in the same manner as potential nominees identified by the Board and/or the Compensation Committee.

The Compensation Committee identifies nominees for director from various sources. In assessing potential director nominees, the Compensation Committee considers the character, background and professional experience of candidates. All nominees should possess good judgment and an inquiring and independent mind. Familiarity with the issues affecting the Company is among the relevant criteria. All director nominees must possess a reputation for the highest personal and professional ethics, integrity and values. The Compensation Committee will also carefully consider any potential conflicts of interest. Nominees must also be willing and able to devote sufficient time and effort to carrying out the duties and responsibilities of a director effectively, and should be committed to serving on the Board for an extended period of time.

CORPORATE GOVERNANCE

The Board regularly re-evaluates the Company's corporate governance policies and benchmarks those policies against rules and regulations of governmental authorities, the best practices of other public companies and suggestions received from various authorities. The Board has adopted the Company's Guidelines on Corporate Governance. The Company has also adopted a Business Ethics and Conduct Policy, which applies to all directors, officers and employees of the Company.

The Guidelines on Corporate Governance, the Business Ethics and Conduct Policy and the charters of the Audit Committee and the Compensation Committee are each available on the

Company's website at <http://www.mhchomes.com>, and a copy of same may be obtained free of charge by sending a written request to Equity LifeStyle Properties, Inc., Attn: Investor Relations Department, Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606 or by contacting the Company's Investor Relations Department at investor_relations@mhchomes.com.

EXECUTIVE COMPENSATION

The following table shows information with respect to the annual compensation for services rendered to the Company for the fiscal years ended December 31, 2004, December 31, 2003 and December 31, 2002 by the Company's Chief Executive Officer and those persons who were, at December 31, 2004, the next three most highly compensated executive officers of the Company.

SUMMARY COMPENSATION TABLE

LONG-TERM COMPENSATION AWARDS -----
 ----- ANNUAL COMPENSATION
 RESTRICTED SECURITIES -----
 COMMON UNDERLYING ALL OTHER NAME AND PRINCIPAL POSITION
 BONUS STOCK AWARDS
 OPTIONS COMPENSATION
 (AS OF 12/31/04) YEAR
 SALARY(\$)(1) (\$)(2) (\$)(3) GRANTED(#)(4) (\$)

 ----- Thomas P.
 Heneghan.....
 2004 275,400 471,875
 1,472,000 0 12,300
 President, Chief Executive 2003 270,000
 0 0 8,000 Officer, Director and 2002
 270,000 175,000
 560,700 0 10,000
 Member of Management Committee(5) Ellen Kelleher.....
 2004 257,040 361,000
 920,000 0 12,300
 Executive Vice President, 2003
 252,000 150,000 0 0
 8,000 General Counsel, Secretary 2002 252,000
 195,910 490,613 0
 10,000 and Member of Management Committee
 Roger A.
 Maynard.....
 2004 257,040 361,000
 1,104,000 0 12,300
 Chief Operating Officer and 2003
 175,000 150,000 0 0
 8,000 Member of Management 2002
 175,000 100,000 0 0
 10,000 Committee(6)
 Michael B.
 Berman.....
 2004 257,040 361,000
 920,000 0 12,300 Vice President, Chief 2003
 61,062 50,000 0 0
 Financial Officer, Treasurer 2002 -- -- --
 -- -- -- and Member of

-
- (1) Under the Plan, an officer who receives a bonus receives 50% of the bonus in cash and 50% of the bonus in the form of a stock award. Under the Plan, the officer may request, subject to approval by the Compensation Committee, to receive more or less than 50% of the bonus in the form of a stock award. To the extent that an officer receives up to 50% of the bonus as a stock award, the stock award is calculated using the fair market value of a share of Common Stock as of the date the bonus is paid or (for 2002) as of the date the bonus is declared. If more than 50% of the bonus is to be paid as a stock award, the additional stock award is calculated using the most recent purchase price for a share of Common Stock under the Company's Non-Qualified Employee Stock Purchase Plan ("ESPP") or the price that would be used under the ESPP for the offering period then in progress if the period ended the day the bonus was paid, which is less than the fair market value of a share of Common Stock on the day the bonus is paid. The bonus amount reflected for Ms. Kelleher for 2002 includes the discount on shares of Common Stock with respect to the election she made to receive more than 50% of the bonus as a stock award.

(2) The total number and value of shares of Common Stock ("Restricted Common Stock") awarded pursuant to restricted stock grants ("Restricted Common Stock Awards") in various years, and held by each named executive officer as of December 31, 2004, were as follows:

NUMBER OF SHARES	VALUE(\$)	
----- Thomas P.		
Heneghan.....	40,667	1,453,845 Ellen
Kelleher.....	26,667	953,345 Roger A.
Maynard.....	24,000	858,000 Michael B.
Berman.....	16,667	595,845

All holders of Restricted Common Stock receive any dividends paid on such shares.

(3) The number of shares of Restricted Common Stock granted to each named executive officer effective January 5, 2004 pursuant to the 1997 Program, as described below under "Compensation Committee Report on Executive Compensation", was as follows (each of these awards is subject to a vesting schedule, with one-third of the award vesting on December 10, 2004; one-third vesting on December 10, 2005; and the remainder vesting on December 10, 2006):

Thomas P. Heneghan.....	40,000
Ellen Kelleher.....	25,000
Roger A. Maynard.....	30,000
Michael B. Berman.....	25,000

(4) Includes employer matching contributions and profit sharing contributions pursuant to The MHC Advantage Retirement Savings Plan.

(5) Mr. Heneghan became President and Chief Executive Officer as of January 1, 2004, and became a director in March 2004.

(6) Mr. Maynard became Chief Operating Officer and a member of the Management Committee as of January 1, 2004.

(7) Mr. Berman became Vice President, Chief Financial Officer and Treasurer and a member of the Management Committee as of September 30, 2003.

OPTION GRANTS IN LAST FISCAL YEAR

There were no option grants in fiscal year 2004 to any of the executive officers named in the Summary Compensation Table, except that Mr. Heneghan received a grant of options to purchase 10,000 shares of Common Stock for his service as a director during 2004.

AGGREGATED OPTION EXERCISES IN LAST FISCAL YEAR AND FISCAL YEAR-END OPTION VALUES

NUMBER OF VALUE OF UNEXERCISED UNEXERCISED OPTIONS IN-THE- MONEY OPTIONS SHARES AT FY- END(#) AT FY- END(\$) ACQUIRED ON VALUE EXERCISABLE/ EXERCISABLE/ NAME EXERCISE(#) REALIZED(\$) UNEXERCISABLE UNEXERCISABLE --- ----- ----- ----- ----- -----	
Thomas P.	

Heneghan..... 0
0 3,333/6,667
14,065/28,135
Ellen
Kelleher.....
0 0 0/0 0/0 Roger
A.
Maynard..... 0
0 0/0 0/0 Michael
B. Berman.....
0 0 0/0 0/0

DIRECTOR COMPENSATION

The Company paid each of its non-employee directors an annual fee of \$30,000 in 2004. In addition, directors who serve on the Executive Committee, Audit Committee or Compensation Committee receive an additional \$1,000 per annum for each committee on which they serve. Committee chairs receive an additional \$500 per annum. Directors who are employees of the Company are not paid any directors' fees. The Company reimburses the directors for travel expenses incurred in connection with their activities on behalf of the Company. On the date of the first Board meeting after each Annual Meeting of Stockholders, each director then in office will receive at the director's election either an annual grant of options to purchase 10,000 shares of Common Stock at the then-current market price or an annual grant of 2,000 shares of Restricted Common Stock. One-third of the options to purchase Common Stock and the shares of Restricted Common Stock covered by these awards vest on the date 6 months after the grant date, one-third vest on the first anniversary of the grant date and one-third vest on the second anniversary of the grant date. In January 2005, Mr. Zell was awarded options to purchase 100,000 shares of Common Stock, for services rendered as Chairman of the Board during 2004; Mrs. Rosenberg was awarded options to purchase 25,000 shares of Common Stock, which she elected to receive as 5,000 shares of Restricted Common Stock, for services rendered as Lead Director during 2004; Mr. Walker was awarded options to purchase 15,000 shares of Common Stock, which he elected to receive as 3,000 shares of Restricted Common Stock, for services rendered as Vice Chairman of the Board during 2004; and Mr. McAdams was awarded options to purchase 15,000 shares of Common Stock, which he elected to receive as 3,000 shares of Restricted Common Stock, for services rendered as Audit Committee Financial Expert and Audit Committee Chair during 2004. One-third of the options to purchase Common Stock and the shares of Restricted Common Stock covered by these awards vests on each of December 31, 2005, December 31, 2006 and December 31, 2007.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

The Compensation Committee members for 2004 were Messrs. Chisholm and Waterman and Mrs. Rosenberg. No Compensation Committee interlocking relationships existed in 2004. For a description of certain transactions with Board members or their affiliates, see "Certain Relationships and Related Transactions."

COMPENSATION COMMITTEE REPORT ON EXECUTIVE COMPENSATION

The Compensation Committee determines the compensation of the Company's officers, including those named in the Summary Compensation Table, and guides the Company's overall philosophy towards compensation of its employees. The Compensation Committee believes that the compensation of the Company's Chief Executive Officer and all of the Company's officers should be both competitive and based on individual and Company performance.

The Company's executive salary structure is reviewed annually by the Compensation Committee using the SNL Executive Compensation Review for REITs ("SNL Survey") for guidance. In addition, the entire Company's salary structure is reviewed annually. Where salary information is unavailable for a particular position, other positions having similar responsibilities either within the Company or in companies of comparable size are used. Salary increases are based upon overall Company performance and upon each officer's (including the Chief Executive Officer's) performance and contribution to the Company's performance.

The Company's compensation policy takes into account a review of local and national peer group salary surveys focusing primarily on the SNL Survey. The SNL Survey contains detailed compensation and performance data on publicly traded REITs. The Compensation Committee believes the SNL Survey provides comparable salary data for the Company. The Compensation Committee believes that the Company's compensation levels compare favorably to the Company's peer groups described in the

surveys and targets median to high total compensation levels for the Company's officers. This is not the same peer group that is used in the Performance Graph on page 13. In addition, during 2004 the Compensation Committee engaged the services of Towers Perrin to review and advise the Compensation Committee on executive compensation.

The Compensation Committee believes that attracting and retaining highly qualified executives is accomplished by providing competitive base salaries and meaningful incentives, both short-term and long-term, intended to reward performance and retain experienced management. During the fiscal year ended December 31, 2004, there were three major components of executive compensation: base salary, bonus and long-term incentives in the form of Restricted Common Stock Awards. The Compensation Committee has deliberately kept base salaries at levels which may compare less favorably with comparable positions in other companies. This allows the Compensation Committee to reward officers' performance through bonuses and long-term incentives such as Restricted Common Stock Awards. Further short-term and mid-term incentives for officers are accomplished through the Company's bonus plan. The bonus plan involves the Company and the officer jointly setting goals for such officer at the beginning of each year.

Benchmarks for determining base salary and bonus amounts during 2004 included successful completion and integration of pending acquisitions, maintenance of core portfolio occupancy, sales volumes and profitability of the sales operation. Each performance measure carried equal weight.

In 2004, the Company's core business continued to deliver solid operating performance. The Company successfully deployed \$100 million earmarked from the recapitalization completed in 2003 for identified acquisitions. In addition, during 2004, management successfully targeted and closed other transactions exceeding \$300 million. During this period of growth, the existing business continued to operate in line with expectations. Because of the success of the acquisition initiatives, the Compensation Committee awarded an additional special award bonus ("Special Award") of \$300,000 for the Chief Executive Officer and \$200,000 for each of the Chief Financial Officer, Chief Operating Officer and General Counsel.

To provide long-term incentives for officers and to retain qualified officers, the Company has created performance and tenure-based Restricted Common Stock Award programs. The vesting of Restricted Common Stock Awards is subject to acceleration in the case of death, disability and involuntary termination not for cause or change of control of the Company. The Compensation Committee recognizes that the interests of stockholders are best served by giving key employees the opportunity to participate in the appreciation of the Company's Common Stock.

In December 2001, the Compensation Committee created the 2004 Long Term Restricted Stock Plan (the "2004 Program"), which provided for shares of Restricted Common Stock to be granted on January 5, 2004 to individuals who were employed by the Company on November 15, 2001 and on January 5, 2004 and who hold the respective titles of Chief Executive Officer, Chief Operating Officer, General Counsel and Chief Financial Officer, as well as certain other titles on such grant date. Shares granted on January 5, 2004 are subject to a further three year vesting schedule, with one-third vesting December 10, 2004, one-third vesting December 10, 2005 and one-third vesting December 10, 2006, with vesting based on an individual's tenure in such titled positions. In connection with the hiring of Mr. Berman, Chief Financial Officer of the Company, in September 2003, the Compensation Committee waived the requirement that Mr. Berman hold such title on the grant date in order to be eligible to receive a grant of Restricted Common Stock under the 2004 Program; as a result, Mr. Berman received such a grant on January 5, 2004. On January 5, 2004, Mr. Heneghan was granted 40,000 shares under the 2004 Program; Mr. Berman was granted 25,000 shares under the 2004 Program; Mr. Maynard was granted 30,000 shares under the 2004 Program; and Ms. Kelleher was granted 25,000 shares under the 2004 Program.

During 2004, Mr. Heneghan, who served as the Chief Executive Officer of the Company, received a base annual salary of \$275,400 and a cash bonus excluding the Special Award discussed above of \$171,875. In establishing Mr. Heneghan's base annual salary for 2005, the Compensation Committee

considered Mr. Heneghan's individual performance and the performance of the Company in 2004. The Compensation Committee also recognized that under Mr. Heneghan's leadership of the Company, the Company successfully recapitalized and deployed the proceeds of the recapitalization. In establishing Mr. Heneghan's 2004 bonus, the Compensation Committee reviewed Mr. Heneghan's performance against established goals set by the Compensation Committee for both the Company and Mr. Heneghan individually. In 2004, Mr. Heneghan was eligible to receive a bonus of up to 100% of his base annual salary; however, Mr. Heneghan and the other members of senior management received only a portion of the bonus related to sales profitability and did not receive the bonus related to occupancy. The Compensation Committee further determined that Mr. Heneghan's base salary and bonus were appropriate in relation to market data and the base salaries of other Chief Executive Officers within the Company's industry and within publicly traded companies of similar size.

No options were granted to employees of the Company during 2004 (except for Mr. Heneghan's grant as a director).

The Compensation Committee believes that the compensation program properly rewards the Company's officers for achieving improvements in the Company's performance and serving the interests of its stockholders.

The Company may or may not structure compensation arrangements to satisfy the requirements for performance-based compensation under Section 162(m) of the Internal Revenue Code of 1986, as amended (the "Code").

Respectfully submitted,

Sheli Z. Rosenberg, Chair
Donald S. Chisholm
Gary L. Waterman

March 31, 2005

AUDIT COMMITTEE REPORT

The Audit Committee oversees the Company's financial reporting process on behalf of the Board. Management has the primary responsibility for the financial reporting process, including the system of internal controls, and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. The Audit Committee is governed by a written charter approved by the Board. In accordance with this charter, the Audit Committee oversees the accounting, auditing and financial reporting practices of the Company. In fulfilling its oversight responsibilities, the Audit Committee reviewed the audited financial statements in the Company's Annual Report on Form 10-K for the year ended December 31, 2004 (the "Form 10-K"), with management, including a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments, and the clarity of disclosures in the financial statements. The Audit Committee also has reviewed and discussed with management, the internal auditors and the outside auditor both management's report and the outside auditor's report and attestation on internal control over financial reporting in accordance with Section 404 of the Sarbanes-Oxley Act of 2002.

The Audit Committee reviewed with the Company's independent accountants, who are responsible for expressing an opinion on the conformity of those audited financial statements with generally accepted accounting principles, their judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under generally accepted auditing standards. In addition, the Audit Committee has discussed with the independent accountants the matters required to be discussed by SAS 61 (Codification of Statements on Auditing Standards) and the accountants' independence from the Company and management, including the matters in the written disclosure and the letter required by

Independence Standards Board Standard No. 1 (Independence Discussions with Audit Committees), and considered the compatibility of non-audit services provided to the Company by the independent accountants with the accountants' independence.

The Audit Committee discussed with the Company's independent accountants the overall scope and plans for their audit. The Audit Committee met with the independent accountants, with and without management present, to discuss the results of their examinations, their evaluation of the Company's internal controls and the overall quality of the Company's financial reporting.

In reliance on the reviews and discussions referred to above, the Audit Committee recommended to the Board (and the Board has approved) that the audited financial statements be included in the Form 10-K for filing with the SEC.

Respectfully submitted,

Joe B. McAdams, Chair
Thomas E. Dobrowski
Sheli Z. Rosenberg

March 31, 2005

AUDIT AND NON-AUDIT FEES

Audit Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2004 and 2003 for professional services rendered by the independent accountants for the audit of the Company's financial statements, the audit of internal controls relating to Section 404 of the Sarbanes-Oxley Act and for the reviews by the independent accountants of the financial statements included in the Company's Forms 10-Q were \$608,000 and \$261,750, respectively.

Audit-Related Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2004 and 2003 for assurance and related services by the independent accountants that are reasonably related to the performance of the audit or review of the Company's financial statements that are not reported as "Audit Fees" above were \$152,000 and \$26,200, respectively. These fees consist primarily of fees for services provided to assist the Company with attest services related to audits of subsidiaries and benefit plans.

Tax Fees. The aggregate fees billed (or expected to be billed) for fiscal years 2004 and 2003 for professional services rendered by the independent accountants for tax compliance, tax advice and tax planning were \$14,500 and \$10,000, respectively. These fees consist primarily of fees for services provided to assist the Company with tax return preparation and review and corporate tax compliance services.

All Other Fees. There were no other fees in fiscal years 2004 and 2003.

Auditor Independence. The Audit Committee has determined that the independent accountants' provision of the non-audit services described above is compatible with maintaining the independent accountants' independence.

Policy on Pre-Approval. The Company and the Audit Committee are committed to ensuring the independence of the independent auditors of the Company, both in fact and in appearance. In this regard, the Audit Committee has established a pre-approval policy in accordance with the applicable rules of the SEC.

13.89 3.81
37.14
Cumulative
\$ \$100.00
\$ 95.38
\$120.53
\$137.27
\$142.50
\$195.43 -

SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS

The following table sets forth information as of the Record Date (except as noted), with respect to each person who is known by the Company's management to be the beneficial owner of more than 5% of the outstanding shares of Common Stock.

AMOUNT AND NATURE OF BENEFICIAL PERCENTAGE NAME AND BUSINESS ADDRESS OF BENEFICIAL OWNER OWNERSHIP(1) OF CLASS - -----

- -----				Samuel Zell and entities affiliated with Samuel Zell and Ann Lurie and entities affiliated with Ann Lurie(2).....
3,748,678	14.4%	Two North Riverside Plaza	Chicago, Illinois 60606	FMR Corp.
(3).....				
3,157,055	13.6%	82 Devonshire Street	Boston, Massachusetts 02109	General Motors Employees Global Group Pension Trust(4).....
2,271,198	9.8%	c/o	General Motors Investment Management Corporation	767 Fifth Avenue New York, New York 10153
Mac-Per-Wolf(5).....				
2,004,844	8.7%	310 S. Michigan Avenue Suite 2600	Chicago, Illinois 60604	Morgan Stanley(6).....
1,923,859	8.3%	1585 Broadway	New York, New York 10036	

- -----

(1) MHC Operating Limited Partnership (the "Operating Partnership") is the entity through which the Company conducts substantially all of its operations. The limited partners of the Operating Partnership own units of limited partnership interest ("OP Units") which are convertible into an equivalent number of shares of Common Stock. In accordance with SEC regulations governing the determination of beneficial ownership of securities, the percentage of Common Stock beneficially owned by a person assumes that all OP Units held by the person are exchanged for Common Stock, that none of the OP Units held by other persons are so exchanged, that all options exercisable within 60 days of the Record Date to acquire Common Stock held by the person are exercised and that no options to acquire Common Stock held by other persons are exercised.

(2) Includes Common Stock, OP Units which are exchangeable for Common Stock, and options to purchase Common Stock which are currently exercisable or exercisable within 60 days of the Record Date owned as follows:

COMMON STOCK	OP UNITS	OPTIONS	-----
			----- Samuel
Zell.....			
97,091 --	666,666	Samuel Zell Revocable Trust.....	10,551 -- -- Helen Zell Revocable Trust.....
			2,000 Samstock/SZRT, L.L.C.
.....	294,133	13,641 --	Samstock/ZGPI, L.L.C.
		 6,003 -- -- Samstock, L.L.C.
.....	446,000	601,665	-- Samstock/ZFT, L.L.C.
.....	8,887	187,278 --	Samstock/Alpha, L.L.C.
.....	8,887	-- --	EGI Holdings, Inc.
			579,873 -- Donald S. Chisholm Trust.....
			7,000 -- -- Anda Partnership.....
			233,694 -- LFT Partnership.....
			5,436 -- EGIL Investments, Inc.
			-- 579,873 --
TOTALS:		
	880,552	2,201,460	666,666 =====
			=====

Mr. Zell does not have a pecuniary interest in 2,000 shares of Common Stock reported above held by the Helen Zell Revocable Trust, the trustee of which is Helen Zell, Mr. Zell's spouse. Mr. Zell also does not have a pecuniary interest in 7,000 shares of Common Stock reported above held by the Donald S. Chisholm Trust, the trustee of which is Mr. Zell.

The number in the table includes 469,777 shares of Common Stock and 2,187,819 OP Units in which Mr. Zell has a pecuniary interest but with respect to which he does not have voting or dispositive power. 469,777 shares of Common Stock and 1,368,816 OP Units are indirectly owned by trusts established for the benefit of Mr. Zell and his family, the trustee of which is Chai Trust Company, L.L.C. ("Chai Trust"). Mr. Zell is not an officer or director of Chai Trust and does not have voting or dispositive power with respect to such Common Stock or OP Units. Additionally, 819,003 OP Units are held by EGIL Investments, Inc. ("EGIL"), Anda Partnership and LFT Partnership. Under a shareholders' agreement dated December 31, 1999, trusts established for the benefit of the family of Ann and Robert Lurie have the power to vote and to dispose of the OP Units beneficially owned by EGIL. In addition, Ann Lurie and Mark Slezak each share the power to vote or to direct the vote and share the power to dispose or to direct the disposition of OP Units held by Anda Partnership and LFT Partnership, and Mr. Zell does not have a pecuniary interest in the OP Units held thereby. Mr. Zell disclaims beneficial ownership of such 469,777 shares of Common Stock and 2,187,819 OP Units, except to the extent of his pecuniary interest therein.

(3) Pursuant to a Schedule 13G/A filed with the SEC for calendar year 2004, Fidelity Management & Research Company, a wholly-owned subsidiary of FMR Corp. ("FMR") and an investment advisor registered under Section 203 of the Investment Advisors Act of 1940 ("Investment Act"), is the beneficial owner of 3,157,055 shares of Common Stock as a result of acting as investment advisor to various investment companies under the Investment Act. The ownership of one investment company, Growth & Income Fund ("G&I"), amounted to 1,466,000 shares or 6.3% of the Common Stock outstanding. G&I has its principal office at 82 Devonshire Street, Boston, Massachusetts 02109. Fidelity Management Trust Company, a wholly-owned subsidiary of FMR, is the beneficial owner of 266,933 shares of Common Stock as a result of serving as investment manager of certain institutional accounts. Edward C. Johnson 3d, Abigail P. Johnson and other members of the

Johnson family may be deemed, under the Investment Company Act of 1940, to form a controlling group with respect to FMR.

- (4) The shares of Common Stock reported herein are held of record by State Street Bank & Trust Company, acting as trustee (the "Trustee") for the General Motors Employees Global Group Pension Trust (the "GM Trust Fund"), a trust formed under and for the benefit of certain employee benefit plans of General Motors Corporation ("GM") and its subsidiaries and a former GM affiliate and its subsidiaries. These shares may be deemed to be owned beneficially by General Motors Investment Management Corporation ("GMIMC"), a wholly owned subsidiary of GM. GMIMC's principal business is providing investment advice and investment management services with respect to the assets of certain employee benefit plans of GM and its subsidiaries and former affiliates. The Trustee may vote and dispose of the shares held by the GM Trust Fund only pursuant to the direction of GMIMC personnel, and accordingly beneficial ownership of the shares by the Trustee is disclaimed.
- (5) Pursuant to a Schedule 13G filed with the SEC for calendar year 2004, Mac-Per-Wolf Company ("MPW") is the beneficial owner of 2,004,844 shares of Common Stock. Perkins, Wolf, McDonnell and Company, LLC ("PWM") is a subsidiary of MPW and is an investment advisor under Section 203 of the Investment Act. PWM provides investment advice to the Janus Small Cap Value Fund, which is the beneficial owner of 1,250,000 shares of Common Stock.
- (6) Pursuant to a Schedule 13G/A filed with the SEC for calendar year 2004, Morgan Stanley and its wholly-owned subsidiary, Morgan Stanley Investment Management Inc. ("MSIM"), are the beneficial owners of 1,943,859 shares of Common Stock, including shares owned through accounts managed by them on a discretionary basis. MSIM has sole voting and dispositive power over 1,280,620 shares of Common Stock. Morgan Stanley has sole voting and dispositive power over 1,401,557 shares of Common Stock and shared voting and dispositive power over 1,522 shares of Common Stock.

SECURITY OWNERSHIP OF MANAGEMENT

The following table sets forth, as of the Record Date, certain information with respect to the Common Stock that may be deemed to be beneficially owned by each director of the Company, by the executive officers named in the Summary Compensation Table and by all such directors and executive officers as a group. The address for each of the directors and executive officers is c/o Equity LifeStyle Properties, Inc., Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606. Unless otherwise indicated, each person has sole investment and voting power, or shares such power with his or her spouse, with respect to the shares set forth in the following table.

SHARES OF COMMON STOCK(1)	PERCENTAGE OF COMMON STOCK(1)	NAME OF BENEFICIAL HOLDER

Michael B.		
Berman.....	45,195 -- 45,195 *	Donald S.
Chisholm(4).....	83,886 20,000 103,886 *	Thomas E.
Dobrowski(5).....	63,332 63,332 *	Thomas P.
Heneghan.....	306,800 6,666 313,466 1.4%	Ellen Kelleher
Maynard.....	264,215 -- 264,215 1.1%	Roger A.
McAdams.....	41,922 -- 41,992 *	Joe B.
Rosenberg(6).....	5,000 -- 5,000 *	Sheli Z.
Howard		
Walker.....	184,860 110,000 294,860 1.3%	
Waterman.....	245,127 -- 245,127 1.1%	Gary L.
Zell(4).....	73,388 20,000 93,388 *	Samuel Zell(4)
3,082,012 666,666 3,748,678 16.1%		
All directors and executive officers as a group (11 persons) including the above-named persons.....		
4,332,405 886,664 5,219,069 20.0%		

* Less than 1%

- (1) The shares of Common Stock beneficially owned includes OP Units that can be exchanged for an equivalent number of shares of Common Stock.
- (2) The amounts shown in this column reflect shares of Common Stock subject to options which are currently exercisable or exercisable within 60 days of the Record Date.
- (3) In accordance with SEC regulations governing the determination of beneficial ownership of securities, the percentage of Common Stock beneficially owned by a person assumes that all OP Units held by the person are exchanged for Common Stock, that none of the OP Units held by other persons are so exchanged, that all options exercisable within 60 days of the Record Date to acquire Common Stock held by the person are exercised and that no options to acquire Common Stock held by other persons are exercised.
- (4) Mr. Zell does not have a pecuniary interest in 2,000 shares of Common Stock reported above held by the Helen Zell Revocable Trust, the trustee of which is Helen Zell, Mr. Zell's spouse. Mr. Zell also does not have a pecuniary interest in 7,000 shares of Common Stock reported above held by the Donald S. Chisholm Trust, the trustee of which is Mr. Zell.

The number in the table includes 469,777 shares of Common Stock and 2,187,819 OP Units in which Mr. Zell has a pecuniary interest but with respect to which he does not have voting or dispositive power. 469,777

shares of Common Stock and 1,368,816 OP Units are indirectly owned by trusts established for the benefit of Mr. Zell and his family, the trustee of which is Chai Trust Company, L.L.C. ("Chai Trust"). Mr. Zell is not an officer or director of Chai Trust and does not have voting or dispositive power with respect to such Common Stock or OP Units. Additionally, 819,003 OP Units are held by EGIL Investments, Inc. ("EGIL"), Anda Partnership and LFT Partnership. Under a shareholders' agreement dated December 31, 1999, trusts established for the

benefit of the family of Ann and Robert Lurie have the power to vote and to dispose of the OP Units beneficially owned by EGIL. In addition, Ann Lurie and Mark Slezak each share the power to vote or to direct the vote and share the power to dispose or to direct the disposition of OP Units held by Anda Partnership and LFT Partnership, and Mr. Zell does not have a pecuniary interest in the OP Units held thereby. Mr. Zell disclaims beneficial ownership of such 469,777 shares of Common Stock and 2,187,819 OP Units, except to the extent of his pecuniary interest therein.

- (5) The securities of the Company of which Mr. Dobrowski is named as beneficial holder in the foregoing table are held by Mr. Dobrowski as nominee for certain pension trusts. Accordingly, he has no personal interest in such securities.
- (6) Includes 11,530 OP Units beneficially owned by Mrs. Rosenberg which are exchangeable into 11,530 shares of Common Stock. Also includes 75,196 shares of Common Stock beneficially owned by Mrs. Rosenberg's spouse, as to which Mrs. Rosenberg disclaims beneficial ownership.

CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The Company occupies office space owned by an affiliate of EGI, an entity controlled by Mr. Zell, at Two North Riverside Plaza, Chicago, Illinois 60606. Amounts incurred for this office space totaled approximately \$412,000 for the year ended December 31, 2004. The amount due to this affiliate at December 31, 2004 was \$0.00.

The independent members of the Board have reviewed and approved the rates charged by the EGI affiliate in connection with the lease of the Company's office space.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act ("Section 16(a)") requires the Company's executive officers and directors, and persons who own more than 10% of its Common Stock, to file reports of ownership and changes of ownership with the SEC and the NYSE. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish the Company with copies of all Section 16(a) forms they file.

Based solely on the Company's review of the copies of those forms received by the Company, or written representations from executive officers and directors that no Forms 5 were required to be filed for the fiscal year ended December 31, 2004, all appropriate Section 16(a) forms were filed in a timely manner, except as described below:

Mr. Chisholm exercised options for 10,000 shares of Common Stock on August 5, 2004. A Form 4 inadvertently was not filed when due by August 7, 2004 but was filed on February 22, 2005.

INDEPENDENT ACCOUNTANTS

Ernst & Young LLP ("E&Y") served as the Company's independent accountants for the fiscal year ended December 31, 2004. There have been no disagreements between the Company and its independent accountants relating to accounting procedures, financial statement disclosures or related items. Representatives of E&Y are expected to be available at the Meeting and will have an opportunity to make a statement if they so desire and will be available to respond to appropriate questions.

STOCKHOLDER PROPOSALS

Under regulations adopted by the SEC, stockholder proposals intended to be presented at the 2006 Meeting must be received by the Secretary of the Company no later than December 9, 2005, in

order to be considered for inclusion in the Company's proxy statement and on the proxy card that will be solicited by the Board in connection with the 2006 Meeting.

In addition, if a stockholder desires to bring business before an Annual Meeting of Stockholders which is not the subject of a proposal for inclusion in the Company's proxy materials, the stockholder must follow the advance notice procedures outlined in the Company's Bylaws. The Company's Bylaws provide that in order for a stockholder to nominate a candidate for election as a director at a meeting or propose business for consideration at such meeting, notice must generally be given to the Secretary of the Company no more than 90 days nor less than 60 days prior to the first anniversary of the preceding year's meeting. The Meeting is scheduled for May 10, 2005. Therefore, if a stockholder desires to present a proposal for the 2006 Meeting without seeking to include the proposal in the Company's proxy materials, the Company must receive notice of the proposal no earlier than February 9, 2006 and no later than March 11, 2006. The fact that the Company may not insist upon compliance with these requirements should not be construed as a waiver by the Company of its right to do so at any time in the future. The Company reserves the right to reject, rule out of order or take other appropriate action with respect to any proposal that does not comply with these and other applicable requirements.

OTHER MATTERS

The Board is not aware of any business which will be presented at the Meeting other than those matters set forth in the accompanying Notice of Annual Meeting of Stockholders. If any other matters are properly presented at the Meeting for action, it is intended that the persons named in the accompanying proxy and acting thereunder will vote in accordance with their best judgment on such matters.

By Order of the Board of Directors

-s- Ellen Kelleher
Ellen Kelleher
Executive Vice President, General
Counsel
and Secretary

April 6, 2005
Chicago, Illinois

EQUITY LIFESTYLE PROPERTIES, INC.

AUDIT COMMITTEE CHARTER

ORGANIZATION

Pursuant to the By-Laws of Equity LifeStyle Properties, Inc. (the "Company"), a Committee of the Directors to be known as the "Audit Committee" (the "Committee") has been established. The Committee shall be members of, and appointed by, the Board of Directors (the "Board") of the Company and shall comprise at least three Directors, each of whom are independent of management and the Company. Members of the Committee shall be considered independent as long as they do not accept any consulting, advisory, or other compensatory fee from the Company and are not an affiliated person of the Company and its subsidiaries, and meet the independence requirements of the New York Stock Exchange listing standards. All Committee members shall be financially literate, and at least one member shall be a "financial expert", as defined by regulations of the Securities and Exchange Commission ("SEC"). This Charter governs the operations of the Committee. The Committee shall review and reassess this Charter at least annually and obtain approval of the Board.

The Board shall appoint the Committee Chairperson. The time and place of meetings of the Committee shall be determined by the members thereof provided that (1) a quorum for meetings shall be at least two members, present in person or by telephone; (2) unless otherwise agreed, the Committee shall meet at least quarterly; and (3) notice of the time and place of every meeting shall be given in writing or by facsimile communication to each member of the Committee, and the external and internal auditors of the Company. Independent Directors who are not members of the Committee are welcome to attend and participate in the Committee's discussions unless otherwise specified by the Chair.

PURPOSE

The Committee shall provide assistance to the Board in fulfilling their oversight responsibility to the shareholders, potential shareholders, the investment community and others relating to:

- the integrity of the Company's financial statements;
- the Company's compliance with legal and regulatory requirements;
- the independent auditor's qualifications and independence; and
- the performance of the Company's internal audit function and independent auditors.

In addition, the Committee will prepare the report required by SEC rules to be included in the Company's annual proxy statement.

In discharging its oversight role, the Committee is empowered to investigate any matter brought to its attention with full access to all books, records, facilities, and personnel of the Company and the authority to engage independent counsel and other advisers as it determines necessary to carry out its duties. The Company shall provide for appropriate funding, as determined by the Committee, for payment of compensation to any advisers retained by the Committee.

DUTIES AND RESPONSIBILITIES

The primary responsibility of the Committee is to oversee the Company's financial reporting process on behalf of the Board and report the results of their activities to the Board. While the Committee has the duties and responsibilities set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. Manage-

ment is responsible for the preparation, presentation, and integrity of the Company's financial statements and for the appropriateness of the accounting principles and reporting policies that are used by the Company. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements.

In carrying out its responsibilities, the Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and to ensure to the Directors and shareholders that the corporate accounting and reporting practices of the Company are in accordance with all requirements and are of the highest quality. The following shall be the principal duties and responsibilities of the Committee:

- The Committee shall be directly responsible for the appointment and termination, compensation, and oversight of the work of the independent auditors, including resolution of disagreements between management and the auditors regarding financial reporting. The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall not engage the independent auditors to perform the specific non-audit services proscribed by law or regulation. The Committee may delegate pre-approval authority to a member of the Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- At least annually, obtain and review a report by the independent auditors describing:
 - (i) The independent audit firm's internal quality control procedures.
 - (ii) Any material issues raised by the most recent internal quality control review, or peer review, of the independent audit firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the independent audit firm, and any steps taken to deal with any such issues.
 - (iii) All relationships between the independent auditors and the Company (to assess the auditors' independence).
- Set clear hiring policies for employees or former employees of the independent auditors that meet the SEC regulations and NYSE listing standards.
- Discuss with the internal auditors and the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation. Also, the Committee shall discuss with management, the internal auditors, and the independent auditors the adequacy and effectiveness of the accounting and financial controls, including the Company's policies and procedures to assess, monitor, and manage business risk, and legal and ethical compliance programs.
- Meet separately periodically with management, the internal auditors, and the independent auditors to discuss issues and concerns warranting Committee attention. The Committee shall provide sufficient opportunity for the internal auditors and the independent auditors to meet privately with the members of the Committee. The Committee shall review with the independent auditor any audit problems or difficulties and management's response.
- Receive regular reports from the independent auditors on critical policies and practices of the Company, and all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management.
- Review management's assertion on its assessment of the effectiveness of internal controls as of the end of the most recent fiscal year and the independent auditors' report on management's assertion.
- Review and discuss earnings press releases, as well as financial information and earnings guidance provided to analysts and rating agencies.

- Review the interim financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations with management and the independent auditors prior to the filing of the Company's Quarterly Report on Form 10-Q. Also, discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- Review with management and the independent auditors the financial statements and disclosures under Management's Discussion and Analysis of Financial Condition and Results of Operations to be included in the Company's Form 10-K, including their judgment about the quality, not just the acceptability, of accounting principles, the reasonableness of significant judgments, and the clarity of the disclosures in the financial statements. Also, discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards.
- Establish procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- Receive corporate attorney's reports of evidence of a material violation of securities laws or breaches of fiduciary duty. The Committee will have the responsibility of inquiring into the evidence, and, if necessary, formulate an appropriate response to the outside reporting attorney.
- Perform an evaluation of the Committee's performance at least annually to determine whether it is functioning effectively.
- Each member of the Committee shall, in the performance of his or her duties, be fully justified and protected with regard to any act or failure to act (1) in reliance in good faith upon the books of account or other records of the Company, upon an opinion of counsel or upon reports made to the Company by any of its officers or employees or by the independent auditors or (2) in the exercise of his or her business judgment.
- Ensure that minutes of the Committee are kept and retained as records of the Company.

INFORMATION REQUIRED PURSUANT
TO RULE 14A-3 UNDER THE SECURITIES EXCHANGE ACT OF 1934

B-1

EQUITY LIFESTYLE PROPERTIES, INC.

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PART I

ITEM 1. BUSINESS

EQUITY LIFESTYLE PROPERTIES, INC.

GENERAL

Equity Lifestyle Properties, Inc., a Maryland corporation, together with MHC Operating Limited Partnership (the "Operating Partnership") and other consolidated subsidiaries ("Subsidiaries"), is referred to herein as the "Company", "ELS", "we", "us", and "our". 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. The Company was formed to continue the property operations, business objectives and acquisition strategies of an entity that had owned and operated Properties since 1969. As of December 31, 2004, we owned or had an ownership interest in a portfolio of 275 Properties located throughout the United States containing 101,231 residential sites. These Properties are located in 25 states and British Columbia (with the number of Properties in each state shown parenthetically) -- Florida (84), California (46), 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), 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).

Properties are designed and improved for several home options of various sizes and designs that are produced off-site, installed and set ("Site Set"). These homes can range from 400 to over 2,000 square feet. The smallest of these are referred to as "Resort Cottages". Properties may also have pads that can accommodate a variety of recreational vehicles ("RVs"). Properties generally contain centralized entrances, paved streets, curbs and gutters and parkways. In addition, Properties often provide a clubhouse for social activities and recreation and other amenities, which may include restaurants, swimming pools, golf courses, lawn bowling, shuffleboard courts, tennis courts, laundry facilities and cable television service. In some cases, utilities are provided or arranged for by us; otherwise, the customer contracts for the utility directly. Some Properties provide water and sewer service through municipal or regulated utilities, while others provide these services to customers from on-site facilities. Properties generally are designed to attract retirees, empty-nesters, vacationers and second home owners; however, certain of the Properties focus on affordable housing for families. We focus on owning Properties in or near large metropolitan markets and retirement and vacation destinations.

On November 10, 2004, we acquired KTTI Holding Company, Inc., owner of 57 Properties and approximately 3,000 acres of vacant land, for \$160 million. These Properties are leased to Thousand Trails Operations Holding Company, L.P. ("Thousand Trails"), the largest operator of membership-based campgrounds in the United States. The Company has provided a long-term lease of the real estate (excluding the vacant land) to Thousand Trails, which will continue to operate the Properties for the benefit of over 100,000 members nationwide. These Properties are located in 16 states (primarily in the western and southern United States) and British Columbia, and contain 17,911 sites. The lease will generate \$16 million in annual rental income to the Company on an absolute triple net basis, subject to annual escalations of 3.25%.

EMPLOYEE AND ORGANIZATIONAL STRUCTURE

We have approximately 1,500 full-time, part-time and seasonal employees dedicated to carrying out our operating philosophy and strategies of value enhancement and service to our customers. The operations of each Property are coordinated by an on-site team of employees that typically includes a manager or two-person management team, clerical and maintenance workers, each of whom works to provide maintenance and care of the Properties. Direct supervision of on-site management is the

responsibility of our regional vice presidents and regional and district managers. These individuals have significant experience in addressing the needs of customers and in finding or creating innovative approaches to maximize value and increase cash flow from property operations. Complementing this field management staff are approximately 70 corporate employees who assist on-site management in all property functions.

FORMATION OF THE COMPANY

We originally incorporated as Manufactured Home Communities, Inc. in Maryland in December 1992 and completed an initial public offering in March 1993. On November 16, 2004, we changed our name to Equity Lifestyle Properties, Inc.

We believe that we have qualified for taxation as a real estate investment trust ("REIT") for federal income tax purposes since our taxable year ended December 31, 1993. We plan to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. We cannot, therefore, guarantee that we have qualified or will qualify in the future as a REIT. The determination that we are a REIT requires an analysis of various factual matters that may not be totally within our control and we cannot provide any assurance that the Internal Revenue Service ("IRS") will agree with our analysis. For example, to qualify as a REIT, at least 95% of our gross income must come from sources that are itemized in the REIT tax laws. We are also required to distribute to stockholders at least 90% of our REIT taxable income excluding capital gains. The fact that we hold our assets through MHC Operating Limited Partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for us to remain qualified as a REIT. We do not believe, however, that any pending or proposed tax law changes would jeopardize our REIT status.

If we fail to qualify as a REIT, we would be subject to federal income tax at regular corporate rates. Also, unless the IRS granted us relief under certain statutory provisions, we would remain disqualified as a REIT for four years following the year we first failed to qualify. Even if the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property and Federal income and excise taxes on its undistributed income.

The operations of the Company are conducted primarily through the Operating Partnership. The Company contributed the proceeds from its initial public offering and subsequent offerings to the Operating Partnership for a general partnership interest. In 2004, the general partnership interest was contributed to MHC Trust (see Note 5 of the Notes to Consolidated Financial Statements contained in this Form 10-K). The financial results of the Operating Partnership and the Subsidiaries are consolidated in the Company's consolidated financial statements. In addition, since certain activities, if performed by the Company, may not be qualifying REIT activities under the Internal Revenue Code of 1986, as amended (the "Code"), the Company has formed taxable REIT subsidiaries as defined in the Code to engage in such activities.

Several Properties acquired during 2004 are wholly owned by taxable REIT subsidiaries of the Company. In addition, Realty Systems, Inc. ("RSI") is a wholly owned taxable REIT subsidiary of the Company that, doing business as Carefree Sales, is engaged in the business of purchasing, selling and leasing site set homes that are located in Properties owned and managed by the Company. Carefree Sales also provides brokerage services to residents at such Properties. Typically, residents move from a Property but do not relocate their homes. Carefree Sales may provide brokerage services, in competition with other local brokers, by seeking buyers for the site set homes. Carefree Sales also leases inventory homes to prospective residents with the expectation that the tenant eventually will purchase the home. Subsidiaries of RSI also lease from the Operating Partnership certain real property within or adjacent to certain Properties consisting of golf courses, pro shops, stores and restaurants.

BUSINESS OBJECTIVES AND OPERATING STRATEGIES

Our strategy seeks to maximize both current income and long-term growth in income. We focus on Properties that have strong cash flow and we expect to hold such Properties for long-term investment and capital appreciation. In determining cash flow potential, we evaluate our ability to attract and retain high quality customers in our Properties who take pride in the Property and in their home. These business objectives and their implementation are determined by our Board of Directors and may be changed at any time. Our investment, operating and financing approach includes:

- Providing consistently high levels of services and amenities in attractive surroundings to foster a strong sense of community and pride of home ownership;
- Efficiently managing the Properties to increase operating margins by controlling expenses, increasing occupancy and maintaining competitive market rents;
- Increasing income and property values by continuing the strategic expansion and, where appropriate, renovation of the Properties;
- Utilizing management information systems to evaluate potential acquisitions, identify and track competing Properties and monitor customer satisfaction;
- Selectively acquiring Properties that have potential for long-term cash flow growth and to create property concentrations in and around major metropolitan areas and retirement or vacation destinations to capitalize on operating synergies and incremental efficiencies; and
- Managing our debt balances such that we maintain financial flexibility, minimize exposure to interest rate fluctuations, and maintain an appropriate degree of leverage to maximize return on capital.

Our strategy is to own and operate the highest quality Properties in sought-after locations near urban areas, retirement and vacation destinations across the United States. We focus on creating an attractive residential environment by providing a well-maintained, comfortable Property with a variety of organized recreational and social activities and superior amenities as well as offering a multitude of lifestyle housing choices. In addition, we regularly conduct evaluations of the cost of housing in the marketplaces in which our Properties are located and survey rental rates of competing Properties. From time to time we also conduct satisfaction surveys of our customers to determine the factors they consider most important in choosing a Property.

ACQUISITIONS AND DISPOSITIONS

Over the last nine years our portfolio of Properties has grown significantly. We owned or had an interest in 40 Properties with approximately 12,000 sites in 1996. Today we have 275 Properties with over 100,000 sites. We continually review the Properties in our portfolio to ensure that they fit our business objectives. Between 1999 and 2003, we sold 26 Properties, and we redeployed capital to markets we believe had greater long-term potential. In 2004, we purchased or acquired interests in 135 Properties containing approximately 50,000 sites. We believe that opportunities for Property acquisitions are still available. Increasing acceptability of and demand for a lifestyle that includes Site Set homes and RVs as well as continued constraints on development of new Properties continue to add to their attractiveness as an investment. We believe we have a competitive advantage in the acquisition of additional Properties due to our experienced management, significant presence in major real estate markets and substantial capital resources. We are actively seeking to acquire additional Properties and are engaged in various stages of negotiations relating to the possible acquisition of a number of Properties.

We anticipate that newly acquired Properties will be located in the United States, although we may consider other geographic locations provided they meet our acquisition criteria. We utilize market information systems to identify and evaluate acquisition opportunities, including a market database to review the primary economic indicators of the various locations in which we expect to

expand our operations. Acquisitions will be financed from the most appropriate sources of capital, which may include undistributed funds from operations, issuance of additional equity securities, sales of investments, collateralized and uncollateralized borrowings and issuance of debt securities. In addition, the Operating Partnership may issue units of limited partnership interest ("OP Units") to finance acquisitions. We believe that an ownership structure that includes the Operating Partnership will permit us to acquire additional Properties in transactions that may defer all or a portion of the sellers' tax consequences.

When evaluating potential acquisitions, we consider such factors as:

- The replacement cost of the Property,
- The geographic area and type of Property,
- The location, construction quality, condition and design of the Property,
- The current and projected cash flow of the Property and the ability to increase cash flow,
- The potential for capital appreciation of the Property,
- The terms of tenant leases, including the potential for rent increases,
- The potential for economic growth and the tax and regulatory environment of the community in which the Property is located,
- The potential for expansion of the physical layout of the Property and the number of sites and/or pads,
- The occupancy and demand by customers for Properties of a similar type in the vicinity and the customers' profile,
- The prospects for liquidity through sale, financing or refinancing of the Property, and
- The competition from existing Properties and the potential for the construction of new Properties in the area.

When evaluating potential dispositions, we consider such factors as:

- The ability to sell the Property at a price that we believe will provide an appropriate return for our stockholders,
- Our desire to exit certain non-core markets and recycle the capital into core markets, and
- Whether the Property meets our current investment criteria.

When investing capital we consider all potential uses of the capital including returning capital to our stockholders. As a result, during 1999 and 2000 we implemented our stock repurchase program, and our Board of Directors continues to review the conditions under which we will repurchase our stock. These conditions include, but are not limited to, market price, balance sheet flexibility, other opportunities and capital requirements. On January 16, 2004 we paid a special dividend of \$8.00 per share using proceeds from a recapitalization (see Item 7 -- Management's Discussion and Analysis of Financial Condition and Results of Operations -- Financing Activities).

PROPERTY EXPANSIONS

Several of our Properties have available land for expanding the number of sites available to be utilized by our customers. Development of these sites ("Expansion Sites") is predicated by local market conditions and permitted by zoning and other applicable laws. When justified, development of Expansion Sites allows us to leverage existing facilities and amenities to increase the income generated from the Properties. Where appropriate, facilities and amenities may be upgraded or added to certain Properties to make those Properties more attractive in their markets. Our acquisition philosophy has included the desire to own Properties with potential Expansion Site development, and we have been

successful in acquiring a number of such Properties. Examples of these Properties include the 1993 acquisition of The Heritage with potential development of approximately 288 Expansion Sites, the 1994 acquisition of Bulow Plantation with potential development of approximately 725 Expansion Sites, the 1997 acquisition of Golf Vista Estates with potential development of approximately 88 Expansion Sites, the 1999 acquisition of Coquina Crossing with potential development of approximately 300 Expansion Sites, and the 2001 acquisitions of Grand Island and The Lakes at Countrywood with combined potential development of approximately 224 Expansion Sites. In 2004 we acquired several Properties with potential Expansion Sites, including O'Connell's with approximately 350 Expansion Sites, Monte Vista with 418 Expansion Sites and Viewpoint with 566 Expansion Sites. In addition, included in the purchase of the Thousand Trails Properties are 3,000 acres available for expansion.

Approximately 40 of our Properties have expansion potential. In 2005, we expect to commence development of approximately 750 Expansion Sites within five of these Properties. As of December 31, 2004, we had approximately 815 Expansion Sites available for occupancy in 26 of the Properties. We filled 112 Expansion Sites in 2004 and expect to fill an additional 150 Expansion Sites in 2005.

LEASES

At our Properties, a typical lease entered into between the customer and the Company for the rental of a site is for a month-to-month or year-to-year term, renewable upon the consent of both parties or, in some instances, as provided by statute. These leases are cancelable, depending on applicable law, for non-payment of rent, violation of Property rules and regulations or other specified defaults. Non-cancelable long-term leases, with remaining terms ranging up to ten years, are in effect at certain sites within 37 of the Properties. Some of these leases are subject to rental rate increases based on the Consumer Price Index ("CPI"), in some instances taking into consideration certain floors and ceilings and allowing for pass-throughs of certain items such as real estate taxes, utility expenses and capital expenditures. Generally, market rate adjustments are made on an annual basis. At resort-oriented Properties, many annual and seasonal customers generally prepay for their stay. Many resort customers will also leave deposits to reserve a site for the following year.

REGULATIONS AND INSURANCE

General. Our Properties are subject to various laws, ordinances and regulations, including regulations relating to recreational facilities such as swimming pools, clubhouses and other common areas. We believe that each Property has the necessary permits and approvals to operate.

Rent Control Legislation. At certain of our Properties, state and local rent control laws, principally in California, limit our ability to increase rents and to recover increases in operating expenses and the costs of capital improvements. Enactment of such laws has been considered from time to time in other jurisdictions. We presently expect to continue to maintain Properties, and may purchase additional Properties, in markets that are either subject to rent control or in which rent-limiting legislation exists or may be enacted. For example, Florida has enacted a law that generally provides that rental increases must be reasonable. Also, certain jurisdictions in California in which we own Properties limit rent increases to changes in the CPI or some percentage thereof. As part of our effort to realize the value of our Properties subject to restrictive regulation, we have initiated lawsuits against several municipalities imposing such regulation in an attempt to balance the interests of our stockholders with the interests of our customers (see Item 3 -- Legal Proceedings).

Insurance. We believe that the Properties are covered by adequate fire, flood, property, earthquake and business interruption insurance (where appropriate) provided by reputable companies and with commercially reasonable deductibles and limits. Due to the lack of available commercially reasonable coverage, we are self-insured for terrorist incidents, except at certain Properties where terrorist insurance coverage is required by debt covenants. We believe our insurance coverage is adequate based on our assessment of the risks to be insured, the probability of loss and the relative cost of available coverage. We have obtained insurance insuring good title to the Properties in an

aggregate amount that we believe to be adequate. Approximately 70 Florida Properties suffered damage from the four hurricanes that struck Florida during August and September 2004. As of December 31, 2004, total expenditures approximated \$7 million. Approximately \$1 million has been charged to operations as non-recoverable. 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. As of February 18, 2005, approximately \$6 million of these claims have been submitted for reimbursement.

INDUSTRY

We believe that modern properties similar to ours provide an opportunity for increased cash flows and appreciation in value. These may be achieved through increases in occupancy rates and rents, as well as expense controls, expansion of existing Properties and opportunistic acquisitions, for the following reasons:

- Barriers to Entry: We believe that the supply of new properties will be constrained due to barriers to entry. The most significant barrier has been the difficulty of securing zoning from local authorities. This has been the result of (i) the public's historically poor perception of manufactured housing, and (ii) the fact that properties generate less tax revenue because the homes are treated as personal property (a benefit to the homeowner) rather than real property. Another factor that creates substantial barriers to entry is the length of time between investment in a property's development and the attainment of stabilized occupancy and the generation of revenues. The initial development of the infrastructure may take up to two or three years. Once a property is ready for occupancy, it may be difficult to attract customers to an empty property. Substantial occupancy levels may take several years to achieve.
- Industry Consolidation: According to various industry reports, there are approximately 65,000 properties in the United States, and approximately 6.0% or approximately 4,000 of the properties have more than 200 sites and would be considered investment-grade. We believe that this relatively high degree of fragmentation provides us, as a national organization with experienced management and substantial financial resources, the opportunity to purchase additional properties.
- Customer Base: We believe that properties tend to achieve and maintain a stable rate of occupancy due to the following factors: (i) customers typically own their own homes, (ii) properties tend to foster a sense of community as a result of amenities such as clubhouses and recreational and social activities, (iii) since moving a Site Set home from one property to another involves substantial cost and effort, customers often sell their home in-place (similar to site-built residential housing) with no interruption of rental payments to us.
- Lifestyle Choice: According to the Recreational Vehicle Industry Association nearly 1 in 12 United States vehicle-owning households owns an RV. The 80 million people born from 1945 to 1964 or "baby boomers" make up the fastest growing segment of this market. We believe that this population segment, seeking an active lifestyle, will provide opportunities for future cash flow growth for the Company. Current RV owners, once finished with the more active RV lifestyle, will seek more permanent retirement or vacation establishments. The Site Set housing choice has become an increasingly popular housing alternative for retirement, second-home, and "empty-nest" living. According to a Fannie Mae survey, the baby-boom generation will constitute 18% of the U.S. population within the next 30 years and more than 32 million people will reach age 55 within the next ten years. Among those individuals who are nearing retirement (age 40 to 54), approximately 33% plan on moving upon retirement.

We believe that the housing choices in our properties are especially attractive to such individuals throughout this lifestyle cycle. Our Properties offer an appealing amenity package,

close proximity to local services, social activities, low maintenance and a secure environment. In fact, many of our Properties allow for this cycle to occur within a single Property.

- Construction Quality: Since 1976, all factory built housing has been required to meet stringent Federal standards, resulting in significant increases in quality. The Department of Housing and Urban Development's ("HUD") standards for Site Set housing construction quality are the only Federally regulated standards governing housing quality of any type in the United States. Site Set homes produced since 1976 have received a "red and silver" government seal certifying that they were built in compliance with the Federal code. The code regulates Site Set home design and construction, strength and durability, fire resistance and energy efficiency, and the installation and performance of heating, plumbing, air conditioning, thermal and electrical systems. In newer homes, top grade lumber and dry wall materials are common. Also, manufacturers are required to follow the same fire codes as builders of site-built structures. In addition, although Resort Cottages do not come under the same regulation, many of the manufacturers of Site Set homes also produce Resort Cottages with many of the same quality standards.
- Comparability to Site-Built Homes: The Site Set housing industry has experienced a trend towards multi-section homes. Many modern Site Set homes are longer (up to 80 feet, compared to 50 feet in the 1960's) and wider than earlier models. Many such homes have vaulted ceilings, fireplaces and as many as four bedrooms, and closely resemble single-family ranch style site-built homes.
- Second Home Demographics: According to the National Association of Realtors ("NAR"), sales of second homes have risen almost 54.5% since 1989. There were approximately 9.2 million second homes owned in 2003 and approximately 6% of all home sales each year are second homes. The NAR study found that 48% of people who own a second home own either a cabin or Site Set home. Approximately 76% of vacation home owners prefer to be near an ocean, river or lake; 38% close to mountains or other natural attractions, and 37% in a specific vacation area. In looking ahead NAR believes that baby boomers are still in their peak earning years, and the leading edge of their generation is approaching retirement. As they continue to have the financial wherewithal to purchase second homes as a vacation property, investment opportunity, or perhaps as a retirement retreat, those baby boomers will continue to drive the market for second-homes. It is likely that over the next decade we will continue to see historically high levels of second home sales.

AVAILABLE INFORMATION

We file reports electronically with the Securities and Exchange Commission ("SEC"). The public may read and copy any materials we file with the SEC at the SEC's Public Reference Room at 450 Fifth Street, NW, Washington, DC 20549. The public may obtain information on the operation of the Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC maintains an Internet site that contains reports, proxy information and statements, and other information regarding issuers that file electronically with the SEC at <http://www.sec.gov>. We maintain an Internet site with information about the Company and hyperlinks to our filings with the SEC at <http://www.mhchomes.com>. Requests for copies of our filings with the SEC and other investor inquiries should be directed to:

Investor Relations Department
Equity Lifestyle Properties, Inc.
Two North Riverside Plaza
Chicago, Illinois 60606
Phone: 1-800-247-5279
e-mail: investor__relations@mhchomes.com

Vero Beach FL 646 646 92.0%
 98.0% \$ 4,272 \$4,092
 Heritage
 Plantation..... Vero
 Beach FL 436 436 88.5% 94.3%
 \$ 4,608 \$4,416 Highland Wood
 RV..... Pompano
 Beach FL 148 69 100.0% -- \$
 3,823 -- Holiday
 Village..... Vero
 Beach FL 128 128 48.4% 68.8%
 \$ 3,852 \$3,756 Holiday
 Village..... Ormond
 Beach FL 301 301 87.4% 88.0%
 \$ 4,116 \$4,068 Indian
 Oaks.....
 Rockledge FL 208 208 100.0%
 99.5% \$ 3,456 \$3,288
 Lakewood
 Village.....
 Melbourne FL 349 349 87.7%
 92.8% \$ 4,800 \$4,728 Lazy
 Lakes.....
 Sugar Loaf FL(a) 100 26
 100.0% -- \$ 5,871 --
 Lighthouse
 Pointe..... Port
 Orange FL 433 433 88.0%
 89.1% \$ 4,188 \$3,984

TOTAL TOTAL ANNUAL ANNUAL
NUMBER NUMBER OF SITE SITE
ANNUAL ANNUAL OF SITES
ANNUAL OCCUPANCY OCCUPANCY
RENT RENT LOCATION AS OF
SITES AS OF AS OF AS OF AS
OF PROPERTY CITY, STATE
12/31/04 12/31/04 12/31/04
12/31/03(D) 12/31/04
12/31/03(D) - -----

Maralago

Cay..... Lantana
FL 602 602 93.5% 92.7% \$
5,520 \$5,292 Park City
West..... Ft.
Lauderdale FL(a) 363 363
99.7% -- \$ 4,260 --
Pickwick.....
Port Orange FL 432 432 99.8%
99.8% \$ 4,260 \$4,176
Sunshine
Holiday..... Ft.
Lauderdale FL(a) 269 269
100.0% -- \$ 4,908 --
Sunshine Holiday
RV..... Ft. Lauderdale
FL(a) 149 123 100.0% -- \$
4,514 -- Sunshine
Holiday..... Ormond
Beach FL(a) 349 30 100.0% --
\$ 3,403 -- Sunshine
Key..... Big
Pine Key FL(a) 409 0 -- --
-- -- Sunshine
Travel..... Vero
Beach FL(a) 300 170 100.0% -
- \$ 3,009 -- The
Meadows.....
Palm Beach Gardens FL 379
379 88.7% 85.5% \$ 4,848
\$4,632 CENTRAL: Coachwood
Colony..... Leesburg
FL(a) 202 202 96.5% -- \$
2,976 -- Grand
Island.....
Grand Island FL 307 307
66.1% 68.7% \$ 3,864 \$3,744
Lake Magic --
Encore..... Clermont
FL(a) 471 59 100.0% -- \$
2,933 -- Mid-Florida
Lakes..... Leesburg
FL 1,226 1,226 82.5% 84.4% \$
4,584 \$4,548 Oak
Bend.....
Ocala FL 262 262 87.8% 87.4%
\$ 3,768 \$3,672 Sherwood
Forest.....
Kissimmee FL 754 754 94.8%
96.0% \$ 4,464 \$4,260 Villas
at Spanish Oaks..... Ocala
FL 459 459 87.1% 87.1% \$
4,104 \$4,008 Sherwood Forest
RV..... Kissimmee FL
512 152 100.0% -- \$ 4,542 --
Southernaire.....
Mt. Dora FL(a) 108 108 94.4%
-- \$ 3,420 -- Southern
Palms..... Eustis
FL 950 406 100.0% -- \$ 2,755
-- Tropical
Palms.....
Kissimmee FL(a) 541 0 -- --
-- -- GULF COAST
(TAMPA/NAPLES): Barrington

Hills..... Hudson
FL(a) 392 264 100.0% -- \$
2,138 -- Bay

Indies.....
Venice FL 1,309 1,309 96.7%
96.3% \$ 5,232 \$4,656 Bay
Lake Estates.....
Nokomis FL 228 228 96.1%
94.7% \$ 5,244 \$5,124

Buccaneer.....
N. Ft. Myers FL 971 971
96.9% 98.1% \$ 4,584 \$4,416
Country
Place..... New
Port Richey FL 515 515 99.8%
99.6% \$ 3,408 \$3,336 Crystal
Isles.....
Crystal River FL(a) 260 13
100.0% -- \$ 2,072 -- Down
Yonder.....
Largo FL 362 362 97.0% 98.6%
\$ 5,088 \$4,836 East Bay
Oaks..... Largo
FL 328 328 95.7% 94.2% \$
4,884 \$4,740 Eldorado
Village..... Largo
FL 227 227 95.6% 91.6% \$
4,908 \$4,824 Fort Myers
Beach Resort..... Fort
Myers FL(a) 306 103 100.0% -
- \$ 4,344 -- Glen
Ellen.....
Clearwater FL 106 106 86.8%
85.8% \$ 4,320 \$3,936 Gulf
Air Resort.....
Fort Myers FL(a) 246 163
100.0% -- \$ 3,819 -- Gulf
View.....
Punta Gorda FL(a) 206 36
100.0% -- \$ 3,500 --
Hacienda
Village..... New
Port Richey FL 505 505 96.8%
96.6% \$ 4,080 \$3,840 Harbor
Lakes..... Port
Charlotte FL(a) 528 252
100.0% -- \$ 3,395 -- Harbor
View..... New
Port Richey FL 471 471 99.6%
98.9% \$ 2,736 \$2,676

Hillcrest.....
Clearwater FL 279 279 79.6%
79.6% \$ 4,596 \$4,296 Holiday
Ranch..... Largo
FL 150 150 88.0% 88.7% \$
4,536 \$4,440 Lake
Fairways..... N.
Ft. Myers FL 896 896 99.8%
99.6% \$ 4,872 \$4,668 Lake
Haven.....
Dunedin FL 379 379 81.5%
83.6% \$ 5,304 \$4,968 Lakes
at Countrywood.....
Plant City FL 424 424 91.7%
93.4% \$ 3,264 \$3,156

Manatee.....
Bradenton FL(a) 415 230
100.0% -- \$ 3,332 -- Meadows
at Countrywood..... Plant
City FL 799 799 91.5%(b)
98.4%(b) \$ 3,768 \$3,660 Oaks
at Countrywood.....
Plant City FL 168 168 70.2%
72.0% \$ 3,324 \$3,300

Pasco.....
Lutz FL(a) 255 157 100.0% --
\$ 2,992 --

TOTAL TOTAL ANNUAL ANNUAL
NUMBER NUMBER OF SITE SITE
ANNUAL ANNUAL OF SITES
ANNUAL OCCUPANCY OCCUPANCY
RENT RENT LOCATION AS OF
SITES AS OF AS OF AS OF AS
OF PROPERTY CITY, STATE
12/31/04 12/31/04 12/31/04
12/31/03(D) 12/31/04
12/31/03(D) - -----

Pine

Lakes..... N.
Ft. Myers FL 584 584 100.0%
100.0% \$ 5,820 \$5,580

Pioneer

Village..... N. Ft.
Myers FL(a) 733 398 100.0% -
- \$ 3,175 -- Royal

Coachman.....

Nokomis FL(a) 546 389 100.0%
-- \$ 4,677 -- Silk

Oak.....

Clearwater FL 180 180 85.0%
87.2% \$ 4,596 \$4,404 Silver
Dollar.....

Odessa FL(a) 385 366 100.0%
-- \$ 3,496 -- Terra

Ceia.....

Palmetto FL(a) 203 145
100.0% -- \$ 2,533 -- The

Heritage..... N.
Ft. Myers FL 455 455 95.4%
91.2% \$ 4,224 \$4,008

Toby's.....

Arcadia FL 379 289 100.0% --
\$ 1,831 --

Topics.....

Spring Hill FL(a) 230 159
100.0% -- \$ 2,259 --

Vacation

Village..... Largo
FL(a) 293 192 100.0% -- \$
3,461 -- Windmill

Manor.....

Bradenton FL 292 292 94.2%
93.8% \$ 4,716 \$4,584

Windmill

Village..... N. Ft.
Myers FL 491 491 93.3% 95.5%
\$ 4,056 \$3,948 Winds of St.

Armands No..... Sarasota FL
471 471 95.5% 95.8% \$ 4,788
\$4,476 Winds of St. Armands

So..... Sarasota FL 306 306
99.7% 99.7% \$ 4,728 \$4,632
Sixth

Avenue.....

Zephyrhills FL(a) 134 134
93.3% -- \$ 2,436 -- Shangri
La..... Largo

FL(a) 160 160 93.1% -- \$
4,428 -- -----

----- TOTAL

FLORIDA MARKET..... 31,601
25,924 93.7% 93.2% \$ 4,297
\$4,343 -----

CALIFORNIA NORTHERN

CALIFORNIA: California

Hawaiian..... San Jose
CA 418 418 97.4% 98.1% \$
8,628 \$8,376 Colony

Park..... Ceres

CA 186 186 94.1% 93.0% \$
5,112 \$4,632 Concord

Cascade.....
 Pacheco CA 283 283 98.2%
 99.3% \$ 6,924 \$6,792
 Contempo
 Marin..... San
 Rafael CA 396 396 98.5%
 98.7% \$ 7,884 \$7,812
 Coralwood.....
 Modesto CA 194 194 99.5%
 99.0% \$ 6,180 \$5,484 Four
 Seasons.....
 Fresno CA 242 242 84.7%
 76.9% \$ 3,492 \$3,324 Laguna
 Lake..... San
 Luis Obispo CA 290 290 98.6%
 99.7% \$ 4,848 \$4,536 Monte
 del Lago.....
 Castroville CA 310 310 98.4%
 97.7% \$ 7,608 \$7,008 Quail
 Meadows.....
 Riverbank CA 146 146 98.6%
 100.0% \$ 5,688 \$4,968 Royal
 Oaks.....
 Visalia CA 149 149 82.6%
 81.9% \$ 3,816 \$3,588 DeAnza
 Santa Cruz..... Santa
 Cruz CA 198 198 96.5% 98.5%
 \$ 8,124 \$6,864 Sea
 Oaks.....
 Los Osos CA 125 125 97.6%
 96.8% \$ 5,364 \$5,076
 Sunshadow.....
 San Jose CA 121 121 97.5%
 100.0% \$ 8,268 \$7,944 Tahoe
 Valley..... Lake
 Tahoe CA(a) 413 0 -- -- --
 - Westwinds (4
 Properties).... San Jose CA
 723 723 96.1% 98.5% \$ 9,420
 \$9,024 Village of the Four
 Seasons.....
 San Jose CA(a) 271 271 98.5%
 -- \$ 8,148 -- SOUTHERN
 CALIFORNIA: Date Palm
 Country Club.....
 Cathedral City CA 538 538
 96.5% 94.2% \$ 8,916 \$8,640
 Date Palm
 RV.....
 Cathedral City CA 140 0 -- -
 - - - -
 Lamplighter.....
 Spring Valley CA 270 270
 99.3% 98.5% \$10,824 \$8,556
 Meadowbrook.....
 Santee CA 338 338 98.2%
 97.6% \$ 8,412 \$7,632 Pacific
 Dunes Ranch..... Oceana
 CA(a) 215 3 -- -- --
 Rancho
 Mesa..... El
 Cajon CA 158 158 95.6% 99.4%
 \$ 8,424 \$7,428 Rancho
 Valley..... El
 Cajon CA 140 140 100.0%
 100.0% \$10,092 \$8,496 Royal
 Holiday.....
 Hemet CA 179 179 60.3% 64.2%
 \$ 3,876 \$3,672 Santiago
 Estates..... Sylmar
 CA 300 300 99.0% 98.7% \$
 8,580 \$8,136

TOTAL ANNUAL	TOTAL ANNUAL	NUMBER OF SITES	NUMBER OF SITES	ANNUAL OCCUPANCY	ANNUAL OCCUPANCY	RENT LOCATION AS OF	RENT LOCATION AS OF	SITES AS OF AS OF AS OF AS	SITES AS OF AS OF AS OF AS	OF PROPERTY CITY, STATE	OF PROPERTY CITY, STATE
12/31/04	12/31/04	12/31/04	12/31/04	12/31/03(D)	12/31/04	12/31/03(D)	12/31/04				
12/31/03(D)	-	-----	-----	-----	-----	-----	-----				
----- Las Palmas.....											
Rialto CA(a)	136	136	100.0%								
-- \$ 4,440	--	Parque La									
Quinta..... Rialto											
CA(a)	166	166	99.4%	--	\$						
4,452	--	-----	-----	-----	-----	-----	-----				
----- TOTAL CALIFORNIA MARKET.....											
7,045	6,280	95.8%	95.6%	\$							
7,494	\$7,096	-----	-----	-----	-----	-----	-----				
----- ARIZONA Apollo Village.....											
Phoenix AZ	236	236	78.8%								
80.9%	\$ 5,100	\$4,992									
Araby.....											
Yuma AZ	337	274	100.0%	--	\$						
2,446	--	The									
Highlands.....											
Mesa AZ	273	273	89.4%	85.3%							
\$ 6,240	\$5,976	Cactus									
Gardens..... Yuma											
AZ(a)	430	269	100.0%	--	\$						
1,767	--	Carefree									
Manor..... Phoenix											
AZ	128	128	72.7%	76.6%	\$						
4,332	\$4,260	Casa del Sol									
#1..... Peoria AZ											
245	245	78.4%	77.6%	\$ 5,904							
\$5,748		Casa del Sol									
#2..... Glendale AZ											
239	239	74.5%	77.4%	\$ 6,204							
\$6,024		Casa del Sol									
#3..... Glendale AZ											
236	236	80.9%	85.6%	\$ 6,336							
\$6,000		Central									
Park.....											
Phoenix AZ	293	293	84.6%								
88.1%	\$ 5,124	\$5,112									
Countryside.....											
Apache AZ	560	260	100.0%	--							
\$ 2,706	--	Desert									
Paradise..... Yuma											
AZ(a)	260	85	100.0%	--	\$						
1,789	--	Desert									
Skies.....											
Phoenix AZ	164	164	93.3%								
91.5%	\$ 4,464	\$4,236									
Fairview											
Manor..... Tucson											
AZ(c)	235	235	80.0%	82.6%	\$						
4,288	\$4,296										
Foothill.....											
Yuma AZ	180	72	100.0%	--	\$						
1,956	--	Golden									
Sun.....											
Apache Junction AZ	329	190									
100.0%	--	\$ 2,758	--								
Hacienda de											
Valencia..... Mesa AZ											
364	364	75.3%	74.7%	\$ 5,040							
\$4,944		Monte									
Vista..... Mesa											
AZ(a)	832	752	100.0%	--	\$						

5,144 -- Palm
 Shadows.....
 Glendale AZ 294 294 78.6%
 80.6% \$ 4,860 \$4,716
 Paradise.....
 Sun City AZ(a) 950 815
 100.0% -- \$ 3,377 -- Sedona
 Shadows.....
 Sedona AZ 197 197 97.5%
 93.4% \$ 5,148 \$4,692 Suni
 Sands.....
 Yuma AZ(a) 336 176 100.0% --
 \$ 2,097 -- Sunrise
 Heights.....
 Phoenix AZ 199 199 73.4%
 79.9% \$ 5,064 \$4,908 The
 Mark.....
 Mesa AZ 410 410 55.1% 61.0%
 \$ 4,992 \$4,920 The
 Meadows.....
 Tempe AZ(a) 391 391 75.4%
 74.4% \$ 5,820 \$5,568
 Viewpoint.....
 Mesa AZ 1,928 1,470 100.0% -
 - \$ 4,068 -- Whispering
 Palms..... Phoenix
 AZ 116 116 91.4% 90.5% \$
 3,792 \$3,792 -----

 TOTAL ARIZONA MARKET....
 10,162 8,383 89.5% 79.6% \$
 4,390 \$5,110 -----

 COLORADO Bear
 Creek.....
 Sheridan CO 122 122 95.1%
 95.1% \$ 5,892 \$5,652
 Cimarron.....
 Broomfield CO 327 327 91.7%
 93.9% \$ 5,796 \$5,568 Golden
 Terrace.....
 Golden CO 265 265 88.7%
 91.7% \$ 6,360 \$6,144 Golden
 Terrace South.....
 Golden CO 80 80 80.0% 85.0%
 \$ 6,144 \$6,036 Golden
 Terrace South RV.....
 Golden CO(a) 80 0 -- -- --
 - Golden Terrace
 West..... Golden CO 316
 316 88.3% 93.4% \$ 6,204
 \$6,120 Hillcrest
 Village..... Aurora
 CO 601 601 79.9% 88.6% \$
 6,096 \$5,880 Holiday
 Hills..... Denver
 CO 735 735 87.8% 92.3% \$
 5,880 \$5,808 Holiday
 Village..... Co.
 Springs CO 240 240 86.3%
 90.4% \$ 6,108 \$5,928 Pueblo
 Grande.....
 Pueblo CO 251 251 93.6%
 94.4% \$ 3,840 \$3,732
 Woodland
 Hills..... Denver
 CO 434 434 82.7% 88.0% \$
 5,496 \$5,472 -----

 TOTAL COLORADO MARKET....
 3,451 3,371 86.6% 87.7% \$
 5,800 \$5,664 -----

TOTAL TOTAL ANNUAL ANNUAL
NUMBER NUMBER OF SITE SITE
ANNUAL ANNUAL OF SITES
ANNUAL OCCUPANCY OCCUPANCY
RENT RENT LOCATION AS OF
SITES AS OF AS OF AS OF AS
OF PROPERTY CITY, STATE
12/31/04 12/31/04 12/31/04
12/31/03(D) 12/31/04
12/31/03(D) - -----

NORTHEAST Aspen

Meadows.....
Rehoboth DE 200 200 99.0%
99.5% \$ 4,284 \$3,456 Camelot
Meadows.....
Rehoboth DE 302 302 98.3%
99.0% \$ 3,948 \$3,480
Mariners
Cove.....
Millsboro DE 376 376 93.1%
91.2% \$ 5,844 \$5,088
McNicol.....
Rehoboth DE 93 93 100.0%
98.9% \$ 3,816 \$3,516
Sweetbriar.....
Rehoboth DE 146 146 96.6%
94.5% \$ 3,924 \$2,952
Waterford.....
Bear DE 731 731 94.5% 95.3%
\$ 5,196 \$5,076 Whispering
Pines..... Lewes DE
392 392 87.8% 87.2% \$ 3,816
\$3,780 Goose
Creek.....
Newport NC(a) 598 553 100.0%
-- \$ 2,802 -- Twin
Lakes.....
Chocowinity NC(a) 400 315
100.0% -- \$ 1,967 --
Waterway.....
Cedar Point NC(a) 336 327
100.0% -- \$ 2,656 --
Greenwood
Village.....
Manorville NY 512 512 100.0%
99.2% \$ 5,460 \$5,136 Green
Acres.....
Breinigsville PA 595 595
93.8% 93.8% \$ 5,616 \$5,424
Spring
Gulch..... New
Holland PA(a) 420 60 100.0%
-- \$ 3,543 -- Meadows of
Chantilly..... Chantilly
VA 500 500 88.8% 88.8% \$
7,836 \$7,248 -----

TOTAL NORTHEAST MARKET...
5,601 5,102 95.7% 94.1% \$
4,660 \$4,961 -----

MIDWEST Five

Seasons.....
Cedar Rapids IA 390 390
73.1% 73.1% \$ 3,408 \$3,312
Holiday
Village..... Sioux
City IA 519 519 57.6% 65.7%
\$ 3,108 \$2,904 Golf Vista
Estates..... Monee IL
408 408 97.5% 95.9% \$ 5,748
\$5,292
O'Connell's.....
Amboy IL(a) 668 336 100.0% -
- \$ 2,099 -- Willow Lake

Estates..... Elgin IL
 617 617 83.3% 90.1% \$ 8,604
 \$8,328 Forest
 Oaks.....
 Chesterton IN 227 227 63.9%
 71.8% \$ 4,428 \$3,960
 Lakeside.....
 New Carlisle IN(a) 95 65
 100.0% -- \$ 2,413 -- Oak
 Tree Village.....
 Portage IN 361 361 80.9%
 86.7% \$ 4,296 \$4,104
 Windsong.....
 Indianapolis IN 268 268
 51.5% 57.8% \$ 3,972 \$3,840
 Creekside.....
 Wyoming MI 165 165 81.2%
 87.3% \$ 4,957 \$4,884
 Caledonia.....
 Caledonia WI(a) 247 0 -- --
 -- --
 Fremont.....
 Fremont WI(a) 325 0 -- -- --
 -- Yukon
 Trails.....
 Lyndon Station WI(a) 214 0 -

 TOTAL MIDWEST MARKET.....
 4,504 3,356 77.6% 79.5% \$
 4,730 \$4,843 -----

 NEVADA, UTAH, NEW MEXICO Del
 Rey.....
 Albuquerque NM 407 407 59.2%
 67.1% \$ 4,524 \$4,488
 Bonanza.....
 Las Vegas NV 353 353 63.7%
 68.0% \$ 6,108 \$5,808 Boulder
 Cascade..... Las
 Vegas NV 299 299 76.9% 76.9%
 \$ 5,556 \$5,352
 Cabana.....
 Las Vegas NV 263 263 95.4%
 93.5% \$ 5,520 \$5,364
 Flamingo
 West..... Las
 Vegas NV 258 258 99.6% 94.6%
 \$ 6,132 \$5,532 Villa
 Borega..... Las
 Vegas NV 293 293 83.3% 82.9%
 \$ 5,688 \$5,448 All
 Seasons.....
 Salt Lake City UT 121 121
 89.3% 93.4% \$ 4,620 \$4,440
 Westwood
 Village..... Farr
 West UT 314 314 93.6% 95.2%
 \$ 3,576 \$3,360 -----

 TOTAL NEVADA, UTAH, NEW
 MEXICO MARKET.....
 2,308 2,308 80.1% 81.8% \$
 5,217 \$4,984 -----

 NORTHWEST Casa
 Village.....
 Billings MT 490 490 85.5%
 85.9% \$ 3,648 \$3,648 Falcon
 Wood Village.....
 Eugene OR 183 183 88.5%
 90.7% \$ 4,968 \$4,836

TOTAL ANNUAL RENT SITES AS OF 12/31/04	TOTAL ANNUAL RENT SITES AS OF 12/31/04	TOTAL ANNUAL RENT SITES AS OF 12/31/04	TOTAL ANNUAL RENT SITES AS OF 12/31/04	TOTAL ANNUAL RENT SITES AS OF 12/31/04	TOTAL ANNUAL RENT SITES AS OF 12/31/04
----- Mt.					
Hood.....					
Welches OR	436	52	100.0%	--	\$ 3,858 -- Quail
Hollow.....					
Fairview OR	137	137	92.7%		92.7% \$ 6,300 \$6,084
Shadowbrook.....					
Clackamas OR	156	156	95.5%		94.2% \$ 6,324 \$6,156 Kloshe
Illahee.....					
Federal Way WA	258	258	96.1%		97.7% \$ 7,548 \$7,188 -----

----- TOTAL NORTHWEST					
MARKET...	1,660	1,276	90.7%		90.9% \$ 5,246 \$5,164 -----

----- TEXAS Country					
Sunshine.....					
Weslaco TX(a)	390	211	100.0%		-- \$ 2,223 -- Fun n Sun RV
Park..... San Benito					
TX	1,435	606	100.0%	--	\$ 2,507 --
Lakewood.....					
Harlingen TX(a)	301	112	100.0%	--	\$ 1,622 --
Paradise Park RV					
Resort.....	Harlingen TX(a)				
563	331	100.0%	--	\$ 2,422 --	Paradise
South.....					
Mercedes TX(a)	493	174	100.0%	--	\$ 1,732 --
Southern					
Comfort..... Weslaco					
TX(a)	403	340	100.0%	--	\$ 2,251 -- Sunshine
RV.....					
Harlingen TX(a)	1,027	418	100.0%	--	\$ 3,009 -- Tropic
Winds.....					
Harlingen TX	531	33	100.0%	-	\$ 2,921 -- -----

TOTAL TEXAS MARKET.....					
	5,143	2,225	100.0%	--	\$ 2,424 -- -----

----- GRAND					
TOTAL ALL MARKETS.....					
	71,475	58,225	91.8%	90.5%	\$ 4,784 \$5,027 =====
					=====
					=====
					=====

- (a) Represents Properties acquired in 2004.
- (b) The process of filling Expansion Sites at these Properties is ongoing. A decrease in occupancy may reflect development of additional Expansion Sites.
- (c) Decrease due to unbundling of utilities

(d) Annual rent for 2003 Resort Cottage and RV sites excluded.

ITEM 3. LEGAL PROCEEDINGS

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.

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. This regulatory feature, called vacancy control, allows 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 with vacancy control 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 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 trial court has set a trial date in the second quarter of 2005 on the CMHOA's remaining claims for damages. 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. The Company will petition the Supreme Court of California for review of certain aspects of this decision. The Company 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 Amendment to the United States Constitution because they fail to substantially advance a legitimate state interest. 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 intends to appeal this ruling and believes the outcome will be affected by the cases currently before the Ninth Circuit and United States Supreme Court.

Moreover, in July 2004, the Ninth Circuit Court of Appeal decided the case of Cashman vs. City of Cotati, a Property owner's challenge to the City's rent control ordinance, and stated that a rent control ordinance that does not on its face provide for a mechanism to prevent the capture of a premium is unconstitutional, as a matter of law, absent sufficient externalities rendering a premium unavailable. This reasoning supports the legal position the Company has put forth in its opposition to rent control in general and vacancy control in particular. The City of Cotati has petitioned the Ninth Circuit for rehearing and that petition is pending. In addition, 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 upholds the standard that a regulation must substantially advance a legitimate state purpose in order to be constitutionally viable. The case was argued before the United States Supreme Court on February 22, 2005. The ultimate outcome of these cases will guide the Company's continued efforts to realize

the value of its Properties which are subject to rent control and the Company's efforts to achieve a level of regulatory fairness in rent control jurisdictions.

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 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

We did not submit any matter to a vote of security holders during the three months ended December 31, 2004.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES.

The following table sets forth, for the period indicated, the high and low sale prices for the Company's common stock as reported by The New York Stock Exchange under the trading symbol ELS.

DISTRIBUTIONS RETURN OF CAPITAL						
CLOSE HIGH LOW DECLARED GAAP						
BASIS(A)	-----					
----- 2004						
1st						
Quarter.....	\$35.30	\$37.90	\$28.94	\$0.0125	\$0.00	
2nd						
Quarter.....	33.19	35.35	28.49	0.0125	0.00	3rd
Quarter.....	33.24	34.34	31.10	0.0125	0.05	4th
Quarter.....	35.75	36.52	32.88	0.0125	0.01	2003
1st						
Quarter.....	\$29.60	\$30.86	\$27.40	\$0.4950	\$0.17	
2nd						
Quarter.....	35.11	35.80	29.56	0.4950	0.00	3rd
Quarter.....	39.18	39.80	35.11	0.4950	0.29	4th
Quarter.....	37.65	41.92	36.70	8.0000(b)	8.03	

-
- (a) Represents distributions per share in excess of net income per share-basic on generally accepted accounting principles in the United States ("GAAP") basis and is not the same as return of capital on a tax basis.
 - (b) On December 12, 2003, we declared a one-time special distribution of \$8.00 per share payable to stockholders of record on January 8, 2004. We used proceeds from the \$501 million borrowing in October 2003 to pay the special distribution on January 16, 2004. The special cash dividend was reflected on stockholders' 2004 1099-DIV issued in January 2005.

The number of beneficial holders of the Company's common stock at December 31, 2004 was approximately 5,455.

ISSUER PURCHASES OF EQUITY SECURITIES

None.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth selected financial and operating information on a historical basis. The historical operating data for the four years ended December 31, 2003 have been derived from the historical financial statements of the Company; however, they have been restated to reflect adjustments that are further explained in Note 2 of the Notes to Consolidated Financial Statements contained in this Form 10-K. The following information should be read in conjunction with all of the financial statements and notes thereto included elsewhere in this Form 10-K.

EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION

(1) YEARS ENDED DECEMBER 31, -----

----- 2004 2003 2002 2001
(RESTATED) (RESTATED) (RESTATED) 2000

----- (AMOUNTS IN
THOUSANDS, EXCEPT FOR PER SHARE AND
PROPERTY DATA) PROPERTY OPERATIONS:

Community base rental
income..... \$ 210,790 \$
196,919 \$ 194,640 \$ 190,982 \$ 185,023
Resort base rental
income..... 54,845 11,780
9,146 5,748 7,414 Utility and other
income..... 24,893 20,150
19,684 20,381 19,357 -----

Property operating revenues.....
290,528 228,849 223,470 217,111
211,794 Property operating and
maintenance..... 94,955 64,996
62,843 60,807 57,973 Real estate
taxes..... 23,679
18,917 17,827 16,882 16,407 Property
management.....
12,852 9,373 9,292 8,984 8,690 -----

----- Property operating expenses
(exclusive of depreciation shown
separately below).....
131,486 93,286 89,962 86,673 83,070 --

--- Income from property
operations... 159,042 135,563 133,508
130,438 128,724 HOME SALES OPERATIONS:
Gross revenues from inventory home
sales.....
47,636 36,606 33,537 -- -- Cost of
inventory home sales.....
(41,833) (31,767) (27,183) -- -- -----

----- Gross profit from inventory
home sales.....
5,803 4,839 6,354 -- -- Brokered
resale revenues, net..... 2,186
1,724 1,592 -- -- Home selling
expenses..... (8,708)
(7,360) (7,664) -- -- Ancillary
services revenues, net..... 2,782
216 522 -- -- -----

----- Income
(loss) from home sales operations &
other..... 2,063 (581) 804
-- -- OTHER INCOME (EXPENSES):

Interest
income..... 1,391
1,695 967 639 1,009 Equity in income
of affiliates..... -- -- --
1,811 2,408 Income from other
investments(2)..... 3,475 956 316
383 150 General and
administrative..... (9,243)
(8,060) (8,192) (6,687) (6,423) Rent

control initiatives.....				
(2,412) (2,352) (5,698) (2,358) --				
Interest and related				
amortization(3).....	(91,922)	(58,402)		
(50,729) (51,305) (53,280)				
Depreciation on corporate				
assets.....	(1,657)	(1,240)		
(1,277) (1,243) (1,139) Depreciation				
on real estate assets and other				
costs.....				
(48,862) (37,265) (34,826) (33,540)				
(33,201) -----				
----- Total other				
income (expenses).....	(149,230)			
(104,668) (99,439) (92,300) (90,476)				

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION (CONTINUED)

(1) YEARS ENDED DECEMBER 31, -----

----- 2004 2003 2002 2001
(RESTATED) (RESTATED) (RESTATED) 2000

----- (AMOUNTS IN

THOUSANDS, EXCEPT FOR PER SHARE AND
PROPERTY DATA) Income before minority
interests, equity in income of
unconsolidated joint ventures, loss on
extinguishment of debt, gain on sale
of property and discontinued
operations..... \$ 11,875 \$ 30,314
\$ 34,873 \$ 38,138 \$ 38,248 (Income)
allocated to Common OP Units.... (936)
(3,860) (4,708) (7,216) (7,968)
(Income) allocated to Perpetual
Preferred OP

Units.....
(11,284) (11,252) (11,252) (11,252)
(11,252) Equity in income of
unconsolidated joint
ventures.....
3,739 340 235 282 8 -----

Income before loss on extinguishment
of debt, gain on sale of properties
and other, and discontinued
operations... 3,394 15,542 19,148
19,952 19,036 -----

----- Loss on
the extinguishment of debt..... -- --
-- -- (1,041) Gain on sale of
properties and other..... 638 -- --
8,168 12,053 -----

----- Income
from continuing
operations..... 4,032
15,542 19,148 28,120 30,048 -----

----- DISCONTINUED OPERATIONS:
Discontinued

Operations..... 26 1,043
3,287 3,203 3,090 Depreciation on
discontinued

operations.....
(32) (135) (484) (605) (698) Gain on
sale of discontinued properties and
other..... -- --
10,826 13,014 -- -- Minority interests
on discontinued

operations.....
-- (2,144) (3,078) (521) (495) -----

----- Income (loss) from
discontinued
operations..... (6)
9,590 12,739 2,077 1,897 -----

--- NET INCOME AVAILABLE FOR COMMON
SHARES..... \$
4,026 \$ 25,132 \$ 31,887 \$ 30,197 \$
31,945 =====

EARNINGS PER COMMON SHARE -- BASIC:
Income from continuing
operations..... \$ 0.18 \$ 0.71 \$
0.89 \$ 1.34 \$ 1.40 Income from
discontinued operations..... \$ 0.00 \$
0.43 \$ 0.59 \$ 0.10 \$ 0.09 Net income
available for Common Shares... \$ 0.18
\$ 1.14 \$ 1.48 \$ 1.44 \$ 1.49 EARNINGS

PER COMMON SHARE -- FULLY DILUTED:
Income from continuing
operations..... \$ 0.17 \$ 0.69 \$
0.87 \$ 1.31 \$ 1.37 Income from
discontinued operations..... \$ 0.00 \$

0.42	\$ 0.57	\$ 0.09	\$ 0.10	Net income
				available for Common Shares...
	\$ 1.11	\$ 1.44	\$ 1.40	\$ 1.47
				Distributions declared per Common
				Share
outstanding(3)			
	\$ 0.05	\$ 9.485	\$ 1.90	\$ 1.78 \$ 1.66
				Weighted average Common Shares
				outstanding --
basic			22,849	22,077
	21,617	21,036	21,469	Weighted average
				Common OP Units
outstanding			
	6,067	5,342	5,403	5,466 5,592
				Weighted
				average Common Shares outstanding --
fully diluted			29,465	28,002
	27,632	27,010	27,408	

CONSOLIDATED HISTORICAL FINANCIAL INFORMATION (CONTINUED)

(1) YEARS ENDED DECEMBER 31, -----

----- 2004 2003 2002 2001
(RESTATED) (RESTATED) (RESTATED) 2000

----- (AMOUNTS IN THOUSANDS, EXCEPT FOR PER SHARE AND PROPERTY DATA) BALANCE SHEET DATA:

Real estate, before accumulated depreciation(4).....	\$2,035,790	\$1,309,705	\$1,296,007	
\$1,238,138	\$1,218,176	Total		
assets.....	1,886,289	1,463,507	1,154,794	
1,099,447	1,104,304	Total mortgages and loans(3).....	1,653,051	
1,076,183	760,233	708,857	719,684	
Minority interests.....	134,771	124,634	166,889	170,675
171,271	Stockholders' equity(3).....	31,844		
(2,528)	171,175	173,264	168,095	OTHER DATA: Funds from operations(5).....
\$54,448	\$58,479	\$62,695	\$64,599	\$63,807
Net cash flow: Operating activities.....	\$46,733			
\$75,163	\$80,176	\$80,708	\$68,001	Investing activities.....
(366,654)	\$(598)	\$(72,973)	\$(23,067)	\$23,102
Financing activities.....	\$(514)			
\$243,905	\$(1,287)	\$(59,134)	\$(94,932)	Total Properties (at end of period).....
275	142	142	149	154
Total sites (at end of period).....	101,231	52,349	51,582	50,663
51,304				

(1) See the Consolidated Financial Statements of the Company included elsewhere herein. Certain 2003, 2002, 2001, and 2000 amounts have been reclassified to conform to the 2004 financial presentation. Such reclassifications have no effect on the operations or equity as originally presented.

Net Income for the years ended December 31, 2003, 2002 and 2001 have been restated (see Note 2 of the Notes to Consolidated Financial Statements contained in this Form 10-K) to reflect a change in the Company's accounting policy with regards to its rent control initiatives. The Company received a comment letter from the SEC with regard to prior filings. These issues were outlined in our press release dated March 4, 2005. The issues have been resolved and resulted in this restatement.

(2) On November 10, 2004, we acquired KTTI Holding Company, Inc., owner of 57 Properties and approximately 3,000 acres of vacant land, for \$160 million ("Thousand Trails Transaction"). These Properties are leased to Thousand Trails, the largest operator of membership-based campgrounds in the United States. The Company has provided a long-term lease of the real estate (excluding the vacant land) to Thousand Trails, which will continue to operate the Properties for the benefit of its approximately 108,000 members nationwide. The Properties are located in 16 states (primarily in the western and southern United States) and British Columbia, and contain 17,911 sites. The lease will generate \$16 million in rental income to the Company on an absolute triple net basis, subject to annual escalations of 3.25%. As of December 31, 2004, approximately \$2.3 million represents income for November 10, 2004 through December 31, 2004.

(3) On October 17, 2003, we closed 49 mortgage loans collateralized by 51 Properties (the "Recap") providing total proceeds of approximately \$501 million at a weighted average interest rate of 5.84% and with a weighted average maturity of approximately 9 years. Approximately \$170 million of the proceeds were used to repay amounts outstanding on the Company's line of credit and term loan. Approximately \$225 million was used to pay a special

distribution of \$8.00 per share on January 16, 2004. The remaining funds were used for investment purposes in 2004. The Recap resulted in increased interest and amortization expense and the special distribution resulted in decreased stockholder's equity.

In connection with the \$501 million borrowing and subsequent special distribution, on February 27, 2004, the Company contributed all of its assets to MHC Trust, a newly formed Maryland real estate investment trust, including the Company's entire partnership interest in the Operating Partnership. This restructuring resulted in a step-up in the Company's tax basis in its assets, generating future depreciation deductions, which in turn will reduce the Company's future distribution requirements. This provides the Company with greater financial flexibility and greater growth potential (see Note 5 of the Notes to Consolidated Financial Statements contained in this Form 10-K).

- (4) We believe that the book value of the Properties, which reflects the historical costs of such real estate assets less accumulated depreciation, is less than the current market value of the Properties.
- (5) Funds from Operations ("FFO") is a non-GAAP financial measure. The Company believes that FFO, as defined by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), 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. The Company believes that FFO is helpful to investors as one of several measures of the performance of an equity REIT. The Company further believes that by excluding the effect of depreciation, amortization and gains or 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. The Company computes 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. 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. 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.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion should be read in conjunction with "Selected Financial Data" and the historical Consolidated Financial Statements and Notes thereto appearing elsewhere in this Form 10-K. The following discussion may contain certain forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 which reflect management's current views with respect to future events and financial performance. Such forward-looking statements are subject to certain risks and uncertainties, including, but not limited to, the effects of future events on the Company's financial performance; the adverse impact of external factors such as inflation and consumer confidence; interest rates; and the risks associated with real estate ownership.

2004 ACCOMPLISHMENTS

- Invested in 135 Properties with approximately 50,000 sites.
- Increased presence in Florida and Arizona markets.
- Increased home sales volumes and profitability.
- Changed our name from Manufactured Home Communities, Inc. to Equity Lifestyle Properties, Inc., symbolizing our focus on lifestyle-oriented customers.
- Developed relationships with leading brand names such as Encore and Thousand Trails, creating a larger customer resource base.

OVERVIEW AND OUTLOOK

Occupancy in our Properties as well as our ability to increase rental rates directly affect revenues. Our revenue streams are predominantly derived from customers renting our sites on a long-term basis.

We have approximately 58,200 annual sites with average annual revenue of approximately \$4,400 per site. We have 7,200 seasonal sites, which are leased to customers generally for 3 to 6 months, for which we expect to collect rent in the range of \$1,700 to \$1,800. We also have 6,000 transient sites, occupied by customers who lease on a short-term basis, for which we expect to collect annual rent in the range of \$2,000 to \$2,100. We expect to service 60,000 customers with these sites. There is significant demand for these sites. However, we consider this 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. This rent is classified in Other Income in the Consolidated Statements of Operations. We have interests in Properties owning approximately 11,800 sites for which revenue is classified as Equity in Income from Unconsolidated Joint Ventures in the Consolidated Statements of Operations.

PROPERTY ACQUISITIONS, JOINT VENTURES AND DISPOSITIONS

The following chart lists the Properties or portfolios acquired, invested in, or sold since January 1, 2003:

PROPERTY TRANSACTION DATE	SITES	-----
-----	TOTAL SITES AS OF JANUARY 1,	
2003.....	52,349 PROPERTY OR PORTFOLIO (# OF PROPERTIES IN PARENTHESES):	
Toby's.....	December 3, 2003 379 Araby	
Acres.....	December 15, 2003 337 Foothill	
Village.....	December 15, 2003 180	
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	
Portfolio(28).....	February 17, 2004 11,311	
Viewpoint.....	May 3, 2004 1,928 Cactus	
Gardens.....	12, 2004 430 Monte	May
Vista.....	13, 2004 832 GE	May
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 JOINT VENTURES: Lake	
Myers.....	December 18, 2003 425 Pine	
Haven.....	January 21, 2004 625 Twin	
Mills.....	January 27, 2004 501 Indian	
Wells.....	February 17, 2004 350 Plymouth	
Rock.....	February 10, 2004 609 Mesa	
Verde.....	18, 2004 345 Winter	May
Garden.....	18, 2004 350	May
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 MEZZANINE	
INVESTMENTS(11).....	February 3, 2004 5,054 DISPOSITIONS: Independence	
Hill.....	June 6, 2003 (203) Brook	
Gardens.....	June 6, 2003 (424) Pheasant	June
Ridge.....	June 30, 2003 (101) Lake	June

Placid.....	May
28, 2004 (408) Manatee (Joint	
Venture).....	September 1,
2004 (290) EXPANSION SITE DEVELOPMENT AND OTHER: Sites	
added (reconfigured) in	
2003.....	(35)
Sites added (reconfigured) in	
2004.....	147 ----
---	TOTAL SITES AS OF DECEMBER 31,
2004.....	101,231
=====	

RESTATEMENT OF FINANCIAL STATEMENTS

During 2004, the Company changed the way it accounted for costs incurred in pursuing certain rent control initiatives. As a result, the Company has restated its Consolidated Financial Statements for the years ended December 31, 2003, 2002 and 2001 to expense the costs of the initiatives in the year in which they were incurred 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.

See Note 2 to the Consolidated Financial Statements of this report for a summary of the effects of these changes on the Company's consolidated balance sheets as of December 31, 2003, 2002 and 2001 and consolidated statements of operations for the years ended December 31, 2003, 2002 and 2001. The accompanying Management's Discussion and Analysis gives effect to these corrections. The significance of the increase in expenses due to this change is not necessarily determinable in future periods and depend on future rulings of the United States Supreme Court.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), which require us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosures. We believe that the following critical accounting policies, among others, affect our more significant judgments and estimates used in the preparation of our consolidated financial statements.

In accordance with the Statement of Financial Accounting Standards No. 141 ("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.

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

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. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred and significant renovations and improvements that improve the asset and extend the useful life of the asset are capitalized over their estimated useful life. 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.

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.

In applying the provisions of FIN 46R, the Company determined that its \$29.7 million investment in preferred equity interests (the "Mezzanine Investment") in six entities controlled by Diversified Investments, Inc. ("Diversified") (see Liquidity and Capital Resources -- Investing Activities) 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.

The valuation of financial instruments under Statement of Financial Accounting Standards No. 107, "Disclosures About Fair Value of Financial Instruments" ("SFAS No. 107") and Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities" ("SFAS No. 133") requires us to make estimates and judgments that affect the fair value of the instruments. Where possible, we base the fair values of our financial instruments, including our derivative instruments, on listed market prices and third party quotes. Where these are not available, we base our estimates on other factors relevant to the financial instrument.

Prior to January 1, 2003 we accounted for our stock compensation in accordance with APB No. 25, "Accounting for Stock Issued to Employees", based upon the intrinsic value method. This method results in no compensation expense for options issued with an exercise price equal to or exceeding the market value of the common stock on the date of grant. Effective January 1, 2003, we elected to account for our stock-based compensation in accordance with SFAS No. 123 and its amendment ("SFAS No. 148"), "Accounting for Stock Based Compensation", which will result in compensation expense being recorded based on the fair value of the stock options and other equity awards issued. SFAS No. 148 provides three possible transition methods for changing to the fair value method. We have elected to use the modified-prospective method. This method requires 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. The following table illustrates the effect on net income and earnings per share as if the fair value method was applied to all outstanding and unvested awards in each period presented (amounts in thousands, except per share data):

2004	2003	2002 (RESTATED)	(RESTATED)	-----	-----

----- Net income available for Common					
Shares as reported....	\$ 4,026	\$25,132	\$31,887	Add:	
Stock-based compensation expense included in net					
income as					
reported.....	2,899				
2,139	2,185	Deduct: Stock-based compensation			
expense determined under the fair value based					
method for all awards....	(2,899)	(2,139)	(2,086)	-	
-----	-----	-----	-----	-----	-----
Pro forma net income					
available for Common Shares.....	\$ 4,026	\$25,132			
\$31,986	=====	=====	=====	Pro forma net	
income per Common Share -- Basic.....	\$ 0.18	\$			
1.14	\$ 1.48	=====	=====	Pro forma net	
income per Common Share -- Fully					
Diluted.....					
\$ 0.17	\$ 1.11	\$ 1.44	=====	=====	=====

OFF-BALANCE SHEET ARRANGEMENTS

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

RESULTS OF OPERATIONS

COMPARISON OF YEAR ENDED DECEMBER 31, 2004 TO YEAR ENDED DECEMBER 31, 2003

Since December 31, 2002, the gross investment in real estate increased from \$1,296 million to \$2,036 million as of December 31, 2004, due primarily to the aforementioned acquisitions and dispositions of Properties during the period. The total number of sites owned or controlled increased from 52,349 as of December 31, 2003 to 101,231 as of December 31, 2004.

The following table summarizes certain financial and statistical data for the Property Operations for the Core Portfolio (excludes RV and Resort Cottage sites, and Properties owned through unconsolidated joint ventures, as well as the sites of Properties acquired or sold during 2003 and 2004) and the Total Portfolio for the years ended December 31, 2004 and 2003.

CORE PORTFOLIO TOTAL				
PORTFOLIO -----				

----- INCREASE/ % INCREASE/				
% 2004	2003	(DECREASE)	CHANGE	
2004	2003	(DECREASE)	CHANGE	-

----- (DOLLARS IN				
THOUSANDS) Community base				
				rental income.... \$203,141
\$197,174	\$5,967	3.0%	\$210,790	
\$196,919	\$13,871	7.0%	Resort	base rental income..... --
--	--	--	54,845	11,780
			43,065	
			365.6%	Utility and other
			19,547	19,289
258	1.3%	24,893	20,150	4,743
23.5%				

----- Property operating				
				revenues... 222,688
6,225	2.9%	290,528	228,849	
			61,679	27.0%
Property				
operating and				
maintenance(1).....				
60,799	58,253	2,546	4.4%	
94,955	64,996	29,959	46.1%	
Real estate				
				taxes..... 18,967
17,994	973	5.4%	23,679	18,917
			4,762	25.2%
Property				
management..... 8,974				
8,866	108	1.2%	12,852	9,373
3,479	37.1%			

----- Property				
				operating expenses... 88,740
85,113	3,627	4.3%	131,486	
93,286	38,200	40.9%		

Income from property				
operations.....				
\$133,948	\$131,350	\$2,598	2.0%	
\$159,042	\$135,563	\$23,479		
17.3%	=====	=====		
=====	=====	=====		
=====	=====	=====		
Site				
and Occupancy Information(2):				
Average total				
				sites..... 43,112
43,134	(22)	(0.1)%	44,554	
43,134	1,420	3.3%	Average	occupied sites.....
38,730	39,363	(633)	(1.6)%	
40,143	39,363	780	2.0%	
Average Occupancy				
				%..... 89.8%
(1.5)%	(1.50)%	90.1%	91.3%	
(1.2)%	(1.2)%	Monthly base		

rent per site.....	\$ 436.65			
\$ 416.89 \$19.76 4.7%	\$ 437.58			
\$ 416.89 \$ 20.69 5.0%	Total			
sites As of December				
31,.....	43,168	43,143		
25 0.1%	45,121	43,143	1,978	
4.6%	Total occupied sites As			
of December 31,.....				
38,508	38,946	(438)	(1.1)%	
40,409	38,946	1,463	3.8%	

- (1) The effect of the 3rd quarter 2004, insurance reserve of approximately \$1 million relating to the Florida storms has been removed from the Core Portfolio for comparative purposes.
- (2) Site and occupancy information excludes all Resort Cottage and RV sites, Properties owned through unconsolidated joint ventures as well as the sites of Properties acquired or sold during 2003 and 2004.

PROPERTY OPERATING REVENUES

The 3.0% increase in Community base rental income for the Core Portfolio reflects a 4.7% increase in monthly base rent per site combined with a 1.6% decrease in average occupied sites. The increase in utility and other income for the Core Portfolio is due primarily to increases in utility income, which resulted from higher utility expenses. Total Portfolio operating revenues increased due to current year acquisitions (see Note 6 of the Notes to Consolidated Financial Statements contained in this Form 10-K).

PROPERTY OPERATING EXPENSES

The 4.4% increase in property operating and maintenance expense for the Core Portfolio is due primarily to increases in payroll expense, administrative expense, repair and maintenance expense. The 5.4% increase in Core Portfolio real estate taxes is generally due to higher property assessments on certain Properties. Property management expense for the Core Portfolio, which reflects costs of managing the Properties and is estimated based on a percentage of Property operating revenues, increased by 1.2% due to increases in payroll costs and computer expenses, but remains at approximately 4% of revenue. Total Portfolio operating expenses increased due to our current year acquisitions.

HOME SALES OPERATIONS

The following table summarizes certain financial and statistical data for the Home Sales Operations for the years ended December 31, 2004 and 2003.

2004	2003	VARIANCE	% CHANGE
HOME SALES OPERATIONS -----			

(DOLLARS IN THOUSANDS)			
Gross revenues from new home sales.....			
\$ 43,470	\$ 33,512		
\$ 9,958	29.7%	Cost of new home sales.....	
(38,216)	(29,064)	(9,152)	31.5%

- Gross profit from new home sales.....			
5,254	4,448	806	18.1%
Gross revenues from used home sales.....			
4,166	3,094	1,072	34.6%
Cost of used home sales.....			
(3,617)	(2,703)	(914)	33.8%

Gross profit from used home sales.....			
549	391	158	40.4%
Brokered resale revenues, net.....			
2,186	1,724	462	26.8%
Home selling expenses.....			
(8,708)	(7,360)	(1,348)	18.3%
Ancillary services revenues, net.....			
2,782	216	2,566	1,188.0%

Income from home sales operations.....			
\$ 2,063	\$ (581)	\$ 2,644	455.1%
=====			
===== HOME SALES VOLUMES: New home sales.....			
517	458	59	12.9%
Used home sales.....			
362	189	173	91.5%
Brokered home resales.....			
1,424	1,102	322	29.2%

New home sales gross profit reflects a 12.9% increase in sales volume combined with an increase in average selling price of approximately \$11,000 per home or approximately 15% due to higher quality of homes. Used home sales gross profit reflects an increase in gross margin on used home sales and an increase in volume. Brokered resale revenues reflects increased resale volumes. The 18.3% increase in home selling expenses primarily reflects increases in insurance cost and other expenses. The increase in ancillary service revenue relates primarily to income from property amenities at our newly acquired Properties.

OTHER INCOME AND EXPENSES

The increase in other expenses reflects an increase in interest expense resulting from the Recap borrowing in October 2003 (see Note 10 of the Notes to Consolidated Financial Statements contained in this Form 10-K) and additional debt assumed in the 2004 acquisitions, an increase in depreciation on real estate assets related to the 2004 acquisitions, and increased general and administrative expense due to increased payroll. This is partially offset by income from other investments that includes \$2.3 million of lease income from

the Thousand Trails ground lease entered into on November 10, 2004.

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EQUITY IN INCOME OF UNCONSOLIDATED JOINT VENTURES

During 2004, we invested in preferred equity interests, the Mezzanine Investment, in six entities containing 11 Properties and 5,054 sites. Our average return on the Mezzanine Investment accrues at a rate of 10% per annum. We also invested in 11 separate joint ventures (see Liquidity and Capital Resources -- Investing Activities). These investments contributed to the increase in equity in income from unconsolidated joint ventures.

COMPARISON OF YEAR ENDED DECEMBER 31, 2003 TO YEAR ENDED DECEMBER 31, 2002

Since December 31, 2001, the gross investment in real estate increased from \$1,238 million to \$1,310 million as of December 31, 2003, due primarily to the aforementioned acquisitions and dispositions of Properties during the period. The total number of sites owned or controlled increased from 50,663 as of December 31, 2001 to 51,715 as of December 31, 2003.

The following table summarizes certain financial and statistical data for the Property Operations for the Core Portfolio and the Total Portfolio for the years ended December 31, 2003 and 2002.

CORE PORTFOLIO TOTAL						
PORTFOLIO	2003	2002	% INCREASE/	% INCREASE/	CHANGE	CHANGE
			(DECREASE)	(DECREASE)		
----- INCREASE/ % INCREASE/ -----						
	% 2003	2002	(DECREASE)	CHANGE		
	2003	2002	(DECREASE)	CHANGE		

----- (DOLLARS IN THOUSANDS)						
Community base rental income....	\$191,655					
	\$185,766	\$5,889	3.2%	\$196,919		
Resort base rental income.....	\$194,640	\$ 2,279	1.2%	256		
	154	102	66.2%	11,780	9,146	
Utility and other income.....	2,634	28.8%	18,764	18,458		
	306	1.7%	20,150	19,684	466	
	2.4%					

Property operating revenues...	210,675	204,378				
	6,297	3.1%	228,849	223,470		
Property operating and maintenance.....	56,535	54,510	2,025	3.7%		
	64,996	62,843	2,153	3.4%		
Real estate taxes.....	17,278	16,338	940	5.8%	18,917	
	17,827	1,090	6.1%			
Property management.....	8,629					
	8,498	131	1.5%	9,373	9,292	81
	0.9%					

Property operating expenses...	82,442	79,346				
	3,096	3.9%	93,286	89,962		
	3,324	3.7%				

Income from property operations.....	\$128,233	\$125,032	\$3,201	2.6%		
	\$135,563	\$133,508	\$ 2,055			
	1.5%					
===== =====						
===== Site and						
Occupancy Information(1):						
Average total						
sites.....	41,570					
	41,578	(8)	0.0%	43,134	43,627	
Average occupied sites.....	37,893	(493)	(1.1)%	38,594		
	37,893	(701)	(1.8)%	39,363	40,467	
	(1,104)	(2.7)%				

%.....	91.2%
92.8% (1.6)% (1.7)%	91.3%
92.8% (1.5)% (1.6)% Monthly	
base rent per site.....	\$
421.49 \$ 401.11 \$20.38	5.1% \$
416.89 \$ 400.82 \$ 16.07	4.0%
Total sites As of December	
31,.....	41,580 41,590
(10) 0.0%	43,143 43,178 (35)
(0.1)% Total occupied sites	
As of December	
31,.....	37,479 38,346
(867) (2.3)%	38,946 39,736
(790) (2.0)%	

(1) Site and occupancy information excludes Resort Cottage and RV sites, Properties owned through unconsolidated joint ventures and the sites of Properties acquired or sold during 2002 and 2003.

PROPERTY OPERATING REVENUES

The 3.2% increase in Community base rental income for the Core Portfolio reflects a 5.1% increase in monthly base rent per site combined with a 1.9% decrease in average occupied sites. The increase in utility and other income for the Core Portfolio is due primarily to increases in utility income, which resulted from higher expenses for these items.

PROPERTY OPERATING EXPENSES

The 3.7% increase in property operating and maintenance expense for the Core Portfolio is due primarily to increases in insurance and other expenses, utility expense, and repair and maintenance expense, administrative expenses and payroll expense. The 5.8% increase in Core Portfolio real estate taxes is generally due to higher property assessments on certain Properties. Property management expense for the Core Portfolio, which reflects costs of managing the Properties and is estimated based on a percentage of Property operating revenues, increased by 1.5% due to increases in payroll costs and computer expenses.

HOME SALES OPERATIONS

The following table summarizes certain financial and statistical data for the Home Sales Operations for the years ended December 31, 2003 and 2002.

HOME SALES OPERATIONS -----			
----- INCREASE/ 2003 2002			
(DECREASE) % CHANGE ----- -			

(DOLLARS IN THOUSANDS) Gross			
revenues from new home			
sales.....	\$ 33,512	\$ 30,618	
\$ 2,894	9.5%	Cost of new home	
sales.....			
(29,064)	(24,689)	4,375	17.7%

--	Gross profit from new home		
sales.....	4,448	5,929	
(1,481)	(25.0)%	Gross revenues	
		from used home sales.....	
3,094	2,919	175	6.0%
		Cost of	
		used home	
sales.....		(2,703)	
(2,494)	209	8.4%	-----

		Gross	
		profit from used home	
sales.....	391	425	(34)
(8.0)%	Brokered resale		
revenues, net.....	1,724		
1,592	132	8.3%	Home selling
expenses.....			
(7,360)	(7,664)	(304)	(4.0)%
Ancillary services revenues,			
net.....	216	522	(306)
(58.6)%			-----
---	Income from home		
sales operations.....	\$		
(581)	\$ 804	\$(1,385)	(172.3)%
=====	=====	=====	
=====	HOME SALES VOLUMES: New		
	home		
sales.....			
458	420	38	9.0%
Used home			
sales.....			
189	182	7	3.8%
Brokered home			
resales.....			
1,102	986	116	11.8%

New home sales gross profit reflects a 9.0% increase in sales volume combined with a 6.1% decrease in the gross margin. The average selling price of new homes remained steady year over year. Used home sales gross profit reflects a decrease in gross margin on used home sales, partially offset by an increase in volume. Brokered resale revenues reflect increased resale volumes. The 4.0% decrease in home selling expenses primarily reflects reductions in advertising expenses.

OTHER INCOME AND EXPENSES

In October 2003, we received approximately \$501 million from the Recap. The cash received from the Recap was used to pay down our Line of Credit and pay off our Term Loan, with the remainder placed in short-term investments to be used for payment of a special distribution in January 2004 and for future acquisitions. As a result, interest income increased reflecting additional interest earned on short-term investments with an average balance of \$273

million. The decrease in general and administrative expense is due to decreased professional fees and public company costs, partially offset by increased payroll costs and banking expenses. Rent control initiatives decreased by \$3.4 million due to lower costs relating to the DeAnza Santa Cruz and Contempo Marin Properties. Interest and related amortization increased due to the Recap and the payment of approximately \$3 million to unwind the

2001 Swap (hereinafter defined), partially offset by decreased interest rates during the period. The weighted average outstanding debt balances for the years ended December 31, 2003 and 2002 were approximately \$800 million and \$731.8 million, respectively. The effective interest rate was 6.4% and 6.8% per annum for the years ended December 31, 2003 and 2002, respectively.

The increase in income from other investments was due to the restructuring of the Company's investment in Wolverine Property Investment Limited Partnership (the "College Heights Joint Venture" or the "Venture"), a joint venture with Wolverine Investors, LLP, effective September 1, 2002. The Venture included 18 Properties with 3,581 sites. The results of operations of the College Heights Joint Venture prior to restructuring were included with the results of the Company due to the Company's voting equity interest and control over the Venture. Pursuant to the restructuring, the Company sold its general partnership interest, sold all of the Company's voting equity interest and reduced the Company's total investment in the College Heights Joint Venture. As consideration for the sale, the Company retained sole ownership of Down Yonder, a 361 site Property in Clearwater, Florida, received cash of approximately \$5.2 million and retained preferred limited partnership interests of approximately \$10.3 million, recorded net of a \$2.4 million reserve included in other assets. Income of approximately \$1.0 million and \$0.2 million has been recorded in income from other investments for the years ended December 31, 2003 and 2002 respectively.

LIQUIDITY AND CAPITAL RESOURCES

INFLATION

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

LIQUIDITY

As of December 31, 2004, the Company had \$5.3 million in cash and cash equivalents and \$44.2 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 net cash provided by operating activities. The table below summarizes cash flow activity for the twelve months ended December 31, 2004, 2003 and 2002 (dollars in thousands).

FOR THE TWELVE MONTHS ENDED DECEMBER 31, -----			
-----	2004	2003	2002
(RESTATED)	(RESTATED)	--	---

----- Cash provided by operating activities.....	\$ 46,733	\$ 75,163	\$
80,176 Cash (used in) provided by investing activities.....	(366,654)	(598)	(72,973)
Cash (used in) provided by financing activities.....	243,905	(1,287)	(514)
- ----- Net (decrease) increase in cash.....	5,916	\$318,470	\$
	=====	=====	=====
	=====		

OPERATING ACTIVITIES

Net cash provided by operating activities decreased \$28.5 million for the year ended December 31, 2004. This decrease reflects increased interest expense

as a result of the Recap in October, 2003 and increases in working capital, partially offset by increases in property operating income as discussed in "Results of Operations" above. Net cash provided by operating activities decreased \$5 million for the

year ended December 31, 2003 from \$80.2 million in 2002. This was primarily due to an increase in working capital.

INVESTING ACTIVITIES

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

ACQUISITIONS

During the year ended December 31, 2004, we acquired 111 Properties (see Note 6 of the Notes to Consolidated Financial Statements contained in this Form 10-K). The combined investment in real estate for these 111 Properties was approximately \$703 million and was funded with monies held in short-term investments, debt assumed of \$352 million which includes a mark-to-market adjustment of \$10.4 million, new financing of \$124 million, and borrowings from our Line of Credit. Included in the above as previously described are 57 Properties purchased as part of the Thousand Trails Transaction; the income related to this transaction is classified as income from other investments on the Consolidated Statements of Operations.

We assumed inventory of approximately \$1.2 million, other assets of \$4.9 million, rents received in advance of approximately \$13.6 million and other liabilities of approximately \$5.8 million in connection with the 2004 acquisitions. The Company also issued common OP units for value of approximately \$32.2 million.

During 2003, we acquired three Properties at a purchase price of \$11.8 million. The acquisitions were funded with monies held in short-term investments and debt assumed of \$4.6 million. The acquisitions included the assumption of liabilities of approximately \$0.7 million. Also during 2003, we acquired a parcel of land adjacent to one of our Properties for approximately \$0.1 million.

During 2002, we acquired eleven Properties at a purchase price of \$101.6 million. The acquisitions were funded with borrowings on our Line of Credit and the assumption of \$47.9 million of mortgage debt, which includes a \$3.0 million mark-to-market adjustment. In addition, we purchased adjacent land and land improvements for several Properties for approximately \$0.6 million.

DISPOSITIONS

During the year ended December 31, 2004, we sold one Property located in Lake Placid, Florida for a selling price of \$3.4 million, with net proceeds of \$0.8 million received in July 2004. No gain or loss on disposition was recognized in the period. The operating results have been reflected in discontinued operations. In addition, we sold approximately 1.4 acres of land in Montana for a gain and net proceeds of \$0.6 million.

During 2003, we sold three Properties for proceeds of \$27.1 million and a gain of \$10.8 million. Proceeds from the sales were used to repay amounts on our Line of Credit.

During 2002, we effectively sold 17 Properties as part of a restructuring of the College Heights Venture (hereinafter defined). In addition, we sold Camelot Acres, a 319 site Property in Burnsville, Minnesota, for approximately \$14.2 million.

INVESTMENTS IN AND ADVANCES TO JOINT VENTURES

On February 3, 2004, the Company invested approximately \$29.7 million in preferred equity interests (the "Mezzanine Investment") in six entities controlled by Diversified Investments, Inc. ("Diversified"). These entities own in the aggregate 11 Properties, containing 5,054 sites. Approximately \$11.7 million of the Mezzanine Investment accrues at a per annum average rate of 10%, with a minimum pay rate of 6.5%, payable quarterly, and approximately \$17.9 million of the Mezzanine Investment accrues at a per annum average rate of 11%, with a minimum pay rate of 7%, payable quarterly. To the extent the minimum pay rates on the respective Mezzanine Investments are not

achieved, the accrual rates increase to 12% and 13% per annum, respectively. The Company can acquire these Properties in the future at capitalization rates of between 8% and 8.5%, beginning in 2006. In addition, the Company has invested approximately \$1.4 million in the Diversified entities managing these 11 Properties, which is included in prepaid expenses and other assets on the Company's Consolidated Balance Sheet as of December 31, 2004.

During the year ended December 31, 2004, the Company invested approximately \$4.1 million in 11 joint ventures. The Company can acquire these Properties in the future at capitalization rates of between 8% and 8.5%, beginning in 2006.

In addition, the Company recorded approximately \$3.7 million, \$0.3 million and \$0.2 million of net income from joint ventures (net of depreciation) in the years ended December 31, 2004, 2003 and 2002 respectively, and received approximately \$5.2 million, \$0.8 million and \$0.6 million in distributions from such joint ventures for the year ended December 31, 2004, 2003 and 2002 respectively. Included in such distributions for the year ended December 31, 2004 is \$2.5 million return of capital, of which \$0.5 million exceeded the Company's basis and thus was recorded in income from unconsolidated joint ventures and other.

OTHER INVESTMENTS

Effective September 1, 2002, the Company restructured its investment in the College Heights Joint Venture. The Venture included 18 Properties with 3,581 sites. The results of operations of the College Heights Joint Venture prior to restructuring were included with the results of the Company due to the Company's voting equity interest and control over the Venture. Pursuant to the restructuring, the Company sold its general partnership interest, sold all of the Company's voting equity interest and reduced the Company's total investment in the College Heights Joint Venture. As consideration for the sale, the Company retained sole ownership of Down Yonder, a 361 site Property in Clearwater, Florida, received cash of approximately \$5.2 million and retained preferred limited partnership interests of approximately \$10.3 million, recorded net of a \$2.4 million reserve included in other assets. Income of approximately \$0.9 million, \$1.0 million and \$0.2 million has been recorded in income from other investments for the years ended December 31, 2004, 2003 and 2002 respectively.

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 \$13.7 million, \$11.9 million and \$13.4 million for the years ended December 31, 2004, 2003 and 2002 respectively. Site development costs were approximately \$13.0 million, \$9.0 million and \$10.4 million for the years ended December 31, 2004, 2003 and 2002 respectively, and represent costs to develop expansion sites at certain of the Company's Properties and costs for improvements to sites when a smaller used home is replaced with a larger new home. Corporate costs such as computer hardware, office furniture and office improvements were \$0.4 million, \$0.1 million and \$0.7 million for the years ended December 31, 2004, 2003 and 2002 respectively.

FINANCING ACTIVITIES

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

EQUITY TRANSACTIONS

In order to qualify as a REIT for federal income tax purposes, the Company must distribute 90% or more of its taxable income (excluding capital gains) to its stockholders. The following distributions have been declared and paid to common stockholders and minority interests since January 1, 2002.

FOR THE QUARTER	
STOCKHOLDER RECORD	
DISTRIBUTION AMOUNT PER	SHARE ENDING DATE PAYMENT
DATE - -----	DATE - -----
-----	-----
\$0.4750.....	March 31, 2002 March 29, 2002 April 12, 2002
\$0.4750.....	June 30, 2002 June 28, 2002 July 12, 2002
\$0.4750.....	September 30, 2002 September 27, 2002 October 11, 2002
\$0.4750.....	December 31, 2002 December 27, 2002 January 10, 2003
-----	-----
\$0.4950.....	March 31, 2003 March 28, 2003 April 11, 2003
\$0.4950.....	June 30, 2003 June 27, 2003 July 11, 2003 September 30,
\$0.4950.....	2003..... September 26, 2003 October 10, 2003
\$8.00.....	December 31, 2003 January 8, 2004 January 16, 2004 - ----- -----
-----	-----
\$0.0125.....	March 31, 2004 March 26, 2004 April 9, 2004
\$0.0125.....	June 30, 2004 June 25, 2004 July 9, 2004
\$0.0125.....	September 30, 2004 September 24, 2004 October 8, 2004
\$0.0125.....	December 31, 2004 December 31, 2004 January 14, 2005

On December 12, 2003, we declared a one-time special distribution of \$8.00 per share payable to stockholders of record on January 8, 2004. We used proceeds from the \$501 million Recap in October 2003 to pay the special distribution on January 16, 2004. The special cash dividend is reflected on stockholders' 2004 1099-DIV issued in January 2005.

In connection with the \$501 million Recap and subsequent special distribution, on February 27, 2004, the Company contributed all of its assets to MHC Trust, a newly formed Maryland real estate investment trust, including the

Company's entire partnership interest in the Operating Partnership. The Company determined that a taxable transaction in connection with the special distribution to stockholders would be in the Company's best interests. This was accomplished by the contribution of the Company's interest in the Operating Partnership to MHC Trust in exchange for all the common and preferred stock of MHC Trust. Due to the Company's tax basis in its interest in the Operating Partnership, the Company recognized \$180 million of taxable income as a result of its contribution, as opposed to a nontaxable reduction of the Company's tax basis in its interest in the Operating Partnership. This restructuring resulted in a step-up in the Company's tax basis in its assets, generating future depreciation deductions, which in turn will reduce the Company's future distribution requirements. This provides the Company with greater financial flexibility and greater growth potential. The Company intends to continue to qualify as a REIT under the Code, with its assets consisting of interests in MHC Trust. MHC Trust, in turn, also intends to qualify as a real estate investment trust under the Code and will continue to be the general partner of the Operating Partnership. On May 1, 2004, in connection with the restructuring, MHC Trust sold cumulative preferred stock to a limited number of unaffiliated investors.

During the twelve months ended December 31, 2004, in connection with 2004 acquisitions the Company issued 1.2 million common OP Units valued at \$36.7 million of which approximately \$28.7 million has been classified as paid-in capital. On December 21, 2004 we redeemed 126,765 common OP Units for approximately \$4.5 million of which approximately \$3.5 million has been classified as paid-in capital.

The Operating Partnership paid distributions of 9.0% per annum on the \$125 million of Series D Cumulative Redeemable Perpetual Preferred Units ("Preferred Units"). Distributions on the Preferred Units were paid quarterly on the last calendar day of each quarter beginning September 30, 1999. The Company expects to continue to make regular quarterly distributions and has set its 2005 distribution to common stockholders at \$0.10 per share per annum.

MORTGAGES AND CREDIT FACILITIES

We have two unsecured lines of credit of \$110 million and \$50 million which bear interest at a per annum rate of London Interbank Offered Rate ("LIBOR") plus 1.65%. Throughout the year ended December 31, 2004, the Company borrowed \$135.8 million and paid down \$20 million on its line of credit. On November 10, 2004, in connection with the Thousand Trails Transaction, we secured a \$120 million three-year term loan at LIBOR plus 1.75%. In December 2004, we fixed \$180 million of this variable debt for one year with a weighted average per annum interest rate of 4.7%.

During the twelve months ended December 31, 2004, the Company assumed mortgage and other debt of approximately \$157 million, which was recorded at fair market value with the related premium being amortized over the life of the loan using the effective interest rate. The Company borrowed an additional \$194 million of mortgage debt for other acquisitions. The mortgages bear interest at weighted average rates ranging from 5.14% to 5.81% per annum, and mature at various dates through November 1, 2027.

In 2003, the Company initiated the Recap as a result of its belief in the stability of its cash flow from property operations and the attractive financing terms available to borrowers such as the Company in the secured debt markets. In conducting its evaluation of the use of proceeds from the Recap, the Company's Board of Directors believed that to the extent no attractive alternative use was available, a distribution to stockholders should occur. In late 2003, the Company identified acquisition targets which would use approximately \$100 million of the \$325 million in net proceeds resulting from the Recap. In December 2003, the Company's Board of Directors declared a distribution of approximately \$225 million (\$8 per share). During 2004, the Company identified additional acquisitions and has funded such acquisitions primarily with secured and unsecured borrowings.

The Recap and subsequent borrowings in connection with acquisitions have significantly increased the Company's outstanding debt. The interest and principal payments required under these debt agreements materially increase the Company's future contractual payment obligations. As of December 31, 2004, the outstanding debt balance was \$1,653 million. In future years, the Company expects to pay annual interest and principal amortization under current obligations of approximately \$114 million (not including the impact of scheduled maturities) compared to \$57 million in 2003. In light of these increased cash flow requirements, the Company has reduced its annual dividend to common stockholders from approximately \$44 million in 2003 to approximately \$1 million in 2004. In addition, the Company expects its cash from operations to increase significantly in 2005 compared to 2003 due to the cash generated by newly-acquired Properties. To the extent cash flow from the Properties does not meet the Company's expectations, the Company's Board of Directors increases the annual dividend significantly, or the Company is required to make significant unexpected capital improvements or other payments, the Company's financial flexibility and ability to meet scheduled obligations could be negatively impacted. With respect to maturing debt, the Company has staggered the maturities of our long-term mortgage debt over an average of approximately 6 years, with no more than \$330 million in principal maturities coming due in any single year. The Company believes that it will be able to refinance its maturing debt obligations on a secured or unsecured basis; however, to the extent the Company is unable to refinance its debt as it matures, it believes that it will be able to repay such maturing debt from asset sales and/or the proceeds from equity issuances. With respect to any refinancing of maturing debt, the Company's future cash flow requirements could be impacted by significant changes in interest rates or other debt terms, including required amortization payments.

In October 2003, we unwound an interest rate swap ("2001 Swap") agreement at a cost of approximately \$3 million, which is included in interest and related amortization in 2003 in the accompanying Consolidated Statements of Operations. The 2001 swap effectively fixed LIBOR on \$100 million of our floating rate debt at approximately 3.7% per annum for the period October 2001 through August 2004. The terms of the 2001 Swap required monthly settlements on the same dates interest payments were due on the debt. In accordance with SFAS No. 133, the 2001 Swap was reflected at market value.

On April 17, 2003, we entered into an agreement to refinance and increase the "Bay Indies Mortgage", a \$44.5 million note, from approximately \$21.9 million to \$45 million. Under the new agreement, the Bay Indies Mortgage bears interest at 5.69% per annum, amortizes over 25 years and matures April 17, 2013. The net proceeds were used to pay down the Company's Line of Credit in April 2003. Also during the year ended December 31, 2003, mortgage notes payable on four other Properties were repaid totaling approximately \$23.5 million using proceeds from borrowings on the Company's Line of Credit.

During the year ended December 31, 2002, as part of the purchase of RSI, in a non-cash transaction, we assumed a \$12.5 million note payable ("Conseco Financing Note"), collateralized by our home inventory. The Conseco Financing Note was repaid at a discount during 2002 using proceeds from our Line of Credit. In addition, we repaid a maturing mortgage note in the amount of \$1.1 million and \$2.1 million of other unsecured notes payable using proceeds from our Line of Credit.

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 December 31, 2004, we were subject to certain contractual payment obligations as described in the table below (dollars in thousands):

CONTRACTUAL OBLIGATIONS				
TOTAL	2005	2006(2)		
	2007(3)	2008	2009	
THEREAFTER	-	-----		
	-----	-----		
	-----	-----		
-	-----	Long Term		
		Borrowings(1)....		
	\$1,643,672	\$18,742		
	\$169,770	\$432,350		
	\$203,903	\$70,558		
	\$748,349	Weighted		
		average interest		
rates.....				
	6.10%	-- 4.36%	6.43%	
	5.55%	6.58%	6.20%	

- (1) Balance excludes net premiums and discounts of \$9.4 million.
- (2) Includes Line of Credit repayment in 2006 of \$115,800. We have an option to extend this maturity for one year to 2007.
- (3) Includes a Term Loan repayment in 2007 of \$105,600. We have an option to extend this maturity for two successive years to 2009.

Included in the above table are certain capital lease obligations totaling approximately \$7.0 million. These agreements expire 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 include minimum rent to be paid throughout the year plus additional rents calculated as a percentage of gross revenues. For the twelve months ended December 31, 2004 and 2003, ground lease expense was approximately \$1.6 million and \$1.6 million respectively. Minimum future rental payments under the ground leases are approximately \$1.6 million for each of the next five years and approximately \$23.5 million thereafter.

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 years ended December 31, 2004, 2003 and 2002 (amounts in thousands):

2004	2003	2002 (RESTATED)	(RESTATED)	-----	---
----- COMPUTATION OF FUNDS FROM					
OPERATIONS: Net income available for Common					
Shares.....	\$ 4,026	\$ 25,132	\$ 31,887		
Income allocated to Common OP					
Units.....	936	6,004	7,786		
Depreciation on real estate assets and other					
costs.....	48,862	37,265	34,826	Depreciation expense	
				included in discontinued	
operations.....	32	135	484	Depreciation expense included in	
				equity in income from joint	
ventures.....	726	Gain on sale of Properties and	1,230	769	
other.....	(638)	(10,826)	(13,014)	--	
----- Funds from operations					
available for Common					
Shares.....	\$54,448	\$ 58,479	\$ 62,695	=====	=====
===== Weighted average Common Shares					
outstanding -- fully					
diluted.....	29,465	28,002	27,632	=====	=====

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT 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 December 31, 2004, approximately 97% or approximately \$1.6 billion of our outstanding debt had fixed interest rates, which minimizes the market risk until the debt matures. For each increase in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately \$93.1 million. For each decrease in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately \$98.8 million.

At December 31, 2004, approximately 3% or approximately \$56 million of our outstanding debt was short-term and 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 \$538,000 annually.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Index to Consolidated Financial Statements on page F-1 of this Form 10-K.

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

None.

ITEM 9A. 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, maintain a system of disclosure controls and procedures, designed to provide reasonable assurance that information the Company is required to disclose in the reports that the Company files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

As mentioned in the Form 8-K filed on March 4, 2005, the Company received a comment letter from the SEC staff raising questions regarding how the Company accounted for costs incurred in pursuing certain rent control initiatives. Management discussed this issue with its independent auditors and the Company's Audit Committee of the Board of Directors ("Audit Committee"). Based on such discussions management has changed its accounting policy to expense such costs in the year incurred and restated prior period financial statements as discussed in Note 2 to the financial statements because the previous method of accounting for these costs has been determined to be incorrect.

The Company's rent control initiatives date back prior to 2001. During 2001, given a significant expansion of the rent control initiatives, the accounting for such costs was closely analyzed by management and discussed with our independent auditors. The initiatives involved efforts of the Company to realize the value of certain of its Properties subject to rent control, as more fully discussed in Note 17. The initiatives included efforts to remove the operations of certain Properties from existing rent regulation or to ultimately close the Properties if the existing rent regulation remained.

At that time the Company concluded that removal of the existing rent regulation or Property closures would constitute a "formal plan" and that such plan represented a "change in use" under Statement of Financial Accounting Standards No. 67 "Accounting for Costs and Initial Rental Operations of Real Estate Projects" ("SFAS No. 67") and costs were capitalized on that basis. These financial statements were audited by our independent auditors and the auditors provided unqualified opinions in prior periods.

After the discussions among the Company, its Audit Committee and its independent auditors in March 2005, the term "change in use" was no longer interpreted to cover a change in regulation. In addition, as part of its initiative, the Company was not willing to commit to close the Properties and would accept other outcomes that allowed the Company to realize the value of its Properties short of park closure (which is a "change in use"). As a result the Company determined that it was not committed to a "formal plan" that reflected a "change of use" under SFAS No. 67.

The Company's management with the participation of the Chief Executive Officer and the Chief Financial Officer has evaluated the effectiveness of the Company's disclosure controls and procedures as of December 31, 2004 in light of this restatement. Based on that evaluation, the Company's Chief

Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were not effective at the reasonable assurance level as of December 31, 2004. However, based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that, as of such date, the controls over the accounting policy regarding the capitalization of costs incurred in pursuing rent control initiatives is the only area in which the disclosure controls and procedures were not operating effectively at the reasonable assurance level.

Prior to receipt of SEC comments the issue of the capitalization of costs incurred in pursuing rent control initiatives was identified by the Company as an accounting issue. While the Company concluded its disclosure controls and procedures were not operating effectively as of December 31, 2004, management believes 1) it closely analyzed the application of SFAS No. 67 to its situation and this issue was discussed with its Audit Committee and it was considered by its independent auditors in prior audits, 2) there was no authoritative literature existing with respect to this issue that was not considered by the Company or its Audit Committee, and 3) until the comments were received from the SEC staff and subsequent discussion with its independent auditors, the application of SFAS No. 67 and the Company's interpretation of "formal plan" and "change in use" were believed to be appropriate. Lastly, the Company believes its disclosure regarding these transactions and costs was highlighted in its disclosure and taken in total during the relevant periods provided users with meaningful and useful information on which to base investment decisions.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

To remediate the material weakness in the Company's internal control over financial reporting, subsequent to year end the Company has implemented additional review procedures over the selection and monitoring of the application and interpretation of accounting principles affecting the costs incurred in pursuing rent control initiatives.

There were no material changes to the Company's internal changes over financial reporting during the fourth quarter.

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

Management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under Securities Exchange Act of 1934. The Company's internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP.

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

Management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2004. In making this assessment, management used the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

In performing this assessment, management reviewed the Company's accounting for costs incurred in pursuing rent control initiatives. As a result of this review, management concluded that the Company's controls over the application and interpretation of accounting principles affecting the capitalization of these costs were incorrect, and, as a result, management has determined that expenses were understated over the last several years. The Audit Committee and the Board of Directors and management determined to restate certain of the Company's previously issued financial statements to reflect the correct costs incurred in pursuing rent control initiatives, as explained in Note 2 to the consolidated financial statements.

Management evaluated the effects of this restatement on the Company's assessment of its internal control over financial reporting and concluded that the control deficiency relating to the implementation and interpretation of GAAP as they relate to the capitalization of costs in pursuing rent control initiatives represented a material weakness. As a result of this material weakness, management has concluded that, as of December 31, 2004, the Company's internal control over financial reporting was not effective based on the criteria set forth by COSO in Internal Control-Integrated Framework. A material weakness in internal control over financial reporting is a control deficiency (within the meaning of the Public Company Accounting Oversight Board ("PCAOB") Auditing Standard No. 2), or combination of control deficiencies, that results in there being more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. PCAOB Auditing Standard No. 2 identifies a number of circumstances that, because of their likely significant negative effect on internal control over financial reporting, are to be regarded as at least significant deficiencies as well as strong indicators that a material weakness exists, including the restatement of previously issued financial statements to reflect the correction of a misstatement.

The Company's independent registered public accounting firm has issued an attestation report on management's assessment of the Company's internal control over financial reporting. That report appears on page F-2 of the Consolidated Financial Statements.

ITEM 9B. OTHER INFORMATION

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required to be set forth herein pursuant to Item 401 and Item 405 of Regulation S-K is contained under the captions "Election of Directors," "Election of Directors -- Committees of the Board; Meetings" and "Section 16(a) Beneficial Ownership Reporting Compliance" in the Company's definitive proxy statement for the Company's 2005 Annual Meeting of Stockholders to be held on May 10, 2005 (the "2005 Proxy Statement") and such information is incorporated herein by reference.

In addition, the information required to be set forth herein pursuant to Item 406 of Regulation S-K is contained under the caption "Election of Directors -- Corporate Governance" in the 2005 Proxy Statement regarding the Company's written Guidelines on Corporate Governance and the Company's Business Ethics and Conduct Policy is incorporated herein by reference.

ITEMS 11, 12, 13 AND 14. EXECUTIVE COMPENSATION, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information required by Item 11, Item 12, Item 13 and Item 14 will be contained in the 2005 Proxy Statement, and thus this Part has been omitted in accordance with General Instruction G(3) to Form 10-K.

PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES

1. Financial Statements

See Index to Financial Statements and Schedules on page F-1 of this Form 10-K.

2. Financial Statement Schedules

See Index to Financial Statements and Schedules on page F-1 of this Form 10-K.

3. Exhibits:

- 2(a) Admission Agreement between Equity Financial and Management Co., Manufactured Home Communities, Inc. and MHC Operating Partnership.
- 3.1(g) Amended and Restated Articles of Incorporation of Manufactured Home Communities, Inc. effective May 21, 1999.
- 3.2(n) Articles of Amendment of Articles of Incorporation of Manufactured Home Communities, Inc., effective May 13, 2003.
- 3.3(m) Articles of Amendment to Articles of Incorporation of Manufactured Home Communities, Inc., effective November 16, 2004.
- 3.4(n) Amended Bylaws of Manufactured Home Communities, Inc. dated December 31, 2003.
- 4 Not applicable
- 9 Not applicable
- 10.1(a) Agreement of Limited Partnership of MHC Financing Limited Partnership
- 10.2(b) Agreement of Limited Partnership of MHC Lending Limited Partnership
- 10.3(c) Agreement of Limited Partnership of MHC-Bay Indies Financing Limited Partnership
- 10.4(c) Agreement of Limited Partnership of MHC-De Anza Financing Limited Partnership
- 10.5(d) Second Amended and Restated MHC Operating Limited Partnership Agreement of Limited Partnership, dated March 15, 1996
- 10.6(f) Agreement of Limited Partnership of MHC Financing Limited Partnership Two
- 10.7(a) Revolving Credit Note made by Realty Systems, Inc. to Equity Financial and Management Co.
- 10.8(a) Assignment to MHC Operating Limited Partnership of Revolving Credit Note made by Realty Systems, Inc. to Equity Financial and Management Co.
- 10.9(a) Loan and Security Agreement between Realty Systems, Inc. and MHC Operating Limited Partnership
- 10.10(e) Form of Manufactured Home Communities, Inc. 1997 Non-Qualified Employee Stock Purchase Plan.
- 10.11(i) Manufactured Home Communities, Inc. 1992 Stock Option and Stock Award Plan.
- 10.12(g) \$265,000,000 Mortgage Note dated December 12, 1997
- 10.13(h) \$110,000,000 Amended, Restated and Consolidated Promissory Note (DeAnza Mortgage) dated June 28, 2000
- 10.14(h) \$15,750,000 Promissory Note Secured by Leasehold Deed of Trust (Date Palm Mortgage) dated July 13, 2000
- 10.15(j) \$50,000,000 Promissory Note secured by Leasehold Deeds of Trust (Stagecoach Mortgage) dated December 2, 2001.
- 10.16(k) Loan Agreement dated October 17, 2003 between MHC Sunrise Heights, L.L.C., as Borrower, and Bank of America, N.A., as Lender.
- 10.16.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.16.
- 10.17(k) Form of Loan Agreement dated October 17, 2003 between MHC Countryside L.L.C., as Borrower, and Bank of America, N.A., as Lender.

- 10.17.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.17.
- 10.18(k) Form of Loan Agreement dated October 17, 2003 between MHC Creekside L.L.C., as Borrower, and Bank of America, N.A., as Lender.
- 10.18.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.18.
- 10.19(k) Form of Loan Agreement dated October 17, 2003 between MHC Golf Vista Estates L.L.C., as Borrowers, and Bank of America, N.A., as Lender.
- 10.19.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.19.
- 10.20(l) Agreement of Plan of Merger (Thousand Trails), dated August 2, 2004
- 10.21(l) Amendment No. 1 to Agreement of Plan of Merger (Thousand Trails), dated September 30, 2004
- 10.22(l) Amendment No. 2 to Agreement of Plan of Merger (Thousand Trails), dated November 9, 2004
- 10.23(l) Thousand Trails Lease Agreement, dated November 10, 2004
- 10.24(l) \$120 million Term Loan Agreement dated November 10, 2004
- 10.25(l) Fifth Amended and Restated Credit Agreement (\$110 million Revolving Facility) dated November 10, 2004
- 10.26(l) First Amended and Restated Loan Agreement dated November 10, 2004
- 11 Not applicable
- 12(n) Computation of Ratio of Earnings to Fixed Charges
- 13 Not applicable
- 14(n) Manufactured Home Communities, Inc. Business Ethics and Conduct Policy, dated March 2004
- 15 Not applicable
- 16 Not applicable
- 17 Not applicable
- 18 Not applicable
- 19 Not applicable
- 20 Not applicable
- 21(n) Subsidiaries of the registrant
- 22 Not applicable
- 23(n) Consent of Independent Auditors
- 24.1(n) Power of Attorney for Joseph B. McAdams dated March 1, 2005
- 24.2(n) Power of Attorney for Howard Walker dated February 28, 2005
- 24.3(n) Power of Attorney for Thomas E. Dobrowski dated March 1, 2005
- 24.4(n) Power of Attorney for Gary Waterman dated March 1, 2005
- 24.5(n) Power of Attorney for Donald S. Chisholm dated March 1, 2005
- 24.6(n) Power of Attorney for Sheli Z. Rosenberg dated March 1, 2005
- 25 Not applicable
- 26 Not applicable
- 31.1(n) Certification of Chief Financial Officer Pursuant To Section 302 of the Sarbanes-Oxley Act Of 2002
- 31.2(n) Certification of Chief Executive Officer Pursuant To Section 302 of the Sarbanes-Oxley Act Of 2002
- 32.1(n) Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350
- 32.2(n) Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350

The following documents are incorporated herein by reference.

-
- (a) Included as an exhibit to the Company's Form S-11 Registration Statement, File No. 33-55994.
 - (b) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1993.
 - (c) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1994.
 - (d) Included as an exhibit to the Company's Report on Form 10-Q for the quarter ended June 30, 1996.
 - (e) Included as Exhibit A to the Company's definitive Proxy Statement dated March 28, 1997, relating to Annual Meeting of Stockholders held on May 13, 1997.
 - (f) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1997.
 - (g) Included as an exhibit to the Company's Form S-3 Registration Statement, filed November 12, 1999 (SEC File No. 333-90813).
 - (h) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 2000.
 - (i) Included as Appendix A to the Company's Definitive Proxy Statement dated March 30, 2001
 - (j) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 2002.
 - (k) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 2003.
 - (l) Included as an exhibit to the Company's Report on Form 8-K dated November 16, 2004
 - (m) Included as an exhibit to the Company's Report on Form 8-K dated November 22, 2004
 - (n) Filed herewith.

SIGNATURES

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

EQUITY LIFESTYLE PROPERTIES, INC., a Maryland corporation

Date: March 28, 2005

By: /s/ Thomas P. Heneghan

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

Date: March 28, 2005

By: /s/ Michael B. Berman

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

EQUITY LIFESTYLE PROPERTIES, INC. -- SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

NAME TITLE

DATE ----

/s/ Thomas
P.

Heneghan
President,
Chief
Executive
Officer

March 28,
2005 -----

--- and
Director
Thomas P.
Heneghan

*Attorney-
in-Fact
/s/

Michael B.
Berman
Vice

President,
Treasurer
and Chief
March 28,

2005 -----

Financial
Officer
Michael B.
Berman

*Attorney-
in-Fact
/s/ Samuel

Zell
Chairman
of the
Board

March 28,
2005 -----

--- Samuel
Zell

*Sheli Z.
Rosenberg
Director

March 28,
2005 -----

--- Sheli
Z.

Rosenberg
*Donald S.
Chisholm
Director

March 28,
2005 -----

--- Donald
S.
Chisholm
*Thomas E.
Dobrowski
Director
March 28,
2005 -----

--- Thomas
E.
Dobrowski
*Howard
Walker
Vice-
Chairman
of the
Board
March 28,
2005 -----

--- Howard
Walker
*Joseph B.
McAdams
Director
March 28,
2005 -----

--- Joseph
B. McAdams
*Gary
Waterman
Director
March 28,
2005 -----

--- Gary
Waterman

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EQUITY LIFESTYLE PROPERTIES, INC.

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Certain schedules have been omitted as they are not applicable to the Company.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

The Board of Directors and Stockholders of Equity Lifestyle Properties, Inc.

We have audited management's assessment, included in the accompanying Report of Management on Internal Control over Financial Reporting, that Equity Lifestyle Properties, Inc. (Equity Lifestyle Properties) did not maintain effective internal control over financial reporting as of December 31, 2004, because of the effect of a material weakness due to inadequate controls over the capitalization of certain costs, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (the COSO criteria). Equity Lifestyle Properties' management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management's assessment and an opinion on the effectiveness of Equity Lifestyle Properties' internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management's assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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

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

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weakness has been identified and included in management's assessment. As described in the notes to the Company's 2004 financial statements, Equity Lifestyle Properties restated previously issued financial statements to correct for errors related to the improper capitalization of certain costs associated with changing rent control restrictions. In connection with its assessment of internal control over financial reporting as of December 31, 2004, management determined that Equity Lifestyle Properties' procedures and controls over the interpretation and implementation of generally accepted accounting principles as they relate to the capitalization of these costs were inadequate, and concluded that this deficiency represented a material weakness in internal control over financial reporting. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements as of December 31, 2004

and 2003 and for each of the three years in the period ended December 31, 2004, and this report does not affect our report dated March 24, 2005 on those financial statements.

In our opinion, management's assessment that Equity Lifestyle Properties, Inc. did not maintain effective internal control over financial reporting as of December 31, 2004, is fairly stated, in all material respects, based on the COSO control criteria. Also, in our opinion, because of the effect of the material weakness described above on the achievement of the objectives of the control criteria, Equity Lifestyle Properties, Inc. has not maintained effective internal control over financial reporting as of December 31, 2004, based on the COSO control criteria.

ERNST & YOUNG LLP

Chicago, Illinois
March 24, 2005

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders of Equity Lifestyle Properties, Inc.

We have audited the accompanying consolidated balance sheets of Equity Lifestyle Properties, Inc. ("Equity Lifestyle Properties", formerly known as Manufactured Home Communities, Inc.) as of December 31, 2004 and 2003, and the related consolidated statements of operations, other comprehensive income, changes in stockholders' equity and cash flows for each of the three years in the period ended December 31, 2004. Our audits also included the financial statement schedules listed in the Index at Item 15(1) and (2). These financial statements and the schedules are the responsibility of Equity Lifestyle Properties' management. Our responsibility is to express an opinion on these financial statements and the schedules based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Equity Lifestyle Properties at December 31, 2004 and 2003, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2004, in conformity with accounting principles generally accepted in the United States. Also, in our opinion, the related financial statement schedules, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company has restated its financial statements as of December 31, 2003 and for each of the two years in the period then ended relating to expense recognition for certain costs.

As discussed in Note 3 to the consolidated financial statements, in 2003 Equity Lifestyle Properties changed its method of accounting for stock-based employee compensation.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Equity Lifestyle Properties internal control over financial reporting as of December 31, 2004, based on criteria established in Internal Control -- Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 24, 2005 expressed an unqualified opinion on management's assessment of the effectiveness of internal control over financial reporting and an adverse opinion on the effectiveness of internal control over financial reporting.

ERNST & YOUNG LLP

Chicago, Illinois
March 24, 2005

EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2004 AND 2003

DECEMBER 31, 2003	DECEMBER 31, 2004 (RESTATED)	-----
(AMOUNTS IN THOUSANDS) ASSETS Investment in real estate:		
Land.....	\$ 470,587	\$ 282,803 Land
improvements.....		
1,438,923	905,785	Buildings and other depreciable
property.....	126,280	121,117 -----
	2,035,790	1,309,705 Accumulated
depreciation.....		(322,867)
(272,497) -----		Net investment in real
estate.....	1,712,923	1,037,208 Cash
and cash equivalents.....		
	5,305	325,740 Notes
receivable.....		
	13,290	11,551 Investment in joint
ventures.....		43,583 10,770
		Rents receivable,
net.....		1,469 2,385
		Deferred financing costs,
net.....		16,162 14,164
Inventory.....		
	50,654	31,604 Prepaid expenses and other
assets.....		42,903 30,085 -----
		TOTAL
ASSETS.....		
\$1,886,289	\$1,463,507	===== LIABILITIES AND
		STOCKHOLDERS' EQUITY Liabilities: Mortgage notes
payable.....		\$1,417,251
		\$1,076,183 Unsecured line of
credit.....		115,800 --
Unsecured term loan.....		
		120,000 -- Accounts payable and accrued
expenses.....		36,146 27,928 Accrued
interest payable.....		8,894
		5,978 Rents received in advance and security
deposits.....		21,135 6,616 Distributions
payable.....		448 224,696 --
		TOTAL
LIABILITIES.....		
1,719,674	1,341,401	Commitments and contingencies Minority
interest --		Common OP Units and other..... 9,771
(366) Minority interest --		Perpetual Preferred OP
Units.....		125,000 125,000 STOCKHOLDERS' EQUITY:
		Preferred stock, \$.01 par value 10,000,000 shares
authorized; none issued.....		--
--		Common stock, \$.01 par value 50,000,000 shares
authorized; 22,937,192 and 22,563,348 shares issued and		outstanding for 2004 and 2003,
respectively.....		224 222 Paid-in
capital.....		294,304
		263,066 Deferred
compensation.....		(166)
(494) Distributions in excess of accumulated		
earnings.....		(262,518) (265,322) -----
-- Total stockholders' equity (deficit).....		
31,844 (2,528) -----		TOTAL LIABILITIES AND
STOCKHOLDERS' EQUITY.....		\$1,886,289 \$1,463,507
		=====

The accompanying notes are an integral part of the financial statements

EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

2003	2002	2004 (RESTATED)	(RESTATED)	-----
----- (AMOUNTS IN THOUSANDS,				
EXCEPT PER SHARE DATA) PROPERTY OPERATIONS:				
Community base rental				
income.....		\$210,790		
	\$196,919	\$194,640	Resort base rental	
income.....	54,845			
	11,780	9,146	Utility and other	
income.....	24,893			
	20,150	19,684	-----	
Property operating				
revenues.....	290,528			
	228,849	223,470	Property operating and	
maintenance.....	94,955	64,996		
	62,843		Real estate	
taxes.....				
	23,679	18,917	17,827	Property
management.....				
12,852	9,373	9,292	-----	
Property operating expenses (exclusive of				
depreciation shown separately				
below).....	131,486	93,286	89,962	-----
----- Income from property				
operations.....	159,042			
135,563	133,508	HOME SALES OPERATIONS: Gross		
sales.....	47,636	36,606	33,537	Cost
				of inventory home
sales.....	(41,833)			
(31,767)	(27,183)	-----		
Gross profit from inventory home				
sales.....	5,803	4,839	6,354	Brokered
resale revenues, net.....				
	2,186	1,724	1,592	Home selling
expenses.....				
(8,708)	(7,360)	(7,664)	Ancillary services	
revenues, net.....	2,782	216		
522	-----	-----	Income (loss)	
from home sales operations &				
other.....				
	2,063	(581)	804	OTHER INCOME (EXPENSES):
Interest				
income.....				
	1,391	1,695	967	Income from other
investments.....	3,475			
	956	316		General and
administrative.....				
(9,243)	(8,060)	(8,192)	Rent control	
initiatives.....				
(2,412)	(2,352)	(5,698)	Interest and related	
amortization.....	(91,922)			
(58,402)	(50,729)	Depreciation on corporate		
assets.....	(1,657)	(1,240)		
(1,277)	Depreciation on real estate assets and			
other costs.....	(48,862)	(37,265)	(34,826)	--
----- Total other income				
(expenses).....	(149,230)			
(104,668)	(99,439)	Income before minority		
interests, equity in income of unconsolidated				
joint ventures, gain on sale of properties and				
other and discontinued				
operations.....				
	11,875	30,314	34,873	Income allocated to
Common OP Units.....	(936)			
(3,860)	(4,708)	Income allocated to Perpetual		
Preferred OP Units.....	(11,284)	(11,252)		
(11,252)	Equity in income of unconsolidated			
joint ventures.....	3,739	340	235	-----
----- Income before gain on sale of				
properties and other and discontinued				
operations.....	3,394	15,542		
19,148	-----	-----	Gain on sale	
of properties and other.....	638			

-- --	Income from	
continuing operations.....	4,032	
15,542 19,148 -----		
DISCONTINUED OPERATIONS: Discontinued		
operations.....	26	
1,043 3,287 Depreciation on discontinued		
operations.....	(32) (135) (484)	
Gain on sale of properties and		
other.....	-- 10,826 13,014	
Minority interests on discontinued		
operations.....	-- (2,144) (3,078) -----	
-- -----	Income (loss) from	
discontinued operations.....	(6) 9,590	
12,739 -----	NET INCOME	
AVAILABLE FOR COMMON SHARES.....	\$ 4,026 \$	
25,132 \$ 31,887 =====	=====	=====

The accompanying notes are an integral part of the financial statements
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EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

2004 (RESTATE)	2003 (RESTATE)	2002	2004 (RESTATE)	2003 (RESTATE)	2002
(AMOUNTS IN THOUSANDS)					
PREFERRED STOCK, \$.01 PAR					
VALUE.....	\$ --	\$ --	\$ --	\$ --	\$ --
===== COMMON STOCK, \$.01					
PAR VALUE Balance, beginning of					
year.....	\$ 222	\$ 218	\$ 215	\$ 218	\$ 215
215 Issuance of Common Stock through restricted stock grants.....					
-- -- 1 Exercise of options.....					
2 4 2 -					
----- Balance, end of year.....					
222 \$ 218					
===== PAID -- IN CAPITAL Balance, beginning of year.....					
\$ 263,066	\$ 256,394	\$ 245,827	\$ 263,066	\$ 256,394	\$ 245,827
256,394 \$245,827 Issuance of Common Stock for employee notes.....					
-- -- -- Conversion of OP Units to Common Stock.....					
155 343					
227 Issuance of Common Stock through exercise of options.....					
3,058 6,323 5,782					
Issuance of Common Stock through restricted stock grants.....					
-- -- 2,709 Issuance of Common Stock through employee stock purchase plan.....					
2,735					
3,254 2,512 Compensation expense related to stock options and restricted stock.....					
2,571 611					
-- Transition adjustment -- FAS					
123.....	-- (1,047)	--			
Adjustment for Common OP Unitholders in the Operating Partnership.....					
22,719 (2,812) (663)					
----- Balance, end of year.....					
\$ 294,304	\$ 263,066	\$ 256,394	\$ 294,304	\$ 263,066	\$ 256,394
===== DEFERRED COMPENSATION Balance, beginning of year.....					
\$ (494)	\$ (3,069)	\$ (4,062)	\$ (494)	\$ (3,069)	\$ (4,062)
(3,069) \$ (4,062) Issuance of Common Stock through restricted stock grants.....					
-- -- (2,709) Transition adjustment -- FAS					
123.....	-- 1,047	--			
Recognition of deferred compensation expense.....					
328					
1,528 3,702 ----- Balance, end of year.....					
\$ (166)	\$ (494)	\$ (3,069)	\$ (166)	\$ (494)	\$ (3,069)
===== EMPLOYEE NOTES Balance, beginning of year.....					
\$ --	\$ (2,713)	\$ (3,841)	\$ --	\$ (2,713)	\$ (3,841)
\$ (3,841) Principal payments.....					
--					
2,713 1,128 ----- Balance, end of year.....					
\$ --	\$ --	\$ (2,713)	\$ --	\$ --	\$ (2,713)
===== DISTRIBUTIONS IN EXCESS OF ACCUMULATED COMPREHENSIVE EARNINGS Balance, beginning of year.....					
\$ (265,322)	\$ (79,655)	\$ (64,875)	\$ (265,322)	\$ (79,655)	\$ (64,875)
Net income.....					
4,026 25,132 31,887					
Other comprehensive income: Unrealized holding (losses) gains on derivative instruments.....					
-- 4,498 (4,987)					
Comprehensive income.....					
4,026 29,630 26,900					
Distributions.....					
(1,222) (215,297) (41,680)					
----- Balance, end of year.....					

\$(262,518) \$(265,322) \$(79,655) =====
=====

The accompanying notes are an integral part of the financial statements
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EQUITY LIFESTYLE PROPERTIES, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002

2003	2002	2004 (RESTATED)	(RESTATED)	-----	-----
-- (AMOUNTS IN THOUSANDS) CASH FLOWS FROM OPERATING ACTIVITIES Net					
income.....					
\$ 4,026	\$ 25,132	\$ 31,887	Adjustments to reconcile net		
			income to cash provided by operating activities: Income		
			allocated to minority interests.....		
12,220	17,256	19,038	Gain on sale of Properties and		
			other..... (638) (10,826) (13,014)		
			Depreciation		
expense.....			51,703		
	39,403	37,094	Amortization		
expense.....			2,203	5,031	
	963		Debt premium amortization		
expense.....			(1,317)	-- --	Equity in
			(4,969)		income of affiliates and joint ventures.....
(1,042)	(957)		Amortization of deferred compensation and		
			other..... 2,899 2,139 3,930		Increase in provision
			for uncollectable rents		
receivable.....					
1,182	821	941	Changes in assets and liabilities: Change		
			in rents receivable..... 281		
			(1,469) (1,186) Change in		
inventory.....			(17,855)		
1,846	1,887		Change in prepaid expenses and other		
			assets..... (9,772) (43) (2,113)		Change in
			accounts payable and accrued expenses..... 5,963		
(3,055)	1,471		Change in rents received in advance and		
			security		
deposits.....					
807	(30)	235	----- Net cash		
			provided by operating activities.....		
46,733	75,163	80,176	----- CASH		
			FLOWS FROM INVESTING ACTIVITIES Acquisition of rental		
			properties..... (310,893) (6,836)		
			(56,531) Proceeds from dispositions of		
			assets..... 671 27,170 14,171		
			Distributions from (investment in) joint ventures and		
			other..... (27,642) 1,535 (7,149)		Proceeds from restructuring of
			College Heights joint venture,		
net.....			-- --		
			4,647 Purchase of		
RSI.....			-- --		
			(675) Cash received in acquisition of		
			RSI..... -- -- 839		Collections
(funding) of notes receivable.....			(1,708)		
(1,507)	(3,784)		Improvements: Improvements --		
corporate.....			(444) (72)		
			(681) Improvements -- rental		
properties.....			(13,663) (11,912)		
			(13,377) Site development		
costs.....			(12,975)		
(8,976)	(10,433)		----- Net cash		
			(used in) investing activities.....		
(366,654)	(598)	(72,973)	-----		
			CASH FLOWS FROM FINANCING ACTIVITIES Net proceeds from		
			stock options and employee stock purchase		
plan.....			6,221		
9,581	8,296		Distributions to Common Stockholders,		
			Common OP Unitholders and Perpetual Preferred OP		
			Unitholders..... (237,074) (65,687) (58,314)		
			Collection of principal payments on employee		
			notes..... -- 2,713 1,128		Line of credit:
Proceeds.....					
	135,800	53,000	82,000		
Repayments.....					
	(20,000)	(137,750)	(13,500)		Acquisition
Financing.....			124,300		
	-- --		Repayment of term		
loan.....			-- (100,000) -		
			- Refinancing -- net proceeds		
(repayments).....			3,288	501,057	(16,096)

Principal

payments.....				
	(8,848)	(4,844)	(4,217)	Debt issuance
costs.....				(4,201)
(14,165) (584) -----				Net cash
provided by (used in) financing activities.....				(514)
243,905 (1,287) -----				Net
increase (decrease) in cash and cash				
equivalents.....	(320,435)	318,470	5,916	Cash and
cash equivalents, beginning of year.....				
325,740 7,270 1,354 -----				Cash
and cash equivalents, end of year.....				
\$ 5,305 \$ 325,740 \$ 7,270 =====				=====
SUPPLEMENTAL INFORMATION Cash paid during the year for				
interest.....	\$ 88,883	\$ 52,396	\$	
46,097 =====				=====

The accompanying notes are an integral part of the financial statements

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 -- ORGANIZATION OF THE COMPANY AND BASIS OF PRESENTATION

Equity Lifestyle Properties, Inc. (formerly Manufactured Home Communities, 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". We believe that we have qualified for taxation as a real estate investment trust ("REIT") for federal income tax purposes since our taxable year ended December 31, 1993. We plan to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. We cannot, therefore, guarantee that we have qualified or will qualify in the future as a REIT. The determination that we are a REIT requires an analysis of various factual matters that may not be totally within our control and we cannot provide any assurance that the Internal Revenue Service ("IRS") will agree with our analysis. For example, to qualify as a REIT, at least 95% of our gross income must come from sources that are itemized in the REIT tax laws. We are also required to distribute to stockholders at least 90% of our REIT taxable income excluding capital gains. The fact that we hold our assets through the Operating Partnership and its subsidiaries further complicates the application of the REIT requirements. Even a technical or inadvertent mistake could jeopardize our REIT status. Furthermore, Congress and the IRS might make changes to the tax laws and regulations, and the courts might issue new rulings that make it more difficult, or impossible, for us to remain qualified as a REIT. We do not believe, however, that any pending or proposed tax law changes would jeopardize our REIT status.

If we fail to qualify as a REIT, we would be subject to federal income tax at regular corporate rates. Also, unless the IRS granted us relief under certain statutory provisions, we would remain disqualified as a REIT for four years following the year we first failed to qualify. Even if the Company qualifies for taxation as a REIT, the Company is subject to certain state and local taxes on its income and property and Federal income and excise taxes on its undistributed income.

The operations of the Company are conducted primarily through the Operating Partnership. The Company contributed the proceeds from its initial public offering and subsequent offerings to the Operating Partnership for a general partnership interest. In 2004, the general partnership interest was contributed to MHC Trust (see Note 5). The financial results of the Operating Partnership and the Subsidiaries are consolidated in the Company's consolidated financial statements. In addition, since certain activities, if performed by the Company, may not be qualifying REIT activities under the Internal Revenue Code of 1986, as amended (the "Code"), the Company has formed taxable REIT subsidiaries as defined in the Code to engage in such activities.

Several Properties acquired during 2004 are wholly owned by taxable REIT subsidiaries of the Company. In addition, Realty Systems, Inc. ("RSI") is a wholly owned taxable REIT subsidiary of the Company that, doing business as Carefree Sales, is engaged in the business of purchasing, selling and leasing homes that are located in Properties owned and managed by the Company. Carefree Sales also provides brokerage services to customers at such Properties. Typically, customers move from a Property but do not relocate their homes. Carefree Sales may provide brokerage services, in competition with other local brokers, by seeking buyers for the homes. Carefree Sales also leases inventory homes to prospective customers with the expectation that the tenant eventually will purchase the home. Subsidiaries of RSI also lease from the Operating Partnership certain real property within or adjacent to certain Properties consisting of golf courses, pro shops, stores and restaurants.

The limited partners of the Operating Partnership (the "Common OP Unitholders") receive an allocation of net income which is based on their respective ownership percentage of the Operating Partnership which is shown on the Consolidated Financial Statements as Minority Interests -- Common OP Units. As of December 31, 2004, the Minority Interests -- Common OP Units represented 6,340,805 units of limited partnership interest ("OP Units") which are convertible into an equivalent

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

number of shares of the Company's common stock. The issuance of additional shares of common stock or common OP Units changes the respective ownership of the Operating Partnership for both the Minority Interests and the Company.

NOTE 2 -- RESTATEMENT OF FINANCIAL STATEMENTS

During 2004, the Company changed the way it accounted for costs incurred in pursuing certain rent control initiatives. As a result, the Company has restated its Consolidated Financial Statements for the years ended December 31, 2003, 2002 and 2001 to expense the costs of the initiatives in the year in which they were incurred 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.

Following is a summary of the effects of these changes on the Company's Consolidated Balance Sheets as of December 31, 2003, 2002 and 2001 and the Company's Consolidated Statements of Operations for the years ended December 31, 2003, 2002 and 2001 (amounts in thousands):

CONSOLIDATED BALANCE SHEET -----

----- AS			
PREVIOUSLY AS OF DECEMBER 31, 2003			
REPORTED ADJUSTMENTS AS RESTATED - ----			

----- Land			
improvements.....			
\$911,176 \$(5,391) \$905,785			
Prepaid expenses and other assets.....			
35,102 (5,017) 30,085			
Minority interest -- Common OP Units and			
other.....			
1,716 (2,082) (366)			
Total stockholders' equity (deficit).....			
5,798 (8,326) (2,528)			

AS OF DECEMBER 31, 2002 - -----

----- Land			
improvements.....			
\$893,839 \$ -- \$893,839			
Prepaid expenses and other assets.....			
35,884 (8,056) 27,828			
Minority interest -- Common OP Units and			
other.....			
43,501 (1,612) 41,889			
Total stockholders' equity (deficit).....			
177,619 (6,444) 171,175			

AS OF DECEMBER 31, 2001 - -----

----- Land			
improvements.....			
\$855,296 \$ -- \$855,296			
Prepaid expenses and other assets.....			
18,612 (2,358) 16,254			
Minority interest -- Common OP Units and			
other.....			
46,147 (472) 45,675			
Total stockholders' equity (deficit).....			
175,150 (1,886) 173,264			

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

CONSOLIDATED STATEMENTS OF OPERATIONS -

 - AS PREVIOUSLY YEAR ENDED DECEMBER 31,
 2003 REPORTED ADJUSTMENTS AS RESTATED -

----- Rent
 control initiatives..... \$
 -- \$(2,352) \$(2,352) Income allocated
 to Common OP Units..... (4,330) 470
 (3,860) Net income available for Common
 Shares.... 27,014 (1,882) 25,132
 Earnings (loss) per Common Share --
 Basic..... 1.22
 (0.08) 1.14 Earnings (loss) per Common
 Share -- Fully
 Diluted.....
 1.20 (0.09) 1.11

YEAR ENDED DECEMBER 31, 2002 - -----

----- Rent control
 initiatives..... \$ --
 \$(5,698) \$(5,698) Income allocated to
 Common OP Units..... (5,848) 1,140
 (4,708) Net income available for Common
 Shares.... 36,445 (4,558) 31,887
 Earnings (loss) per Common Share --
 Basic..... 1.69
 (0.21) 1.48 Earnings (loss) per Common
 Share -- Fully
 Diluted.....
 1.64 (0.20) 1.44

YEAR ENDED DECEMBER 31, 2001 - -----

----- Rent control
 initiatives..... \$ --
 \$(2,358) \$(2,358) Income allocated to
 Common OP Units..... (7,688) 472
 (7,216) Net income available for Common
 Shares.... 32,083 (1,886) 30,197
 Earnings (loss) per Common Share --
 Basic..... 1.53
 (0.09) 1.44 Earnings (loss) per Common
 Share -- Fully
 Diluted.....
 1.49 (0.09) 1.40

NOTE 3 -- 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

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

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.

(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. The following table identifies our five largest markets by number of sites and provides information regarding our Properties (excludes Properties owned through Joint Ventures).

	PERCENT OF TOTAL NUMBER OF PERCENT OF PROPERTY OPERATING MAJOR MARKET PROPERTIES TOTAL SITES	TOTAL SITES	REVENUES
Florida.....	77 32,451 36.3% 43.5%		
California.....	44 12,865 14.4% 18.2%		
Arizona.....	27 10,514 11.8% 10.4%		
Texas.....	15 7,200 8.0% 2.3%		
Washington.....	13 3,076 3.4% 0.6%		
Other.....	71 23,280 26.1% 25.0%		
Total.....	247 89,386 100.0% 100.0%		

(d) INVENTORY

Inventory consists of new and used Site Set homes, 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. Resale revenues are stated net of commissions paid to employees of \$1,163,000 and \$893,000 for the years ended December 31, 2004 and 2003, respectively.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(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 the 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.

(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.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(g) NOTES RECEIVABLE

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

(h) INVESTMENTS IN JOINT VENTURES

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

In applying the provisions of FIN 46R (see Basis of Consolidation, above), the Company determined that its Mezzanine Investment 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) 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. 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.

(j) FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company's financial instruments include short-term investments, notes receivable, accounts receivable, accounts payable, other accrued expenses, mortgage notes payable and interest rate hedge arrangements. The fair values of all financial instruments, including notes receivable, were not materially different from their carrying values at December 31, 2004 and 2003.

(k) DEFERRED FINANCING COSTS

Deferred financing costs include fees and costs incurred to obtain long-term financing. The costs are being amortized over the terms of the respective loans on a level yield basis. Unamortized deferred financing fees are written-off when debt is retired before the maturity date. Upon amendment of the Line of Credit, unamortized deferred financing fees are accounted for in accordance with EITF No. 98-14, "Debtor's Accounting for Changes in Line-of-Credit or Revolving-Debt Arrangements."

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Accumulated amortization for such costs was \$4.9 million and \$2.7 million at December 31, 2004 and 2003, respectively.

(l) REVENUE RECOGNITION

The Company accounts for leases with its customers as operating leases. Rental income is recognized over the term of the respective lease or the length of a customer's stay, the majority of which are for a term of not greater than one year. We will reserve for receivables when we believe the ultimate collection is less than probable. Our provision for uncollectable rents receivable was approximately \$1.0 million as of December 31, 2004 and \$0.8 million as of December 31, 2003. Income from home sales is recognized when the earnings process is complete. The earnings process is complete when the home has been delivered, the purchaser has accepted the home and title has transferred.

(m) MINORITY INTERESTS

Net income is allocated to Common OP Unitholders based on their respective ownership percentage of the Operating Partnership. An ownership percentage is represented by dividing the number of Common OP Units held by the Common OP Unitholders (6,340,805 and 5,312,387 at December 31, 2004 and 2003, respectively) by OP Units and shares of Common Stock outstanding. Issuance of additional shares of Common Stock or Common OP Units changes the percentage ownership of both the Minority Interests and the Company. Due in part to the exchange rights (which provide for the conversion of Common OP Units into shares of Common Stock on a one-for-one basis), such transactions and the proceeds there from are treated as capital transactions and result in an allocation between stockholders' equity and Minority Interests to account for the change in the respective percentage ownership of the underlying equity of the Operating Partnership.

(n) INCOME TAXES

Due to the structure of the Company as a REIT, the results of operations contain no provision for Federal income taxes. However, the Company may be subject to certain state and local income, excise or franchise taxes. We paid state and local taxes of approximately \$88,000, \$56,000 and \$20,000 during the years ended December 31, 2004, 2003 and 2002, respectively. In addition, taxable income from non-REIT activities managed through taxable REIT subsidiaries is subject to federal, state and local income taxes. As of December 31, 2004, net investment in real estate and notes receivable had a Federal tax basis of approximately \$1,386 million and \$13.3 million, respectively.

(o) DERIVATIVE INSTRUMENTS AND HEDGING ACTIVITIES

We recognize all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through income. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of derivatives will either be offset against the change in fair value of the hedged assets, liabilities or firm commitments through earnings or recognized in other comprehensive income until the hedged item is recognized in earnings.

(p) RECLASSIFICATIONS

Certain 2003 and 2002 amounts have been reclassified to conform to the 2004 financial presentation. Such reclassifications have no effect on the operations or equity as originally presented.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

(q) STOCK COMPENSATION

Prior to January 1, 2003, we accounted for our stock compensation in accordance with APB No. 25, "Accounting for Stock Issued to Employees", based upon the intrinsic value method. This method results in no compensation expense for options issued with an exercise price equal to or exceeding the market value of the Common Stock on the date of grant. Effective January 1, 2003, we elected to account for our stock compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation", which resulted in compensation expense being recorded based on the fair value of the stock options and other equity awards issued (see Note 14).

NOTE 4 -- 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 year 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.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

The following table sets forth the computation of basic and diluted earnings per share for the years ended December 31, 2004, 2003 and 2002 (amounts in thousands):

YEARS ENDED DECEMBER 31, -----	-----	-----	-----
----- 2003 2002 2004 (RESTATED)	-----	-----	-----
(RESTATED) -----	-----	-----	-----
NUMERATORS: INCOME FROM CONTINUING OPERATIONS: Income from continuing operations -- basic... \$ 4,032 \$15,542 \$19,148	Amounts allocated to dilutive securities..... 936 3,860 4,708	-----	----
Income from continuing operations -- fully diluted.....	\$ 4,968 \$19,402 \$23,856	=====	=====
===== INCOME FROM DISCONTINUED OPERATIONS: Income from discontinued operations -- basic..... \$ (6) \$ 9,590 \$12,739	Amounts allocated to dilutive securities..... -- 2,144 3,078	-----	----
Income from discontinued operations -- fully diluted.....	\$ (6) \$11,734 \$15,817	=====	=====
===== NET INCOME AVAILABLE FOR COMMON SHARES: Net income available for Common Shares -- basic.....	\$ 4,026 \$25,132 \$31,887	Amounts allocated to dilutive securities..... 936 6,004 7,786	----
Net income available for Common Shares -- fully diluted.....	\$ 4,962 \$31,136 \$39,673	=====	=====
===== DENOMINATOR: Weighted average Common Shares outstanding -- basic.....	22,849 22,077 21,617	Effect of dilutive securities: Redemption of Common OP Units for Common Shares.....	6,067 5,342 5,403
Employee stock options and restricted shares.... 549 583 612	-----	----	----
Weighted average Common Shares outstanding -- fully diluted.....	29,465 28,002 27,632	=====	=====

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 5 -- COMMON STOCK AND OTHER EQUITY RELATED TRANSACTIONS

The following table presents the changes in the Company's outstanding Common Stock for the years ended December 31, 2004, 2003 and 2002 (excluding OP Units of 6,340,805, 5,312,387 and 5,359,927 outstanding at December 31, 2004, 2003 and 2002, respectively):

2004	2003	2002	-----	-----	-----
---- Shares outstanding at January					
1,.....	22,563,348	22,093,240			
21,562,343	Common Stock issued through conversion of OP				
Units.....					
95,769	47,540	66,447	Common Stock issued through exercise of options.....		
196,834	302,526	282,959	Common Stock issued through stock grants..... -- 35,000		
108,341	Common Stock issued through Employee Stock Purchase Plan.....		81,241		
85,042	73,150	Common Stock repurchased and retired.....		--	--
----- Shares outstanding at December 31,.....					
22,563,348	22,093,240	22,937,192	=====	=====	=====
			=====	=====	=====

As of December 31, 2004 and 2003, the Company's percentage ownership of the Operating Partnership was approximately 78.5% and 80%, respectively. The remaining approximately 21.5% and 20%, respectively, is owned by the Common OP Unitholders.

On September 30, 1999, the Operating Partnership completed a \$125 million private placement of 9.0% Series D Cumulative Perpetual Preferred Units ("POP Units") with two institutional investors. The POP Units, which are callable by the Company after five years, have no stated maturity or mandatory redemption. The Operating Partnership pays distributions of 9.0% per annum on the \$125 million of POP Units. Distributions on the POP Units are paid quarterly on the last calendar day of each quarter.

The following distributions have been declared and paid to common stockholders and Minority Interests since January 1, 2002:

FOR THE QUARTER	
SHAREHOLDER DISTRIBUTION	
AMOUNT PER SHARE ENDING	
RECORD DATE	PAYMENT DATE -
-----	-----
-----	-----
-----	-----
\$0.4750.....	March 31, 2002.... March 29, 2002 April 12, 2002
\$0.4750.....	June 30, 2002.... June 28, 2002 July 12, 2002
\$0.4750.....	September 30, September 27, 2002 October 11, 2002 2002.....
\$0.4750.....	December 31, December 27, 2002 January 10, 2003 2002..... -
-----	-----
-----	-----
-----	-----
\$0.4950.....	March 31, 2003.... March 28, 2003 April 11, 2003
\$0.4950.....	

June 30, 2003..... June
 27, 2003 July 11, 2003
 \$0.4950.....
 September 30, September
 26, 2003 October 10, 2003
 2003.....
 \$8.00.....
 December 31, January 8,
 2004 January 16, 2004
 2003..... - ----

 \$0.0125.....
 March 31, 2004.... March
 26, 2004 April 9, 2004
 \$0.0125.....
 June 30, 2004..... June
 25, 2004 July 9, 2004
 \$0.0125.....
 September 30, September
 24, 2004 October 8, 2004
 2004.....
 \$0.0125.....
 December 31, December 31,
 2004 January 14, 2005
 2004.....

On December 12, 2003, we declared a one-time special distribution of \$8.00 per share payable to stockholders of record on January 8, 2004. We used proceeds from the \$501 million borrowing in

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

October 2003 to pay the special distribution on January 16, 2004. The special cash dividend was reflected on stockholders' 2004 1099-DIV issued in January 2005.

In connection with the \$501 million borrowing and subsequent special distribution, on February 27, 2004, the Company contributed all of its assets to MHC Trust, a newly formed Maryland real estate investment trust, including the Company's entire partnership interest in Operating Partnership. The Company determined that a taxable transaction in connection with the special distribution to stockholders would be in the Company's best interests. This was accomplished by the contribution of the Company's interest in the Operating Partnership to MHC Trust in exchange for all the common and preferred stock of MHC Trust. Due to the Company's tax basis in its interest in the Operating Partnership, the Company recognized \$180 million of taxable income as a result of its contribution, as opposed to a nontaxable reduction of the Company's tax basis in its interest in the Operating Partnership. This restructuring resulted in a step-up in the Company's tax basis in its assets, generating future depreciation deductions, which in turn will reduce the Company's future distribution requirements. The Company intends to continue to qualify as a REIT under the Code, with its assets consisting of interests in MHC Trust. MHC Trust, in turn, intends to also qualify as a real estate investment trust under the Code and will be the general partner of the Operating Partnership. On May 1, 2004, in connection with the restructuring, MHC Trust sold cumulative preferred stock to a limited number of unaffiliated investors.

The Company adopted, effective July 1, 1997, the 1997 Non-Qualified Employee Stock Purchase Plan ("ESPP"). Pursuant to the ESPP, certain employees and directors of the Company may each annually acquire up to \$250,000 of Common Stock of the Company. The aggregate number of shares of Common Stock available under the ESPP shall not exceed 1,000,000, subject to adjustment by the Company's Board of Directors. The Common Stock may be purchased monthly at a price equal to 85% of the lesser of: (a) the closing price for a share of Common Stock on the last day of the offering period; and (b) the closing price for a share of Common Stock on the first day of the offering period. Shares of Common Stock issued through the ESPP for the years ended December 31, 2004, 2003 and 2002 were 80,955, 82,943 and 71,107, respectively.

NOTE 6 -- INVESTMENT IN REAL ESTATE

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

All acquisitions have been accounted for utilizing the purchase method of accounting and, accordingly, the results of operations of acquired assets are included in the statements of operations from the dates of acquisition. We acquired all of these Properties from unaffiliated third parties.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

During the three years ended December 31, 2004, the Company acquired the following Properties (amounts in millions, except site information):

1) During the year ended December 31, 2004, we acquired the following Properties:

REAL NET
CLOSING DATE
PROPERTY
LOCATION TOTAL
SITES ESTATE
DEBT EQUITY - -

ACQUISITIONS:
January 15,
2004.....
O'Connell's
Amboy, IL 668 \$
6.6 \$ 5.0 \$ 1.6
January 30,
2004.....
Spring Gulch
New Holland, PA
420 6.4 4.8 1.6
February 3,
2004.....
Paradise Mesa,
AZ 950 25.7
20.0 5.7
February 18,
2004..... Twin
Lakes
Chocowinity, NC
400 5.2 3.8 1.4
February 19,
2004.....
Lakeside New
Carlisle, IN 95
1.7 -- 1.7
February 5,
2004.....
Diversified
Portfolio
Various 2,567
64.0 41.6 20.9
February 17,
2004..... NHC
Portfolio(a)
Various 11,311
235.0 159.0
69.0 May 3,
2004.....
Viewpoint Mesa,
AZ 1,928 81.3
44.0 37.3 May
12,
2004.....
Cactus Gardens
Yuma, AZ 430
7.9 4.9 3.0 May
13,
2004.....
Monte Vista
Mesa, AZ 832
45.8 23.0 22.8
May 14,
2004.....
GE Portfolio
Various 1,155
52.9 37.7 15.2
September 8,

2004..... Yukon
 Trails Lyndon
 Station, WI 214
 2.2 -- 2.2
 November 10,
 2004.....
 Thousand Trails
 Portfolio(b)
 Various 17,911
 161.8 120.0
 42.2 November
 4, 2004.....
 Caledonia
 Caledonia, WI
 247 1.5 -- 1.5
 December 30,
 2004.....
 Fremont
 Fremont, WI 325
 5.7 4.3 1.4

- - - - -

- a) On February 17, 2004, the Company acquired 93% of PAMI entities' interests in 28 Properties. On July 1, 2004, the Company acquired the remaining minority interest of the PAMI entities for a combination of \$1.0 million in cash and common OP units. On December 20, 2004, the Company redeemed the common OP Units for \$4.5 million.
- b) On November 10, 2004 the Company provided a long-term lease of the real estate to Thousand Trails, which will continue to operate the Properties for its members. The lease will generate \$16 million of income to the Company on an absolute triple net basis subject to annual escalations of 3.25%. The initial term of the lease is 15 years, with two five-year renewal options.

In connection with the 2004 acquisitions and not reflected in the table above the Company acquired inventory of approximately \$1.2 million, other assets of \$4.9 million, rents received in advance of approximately \$13.6 million and other liabilities of approximately \$5.8 million. The Company also issued common OP Units for value of approximately \$32.2 million. Additional equity was funded through our line of credit and funds from operations.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

2) During the year ended December 31, 2003, we acquired the following Properties:

REAL NET CLOSING DATE PROPERTY LOCATION TOTAL SITES ESTATE DEBT EQUITY -				

- ACQUISITIONS:				
December 3,				
2003.....				
Toby's Arcadia, FL				
379 \$4.3 \$-- \$4.3				
December 15,				
2003.....				
Araby Acres Yuma, AZ				
337 5.7 3.2 2.5				
December 15,				
2003.....				
Foothill Yuma, AZ				
180 1.8 1.4 0.4				

The acquisitions were funded with monies held in short-term investments. The acquisitions included the assumption of liabilities of approximately \$0.6 million. Also during 2003, we acquired a parcel of land adjacent to one of our Properties for approximately \$0.1 million.

3) During the year ended December 31, 2002, we acquired the following Properties:

REAL NET CLOSING DATE PROPERTY LOCATION TOTAL SITES ESTATE DEBT EQUITY - -				

- ACQUISITIONS:				
March 12,				
2002.....				
Mt. Hood Village				
Welches, OR 450				
\$ 7.2 \$ -- \$				
7.2 July 10,				
2002.....				
Harbor View Village New				
Port Richey, FL				
471 15.5 8.1				
7.4 July 31,				
2002.....				
Golden Sun Apache Junction, AZ				
329 6.3 3.1 3.2				
July 31,				
2002.....				
Countryside Apache Junction, AZ				
560 7.5 -- 7.5				
July 31,				
2002.....				
Holiday Village Ormond Beach, FL				
301 10.4 7.1				
3.3 July 31,				
2002.....				

Breezy Hill
Pompano Beach,
FL 762 20.5
10.5 10.0
August 14,
2002.....
Highland Woods
Pompano Beach,
FL 148 3.9 2.5
1.4 August 7,
2002.....
Tropic Winds
Harlingen, TX
531 4.9 -- 4.9
October 1,
2002.....
Silk Oak Lodge
Clearwater, FL
180 6.2 3.9 2.3
December 18,
2002.....
Hacienda
Village New
Port Richey, FL
519 16.8 10.2
6.6 December
31, 2002.....
Glen Ellen
Clearwater, FL
117 2.4 2.5 --

The acquisitions were funded with borrowings on our Line of Credit and the assumption of \$47.9 million of mortgage debt, which includes a \$3.0 million discount mark-to-market adjustment. In addition, we purchased adjacent land and land improvements for several Properties for approximately \$0.6 million.

During the three years ended December 31, 2004 the Company disposed of the following Properties. The operating results have been reflected in discontinued operations.

1) During the year ended December 31, 2004, we sold one Property located in Lake Placid, Florida for a selling price of \$3.4 million, with net proceeds of \$0.8 million received in July 2004. No gain or loss on disposition was recognized in the period. In addition, we sold approximately 1.4 acres of land in Montana for a gain and net proceeds of \$0.6 million.

2) During the year ended December 31, 2003, we sold the three Properties listed in the table below. Proceeds from the sales were used to repay amounts on the Company's Line of Credit.

DISPOSITION
GAIN ON DATE
DISPOSED
PROPERTY
LOCATION
TOTAL SITES
PRICE SALE -

- - - - -

----- (\$
MILLIONS) (\$
MILLIONS)
June 6,
2003.....
Independence
Hill
Morgantown,
WV 203 \$ 3.9
\$2.8 June 6,
2003.....
Brook
Gardens
Hamburg, NY
424 17.8 4.1
June 30,
2003.....

Pheasant
Ridge Mount
Airy, MD 101
5.4 3.9

B-70

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

3) Also during 2002, we effectively sold 17 Properties as part of a restructuring of the College Heights Joint Venture discussed hereinafter. In addition, we sold Camelot Acres, a 319 site Property in Burnsville, Minnesota, for approximately \$14.2 million.

The following table illustrates the effect on net income and earnings per share if the Company had consummated the acquisitions during the year ended December 2004 and 2003 on January 1, 2004 and 2003, respectively (amounts in thousands, except per share data):

FOR THE YEARS ENDED DECEMBER 31, -----	
----- PRO FORMA INFORMATION	
(UNAUDITED): 2004 2003 - -----	

Property operating	
revenues.....	
\$307,477	\$297,845 =====
Income from continuing	
operations.....	\$
7,088	\$ 20,381 =====
Net income available for Common	
Shares.....	\$ 7,114
30,166	=====
Earnings per	
Common Share -- Basic: Income from	
continuing	
operations.....	\$
0.31	\$ 0.92
Net income available for	
Common Shares.....	\$ 0.31
\$ 1.36 Earnings per Common Share --	
Fully Diluted: Income from continuing	
operations.....	\$
0.30	\$ 0.92
Net income available for	
Common Shares.....	\$ 0.30
\$ 1.34	

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 which may include contracts outstanding to acquire certain Properties which are subject to satisfactory completion of our due diligence review.

NOTE 7 -- INVESTMENT IN JOINT VENTURES

On February 3, 2004, the Company invested approximately \$29.7 million in preferred equity interests (the "Mezzanine Investment") in six entities controlled by Diversified Investments, Inc. ("Diversified"). These entities own in the aggregate 11 Properties, containing 5,054 sites. Approximately \$11.7 million of the Mezzanine Investment accrues at a per annum average rate of 10%, with a minimum per annum pay rate of 6.5%, payable quarterly, and approximately \$17.9 million of the Mezzanine Investment accrues at a per annum average rate of 11%, with a minimum pay rate of 7%, payable quarterly. To the extent the minimum pay rates on the respective Mezzanine Investments are not achieved, the accrual rates increase to 12% and 13% per annum, respectively. The Company can acquire these Properties in the future at capitalization rates of between 8% and 8.5%, beginning in 2006. In addition, the Company has invested approximately \$1.4 million in the Diversified entities managing these 11 Properties, which is included in prepaid expenses and other assets on the Company's Consolidated Balance Sheet as of December 31, 2004.

During the year ended December 31, 2004, the Company invested approximately \$4.1 million with Diversified in 11 separate property-owning entities. The Company can acquire these Properties in the future at capitalization rates of between 8% and 8.5%, beginning in 2006.

The Company recorded approximately \$3.7 million, \$0.3 million, and \$0.2 million of income from joint ventures, net of \$1.2 million, \$0.8 million and \$0.7 million depreciation, in the years ended December 31, 2004, 2003 and 2002, respectively; and received approximately \$5.2 million, \$0.8 million

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

and \$0.6 million in distributions from joint ventures in the years ended December 31, 2004, 2003, and 2002 respectively. 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.

The following is a summary of the Company's investments in unconsolidated joint ventures:

NUMBER ECONOMIC INVESTMENT AS OF INVESTMENT AS OF PROPERTY LOCATION OF SITES INTEREST(A) DEC. 31, 2004 DEC. 31, 2003 - ----- ----- -----	
----- (IN THOUSANDS) (IN THOUSANDS) Trails West.....	
Tucson, AZ 503 50% \$	
1,731 \$ 1,752	
Plantation.....	
Calimesa, CA 385 50%	
3,032 2,825	
Manatee.....	
Bradenton, FL -- 90%	
-- 45	
Home.....	
Hallandale, FL 136	
90% -- 1,082 Villa del Sol.....	
Sarasota, FL 207 90%	
630 654	
Voyager.....	
Tucson, AZ 767 25%	
3,010 4,412	
Mezzanine Investments.....	
Various 5,054 --	
31,207 -- Indian Wells.....	
Indio, CA 350 30%	
271 -- Diversified Investments.....	
Various 4,443 25%	
3,702 -- ----- -- ----- -----	
----- 11,845	
\$43,583 \$10,770 =====	
=====	
=====	

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

UNCONSOLIDATED REAL ESTATE JOINT VENTURE FINANCIAL INFORMATION

The following tables represent combined summarized financial information of the unconsolidated real estate joint ventures.

BALANCE SHEETS AS OF DECEMBER 31,

2004 2003 ----- (IN THOUSANDS) (IN THOUSANDS) ASSETS Real estate, net.....	
\$183,480 \$49,899 Other	
assets.....	
22,646 4,723 ----- TOTAL	

ASSETS.....					
\$206,126	\$54,622	=====	=====	LIABILITIES	
				Mortgage debt & other	
loans.....			\$152,682	\$39,253	
				Other	
liabilities.....					
	13,485	8,393	Partner's		
equity.....					
	39,959	6,976	-----	-----	TOTAL
					LIABILITIES AND
EQUITY.....			\$206,126		
	\$54,622	=====	=====		

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31, -----	
-----	2004 2003 -----
-- (IN THOUSANDS) (IN THOUSANDS)	
Rentals.....	\$27,941 \$9,632 Other
Income.....	5,390 2,241 ----- ----- TOTAL
REVENUES.....	33,331 11,873 EXPENSES Operating
expenses.....	\$16,454
	\$6,709
Interest.....	7,558 2,852 Other Income &
Expenses.....	2,672 203
	Depreciation &
Amortization.....	10,165 676 --
	----- ----- TOTAL
EXPENSES.....	36,849 10,440 ----- ----- NET (LOSS)
INCOME.....	\$(3,518)
	\$1,433 ===== =====

NOTE 8 -- NOTES RECEIVABLE

At December 31, 2004 and 2003, the Company had approximately \$13.3 million and \$11.6 million in notes receivable, respectively. On December 28, 2000, the Company, in connection with the Voyager Joint Venture, entered into an agreement to loan \$3.0 million to certain principals of Meadows Management Company. The notes are collateralized with a combination of Common OP Units and partnership interests in this and other joint ventures. The notes bear interest at prime plus 0.5% per annum, require quarterly interest only payments and mature on December 31, 2011. The outstanding balance on these notes as of December 31, 2004 is \$0.4 million.

The Company has approximately \$12.9 million in Chattel Loans receivable, which yield interest at a per annum average rate of approximately 9.0%, have an average term and amortization of 5 to 15 years, require monthly principal and interest payments and are collateralized by homes at certain of the Properties.

NOTE 9 -- EMPLOYEE NOTES RECEIVABLE

As of December 31, 2004 and 2003, the Company had employee notes receivable of \$0 million. During 2003, approximately \$2.7 million of notes receivable were repaid. These notes were collateralized by shares of the Company's Common Stock and are presented as a reduction of Stockholders' Equity.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 10 -- LONG-TERM BORROWINGS

As of December 31, 2004 and December 31, 2003, the Company had outstanding mortgage indebtedness of approximately \$1,417 million and \$1,076 million, respectively, encumbering 165 and 114 of the Company's Properties, respectively. As of December 31, 2004 and December 31, 2003, the carrying value of such Properties was approximately \$1,653 million and \$1,124 million, respectively.

MORTGAGE DEBT OUTSTANDING

- Approximately \$499.2 million of mortgage debt (the Recap) 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, \$166.1 million bears interest at 5.35% per annum and matures November 1, 2008; \$80.6 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 \$173.4 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 \$466,969), which is being amortized into interest expense over the life of the loan.
- A \$90.5 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 \$48.4 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 \$43.7 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 \$15.2 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 \$457.9 million of mortgage debt on 71 other Properties, which was recorded at fair market value with the related discount or premium being amortized over the life of the loan 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. Approximately \$157 million of debt was assumed in the acquisition of 28 Properties during the twelve months ended December 31, 2004.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

UNSECURED TERM LOAN OUTSTANDING

- The Company entered into a Term Loan agreement, pursuant to which it borrowed \$120 million, on an unsecured basis, at LIBOR plus 1.75% per annum. The 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.

UNSECURED LINES OF CREDIT OUTSTANDING

- The Company entered into a \$110 million facility with a group of banks in December 2003, bearing interest at LIBOR plus 1.65% per annum that matures on August 9, 2006, which can be extended for an additional year to 2007. As of December 31, 2004, \$35.7 million was available under this facility.
- The Company entered into a \$50 million facility with Wells Fargo Bank in May 2004, bearing interest at LIBOR plus 1.65% per annum that matures on May 4, 2006, which can be extended for an additional year to 2007. As of December 31, 2004, \$8.5 million was available under this facility.

In December 2004, we fixed \$180 million of this floating rate debt for 1 year with a weighted average rate of 4.7% per annum.

Aggregate payments of principal on long-term borrowings for each of the next five years and thereafter are as follows (amounts in thousands):

YEAR	AMOUNT
2005	\$ 18,742
2006	169,770
2007	432,350
2008	203,903
2009	70,558
Thereafter	748,349 Net unamortized premiums and discounts
Total	\$1,653,051

NOTE 11 -- LEASE AGREEMENTS

The leases entered into between the customer and the Company for the rental of a site are generally month-to-month or for a period of one to ten years, renewable upon the consent of the parties or, in some instances, as provided by statute. Non-cancelable long-term leases are in effect at certain sites within approximately 37 of the Properties. Rental rate increases at these Properties are primarily a function of increases in the Consumer Price Index, taking into consideration certain floors and ceilings. Additionally, periodic market rate adjustments are made as deemed appropriate. Future

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

minimum rents are scheduled to be received under non-cancelable tenant leases at December 31, 2004 as follows (amounts in thousands):

YEAR	AMOUNT
2005	\$ 50,916
2006	52,062
2007	43,537
2008	31,983
2009	19,106
Thereafter	44,149
Total	\$241,753

NOTE 12 -- GROUND LEASES

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 12 equal payments per year plus additional rents calculated as a percentage of gross revenues. For the years ended December 31, 2004, 2003 and 2002, ground lease rent was approximately \$1.6 million per year. Minimum future rental payments under the ground leases are approximately \$1.6 million for each of the next five years and approximately \$23.5 million thereafter.

NOTE 13 -- TRANSACTIONS WITH RELATED PARTIES

Equity Group Investments, Inc. ("EGI"), an entity controlled by Mr. Samuel Zell, Chairman of the Company's Board of Directors, and certain of its affiliates have provided services such as administrative support and investor relations. Fees paid to EGI and its affiliates amounted to approximately \$0, \$300 and \$1,000 for the years ended December 31, 2004, 2003 and 2002, respectively. There were no significant amounts due to these affiliates as of December 31, 2004 and 2003, respectively.

Certain related entities, affiliated with Mr. Zell, have provided services to the Company. These entities include, but are not limited to, The Riverside Agency, Inc. which provided insurance brokerage services and Two North Riverside Plaza Joint Venture Limited Partnership from which the Company leases office space. Fees paid to these entities amounted to approximately \$412,000, \$404,000 and \$645,000 for the years December 31, 2004, 2003 and 2002, respectively. Amounts due to these entities were approximately \$0 and \$32,000 as of December 31, 2004 and 2003, respectively. During 2003, we paid \$25,000 to J. Green & Co., L.L.C. for services provided by Mr. Berman, the Company's current Chief Financial Officer, prior to his employment by the Company.

Related party agreements or fee arrangements are generally for a term of one year and approved by independent members of the Company's Board of Directors.

NOTE 14 -- STOCK OPTION PLAN AND STOCK GRANTS

The Company's Stock Option and Stock Award Plan (the "Plan") was adopted in December 1992 and amended and restated from time to time, most recently effective March 23, 2001. Pursuant to the Plan, officers, directors, employees and consultants of the Company are offered the opportunity (i) to acquire shares of Common Stock through the grant of stock options ("Options"), including non-qualified stock options and, for key employees, incentive stock options within the meaning of Section 422 of the Internal Revenue Code; and (ii) to be awarded shares of Common Stock ("Restricted Stock Grants"), subject to conditions and restrictions determined by the Compensation,

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Nominating, and Corporate Governance Committee of the Company's Board of Directors (the "Compensation Committee"). The Compensation Committee will determine the vesting schedule, if any, of each Option and the term, which term shall not exceed ten years from the date of grant. As to the Options that have been granted through December 31, 2004 to officers, employees and consultants, generally, one-third are exercisable one year after the initial grant, one-third are exercisable two years following the date such Options were granted and the remaining one-third are exercisable three years following the date such Options were granted. A maximum of 6,000,000 shares of Common Stock are available for grant under the Plan and no more than 250,000 shares may be subject to grants to any one individual in any calendar year.

Grants under the Plan are made by the Compensation Committee, which determines the individuals eligible to receive awards, the types of awards, and the terms, conditions and restrictions applicable to any award. In addition, the terms of two specific types of awards are contemplated under the Plan:

- The first type of award is a grant of Options or Restricted Stock Grants of Common Stock made to each member of the Board at the meeting held immediately after each annual meeting of the Company's stockholders. Generally, if the director elects to receive Options, the grant will cover 10,000 shares of Common Stock at an exercise price equal to the fair market value on the date of grant. If the director elects to receive a Restricted Stock Grant of Common Stock, he or she will receive an award of 2,000 shares of Common Stock. Exercisability or vesting with respect to either type of award will be with respect to one-third of the award after six months, two-thirds of the award after one year, and the full award after two years.
- The second type of award is a grant of Common Stock in lieu of 50% of their bonus otherwise payable to individuals with a title of Vice President or above. A recipient can request that the Compensation Committee pay a greater or lesser portion of the bonus in shares of Common Stock.

Prior to 2003, we accounted for our stock compensation in accordance with APB No. 25, "Accounting for Stock Issued to Employees", based upon the intrinsic value method. This method results in no compensation expense for Options issued with an exercise price equal to or exceeding the market value of the Common Stock on the date of grant. Effective January 1, 2003, we elected to account for our stock-based compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation", which will result in compensation expense being recorded based on the fair value of the Options and other equity awards issued. SFAS No. 148 provides three possible transition methods for changing to the fair value method. We have elected to use the modified-prospective method. This method requires 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. The following table illustrates the effect on net income and earnings per share as if the fair value method was applied to all

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

outstanding and unvested awards in each period presented (amounts in thousands, except per share data):

2003	2002	2004 (RESTATED)	(RESTATED)	-----	----

----- Net income available for					
Common Shares as					
reported.....					
\$4,026	\$25,132	\$31,887	Add: Stock-based		
compensation expense included in net income as					
reported.....					
2,899	2,139		2,899	2,139	
2,185 Deduct: Stock-based compensation expense					
determined under the fair value based method for					
all					
awards.....					
(2,899)	(2,139)	(2,086)	-----	-----	-----
Pro forma net income available for Common					
Shares...	\$4,026	\$25,132	\$31,986	=====	=====
===== Pro forma net income per Common Share --					
Basic.....	\$ 0.18	\$ 1.14	\$ 1.48	=====	=====
===== Pro forma net income per Common Share --					
Fully					
Diluted.....					
\$ 0.17	\$ 1.11	\$ 1.44	=====	=====	=====

Restricted Stock Grants

In 2002, the Company awarded Restricted Stock Grants for 69,750 shares of Common Stock to certain members of senior management of the Company. These Restricted Stock Grants vest over three years, but may be restricted for a period of up to ten years depending upon certain performance benchmarks tied to increases in funds from operations being met. The fair market value of these Restricted Stock Grants of approximately \$2.2 million as of the date of grant was treated in 2002 as deferred compensation and amortized in accordance with their vesting.

In 2004, the Company awarded Restricted Stock Grants for 135,000 shares of Common Stock to certain members of senior management of the Company. These Restricted Stock Grants vest over three years, but may be restricted for a period of up to ten years depending upon certain performance benchmarks tied to increases in funds from operations being met. The fair market value of these Restricted Stock Grants was approximately \$5.0 million as of the date of grant and is recorded as compensation expense and paid in capital over the three year vesting period.

In 2004, 2003 and 2002, the Company awarded Restricted Stock Grants for 40,000, 35,000 and 16,000 shares of Common Stock, respectively, to directors with a fair market value of approximately \$1,386,000, \$733,000 and \$376,000 in 2004, 2003 and 2002, respectively.

The Company recognized compensation expense of approximately \$2.7, \$1.8 and \$1.5 million related to Restricted Stock Grants in 2004, 2003 and 2002 respectively. The balance of unamortized deferred compensation as of December 31, 2004 and 2003 was approximately \$0.2 and \$0.5 million, respectively.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

Stock Options

The fair value of each grant is estimated on the grant date using the Black-Scholes model. The following table includes the assumptions that were made and the estimated fair values:

2004	2003	2002	-----	-----	-----
----- ASSUMPTION (PRO FORMA) Dividend					
yield.....					
5.9%	5.6%	6.3%	Risk-free interest		
rate.....				4.7%	
	3.5%	3.5%	Expected		
life.....					
10 years	5 years	5 years	Expected		
volatility.....					
16%	14%	19%	-----	-----	-----
Estimated Fair Value of Options					
Granted.....	\$ 57,000	\$ 40,600	\$		
	37,432				

In January 2004, approximately 1.2 million options were repriced in connection with the special dividend paid on January 16, 2004 (see Note 5). A summary of the Company's stock option activity, and related information for the years ended December 31, 2004, 2003 and 2002 follows:

WEIGHTED AVERAGE SHARES SUBJECT		
EXERCISE PRICE PER TO OPTIONS SHARE --		

	Balance at December 31,	
2001.....	1,828,348	
	23.44 Options	
granted.....		
	20,000 33.55 Options	
exercised.....		
	(282,959) 20.48 Options	
canceled.....		
	(49,492) 24.94 ----- Balance at	
December 31, 2002.....		
	1,515,897 24.08 Options	
granted.....		
	20,000 32.67 Options	
exercised.....		
	(302,526) 21.06 Options	
canceled.....		
	(9,437) 25.60 ----- Balance at	
December 31, 2003.....		
	1,223,934 24.95 Options	
granted.....		
	1,212,367 17.28 Options	
exercised.....		
	(195,737) 15.47 Options	
canceled.....		
	(1,194,568) 25.04 ----- Balance	
at December 31,		
2004.....	1,045,996	
	17.74 =====	

The following table summarizes information regarding Options outstanding at December 31, 2004:

OPTIONS
OUTSTANDING
OPTIONS
EXERCISABLE ---

WEIGHTED
AVERAGE
OUTSTANDING
CONTRACTUAL
WEIGHTED

WEIGHTED LIFE
(IN AVERAGE
AVERAGE RANGE
OF EXERCISE
PRICES OPTIONS
YEARS) EXERCISE
PRICE OPTIONS
EXERCISE PRICE

\$7.62 to
\$14.00.....
169,467 1.6
\$11.88 169,467
\$11.88 \$15.69
to
\$18.99.....
680,475 4.4
\$17.38 680,475
\$17.38 \$22.65
to
\$31.53.....
196,054 7.4
\$24.06 176,052
\$23.47 -----

1,045,996 4.5
\$17.74
1,025,994
\$17.51
===== ===
=====

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

As of December 31, 2004, 2003 and 2002, 1,942,025 shares, 2,119,152 shares, and 2,166,686 shares remained available for grant, respectively; of these 861,525 shares, 1,038,853 shares, and 1,073,853 shares, respectively, remained available for Restricted Stock Grants.

NOTE 15 -- PREFERRED STOCK

The Company's Board of Directors is authorized under the Company's charter, without further stockholder approval, to issue, from time to time, in one or more series, 10,000,000 shares of \$.01 par value preferred stock (the "Preferred Stock"), with specific rights, preferences and other attributes as the Board may determine, which may include preferences, powers and rights that are senior to the rights of holders of the Company's Common Stock. However, under certain circumstances, the issuance of preferred stock may require stockholder approval pursuant to the rules and regulations of The New York Stock Exchange. As of December 31, 2004 and 2003, no Preferred Stock was issued by the Company.

NOTE 16 -- SAVINGS PLAN

The Company has a qualified retirement plan, with a salary deferral feature designed to qualify under Section 401 of the Code (the "401(k) Plan"), to cover its employees and those of its Subsidiaries, if any. The 401(k) Plan permits eligible employees of the Company and those of any Subsidiary to defer up to 19% of their eligible compensation on a pre-tax basis subject to certain maximum amounts. In addition, the Company will match dollar-for-dollar the participant's contribution up to 4% of the participant's eligible compensation.

In addition, amounts contributed by the Company will vest, on a prorated basis, according to the participant's vesting schedule. After five years of employment with the Company, the participants will be 100% vested for all amounts contributed by the Company. Additionally, a discretionary profit sharing component of the 401(k) Plan provides for a contribution to be made annually for each participant in an amount, if any, as determined by the Company. All employee contributions are 100% vested. The Company's contribution to the 401(k) Plan was approximately \$545,271, \$240,000, and \$248,000, for the years ended December 31, 2004, 2003, and 2002, respectively.

The Company has established a supplemental executive retirement plan (the "SERP") to provide certain officers and directors an opportunity to defer a portion of their eligible compensation in order to save for retirement and for the education of their children. The SERP is restricted to investments in Company common shares, certain marketable securities that have been specifically approved, or cash equivalents. In accordance with EITF 97-14 "Accounting for Deferred Compensation Arrangements Where Amounts Earned Are Held in a Rabbi Trust and Invested", the deferred compensation liability represented in the SERP and the securities issued to fund such deferred compensation liability are consolidated by the Company on the balance sheet. Assets held in the SERP are included in other assets and are classified as trading securities and reported at fair value, with unrealized gains and losses included in earnings. Company shares held in the SERP are classified in stockholders equity due to the inability of the Company to repurchase these shares.

NOTE 17 -- 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

"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.

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. This regulatory feature, called vacancy control, allows 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 with vacancy control 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

settled by the City agreeing to amend the ordinance to permit adjustments to market rent upon turnover. The City subsequently rejected the settlement agreement. The Court initially found the settlement agreement was binding on the City, but then reconsidered and determined to submit the claim of breach of the settlement agreement to a jury. In October 2002, the first case against the City went to trial, based on both breach of the settlement agreement and the constitutional claims. A jury found no breach of the settlement agreement; the Company then filed motions asking the Court to rule in its favor on that claim, notwithstanding the jury verdict. The Court 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 trial court has set a trial date in the second quarter of 2005 on the CMHOA's remaining claims for damages. 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

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

position that it is entitled to market rent and not merely a higher amount of regulated rent. The Company will petition the Supreme Court of California for review of certain aspects of this decision. The Company 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 Amendment to the United States Constitution because they fail to substantially advance a legitimate state interest. 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 intends to appeal this ruling and believes the outcome will be affected by the cases currently before the Ninth Circuit and United States Supreme Court.

Moreover, in July 2004, the Ninth Circuit Court of Appeal decided the case of *Cashman vs. City of Cotati*, a Property owner's challenge to the City's rent control ordinance, and stated that a rent control ordinance that does not on its face provide for a mechanism to prevent the capture of a premium is unconstitutional, as a matter of law, absent sufficient externalities rendering a premium unavailable. This reasoning supports the legal position the Company has put forth in its opposition to rent control in general and vacancy control in particular. The City of Cotati has petitioned the Ninth Circuit for rehearing and that petition is pending. In addition, 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 upholds the standard that a regulation must substantially advance a legitimate state purpose in order to be constitutionally viable. The case was argued before the United States Supreme Court on February 22, 2005. The ultimate outcome of these cases will guide the Company's continued efforts to realize the value of its Properties which are subject to rent control and the Company's efforts to achieve a level of regulatory fairness in rent control jurisdictions.

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.

EQUITY LIFESTYLE PROPERTIES, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED)

NOTE 18 -- QUARTERLY FINANCIAL DATA (UNAUDITED)

The following is unaudited quarterly data for 2004 and 2003 (amounts in thousands, except for per share amounts):

	FIRST QUARTER 6/30	SECOND QUARTER 9/30	THIRD QUARTER 12/31	FOURTH QUARTER 2004 3/31	QUARTER 2003 3/31
	(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)
	(RESTATED) Total				
revenues(a).....	\$80,320	\$86,844	\$89,425	\$96,378	
Income from continuing operations(a).....	\$ 4,495	\$ 481	\$ (864)	\$ (80)	
Income from discontinued operations(a).....	\$ 15	\$ (21)	\$ --	\$ --	
Net income (loss) available to common stockholders.....	\$ 4,510	\$ 460	\$ (864)	\$ (80)	
Weighted average Common Shares outstanding --					
Basic.....	22,674	22,737			
22,829	22,906	Weighted average Common Shares outstanding --			
Diluted.....	27,986	28,655			
29,335	29,360	Net income (loss) per Common Share outstanding --			
Basic.....	\$ 0.20	\$ 0.02			
\$ (0.04)	\$ (0.00)	Net income (loss) per Common Share outstanding --			
Diluted.....	\$ 0.19	\$ 0.02			
\$ (0.04)	\$ (0.00)				

(a) Amounts may differ from previously disclosed amounts due to reclassification of discontinued operations.

	FIRST QUARTER 6/30	SECOND QUARTER 9/30	THIRD QUARTER 12/31	FOURTH QUARTER 2003 3/31	QUARTER 2003 3/31
	(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)	(RESTATED)
	(RESTATED) Total				
revenues(a).....	\$64,569	\$66,760	\$68,760	\$71,066	
Income from continuing operations(a).....	\$ 6,969	\$ 4,709	\$ 4,578	\$ (714)	
Income from discontinued operations(a).....	\$ 294	\$ 9,288	\$ 8	\$ --	
Net income (loss) available to common stockholders.....	\$ 7,263	\$13,997	\$ 4,586	\$ (714)	
Weighted average Common Shares outstanding --					
Basic.....	21,918	22,027			
22,114	22,247	Weighted average Common Shares outstanding --			
Diluted.....	27,276	27,371			
27,458	27,568	Net income (loss) per Common Share outstanding --			
Basic.....	\$ 0.33	\$ 0.64			
\$ 0.21	\$ (0.03)	Net income (loss) per Common Share outstanding --			
Diluted.....	\$ 0.32	\$ 0.62			
\$ 0.20	\$ (0.03)				

-

(a) Amounts may differ from previously disclosed amounts due to reclassification of discontinued operations.

SCHEDULE II

EQUITY LIFESTYLE PROPERTIES, INC.
 VALUATION AND QUALIFICATION ACCOUNTS
 DECEMBER 31, 2004

ADDITIONS --

 BALANCE AT
 CHARGED TO
 BALANCE AT
 BEGINNING
 CHARGED TO
 OTHER END OF
 OF PERIOD
 INCOME
 ACCOUNTS
 DEDUCTIONS(1)
 PERIOD -----

---- For the
 year ended
 December 31,
 2002:

Allowance
 for doubtful
 accounts....
 \$300,000 \$
 940,565 \$ --
 \$(540,565) \$
 700,000 For

the year
 ended
 December 31,
 2003:

Allowance
 for doubtful
 accounts....
 \$700,000 \$
 820,822 \$ --
 \$(693,822) \$
 827,000 For

the year
 ended
 December 31,
 2004:

Allowance
 for doubtful
 accounts....
 \$827,000
 \$1,182,000
 \$(145,000)
 \$(834,000)
 \$1,030,000

(1) Deductions represent tenant receivables deemed uncollectible.

SCHEDULE III

EQUITY LIFESTYLE PROPERTIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION
 DECEMBER 31, 2004
 (AMOUNTS IN THOUSANDS)

COSTS CAPITALIZED
 SUBSEQUENT TO
 INITIAL COST TO
 ACQUISITION COMPANY
 (IMPROVEMENTS) -----

DEPRECIABLE
 DEPRECIABLE REAL
 ESTATE LOCATION
 ENCUMBRANCES LAND
 PROPERTY LAND
 PROPERTY - -----

Apollo
 Village.....
 Phoenix AZ 3,997 932
 3,219 0 578 Araby
 Acres..... Yuma
 AZ 3,222 1,440 4,345
 0 12 The Highlands
 at
 Brentwood.....
 Mesa AZ 10,910 1,997
 6,024 0 738 Cactus
 Gardens..... Yuma
 AZ 4,849 1,992 5,984
 0 12 Carefree
 Manor..... Phoenix
 AZ 3,394 706 3,040 0
 222 Casa del Sol
 #1..... Peoria AZ
 10,629 2,215 6,467 0
 1,235 Casa del Sol
 #2..... Glendale AZ
 9,983 2,103 6,283 0
 928 Casa del Sol
 #3..... Glendale AZ
 11,015 2,450 7,452 0
 375 Central
 Park.....
 Phoenix AZ 5,103
 1,612 3,784 0 641
 Countryside.....
 Phoenix AZ 3,737
 2,056 6,241 0 206
 Desert
 Paradise..... Yuma
 AZ 1,452 666 2,011 0
 4 Desert
 Skies.....
 Phoenix AZ 5,046 792
 3,126 0 296 Fairview
 Manor..... Tucson
 AZ 5,048 1,674 4,708
 0 1,113
 Foothill.....
 Yuma AZ 1,350 459
 1,402 0 16 Golden
 Sun.....
 Scottsdale AZ 2,976
 1,678 5,049 0 48
 Hacienda De
 Valencia.....
 Mesa AZ 6,063 833
 2,701 0 2,123 Monte
 Vista..... Mesa
 AZ 22,844 11,402
 34,355 0 157 Palm

Shadows.....
 Glendale AZ 8,471
 1,400 4,218 0 391
 Paradise.....
 Sun City AZ 19,813
 6,414 19,263 0 56
 Sedona
 Shadows.....
 Sedona AZ 2,465
 1,096 3,431 0 538
 Suni
 Sands.....
 Yuma AZ 3,172 1,249
 3,759 0 7 Sunrise
 Heights.....
 Phoenix AZ 5,636
 1,000 3,016 0 413
 The
 Mark.....
 Mesa AZ 8,826 1,354
 4,660 6 846 The
 Meadows.....
 Tempe AZ 12,436
 2,613 7,887 0 1,103
 Viewpoint.....
 Mesa AZ 43,703
 24,890 56,340 0 99
 Whispering
 Palms..... Phoenix
 AZ 3,219 670 2,141 0
 182
 GROSS AMOUNT CARRIED
 AT CLOSE OF PERIOD
 12/31/04 -----

 ---- DEPRECIABLE
 ACCUMULATED DATE OF
 REAL ESTATE LAND
 PROPERTY TOTAL
 DEPRECIATION
 ACQUISITION - -----

 -- Apollo
 Village..... 932
 3,797 4,729 (1,302)
 1994 Araby
 Acres.....
 1,440 4,357 5,797
 (158) 2003 The
 Highlands at
 Brentwood.....
 1,997 6,762 8,759
 (2,566) 1993 Cactus
 Gardens..... 1,992
 5,996 7,988 (102)
 2004 Carefree
 Manor..... 706
 3,262 3,968 (803)
 1998 Casa del Sol
 #1..... 2,215 7,702
 9,917 (1,587) 1996
 Casa del Sol
 #2..... 2,103 7,211
 9,314 (1,458) 1996
 Casa del Sol
 #3..... 2,450 7,827
 10,277 (1,722) 1998
 Central
 Park..... 1,612
 4,425 6,037 (2,947)
 1983
 Countryside.....
 2,056 6,447 8,503
 (510) 2002 Desert
 Paradise..... 666
 2,015 2,681 (63)
 2004 Desert
 Skies..... 792
 3,422 4,214 (809)

1998 Fairview
 Manor..... 1,674
 5,821 7,495 (1,352)
 1998
 Foothill.....
 459 1,418 1,877 (52)
 2003 Golden
 Sun..... 1,678
 5,097 6,775 (407)
 2002 Hacienda De
 Valencia.....
 833 4,824 5,657
 (2,475) 1984 Monte
 Vista.....
 11,402 34,512 45,914
 (766) 2004 Palm
 Shadows.....
 1,400 4,609 6,009
 (1,837) 1993
 Paradise.....
 6,414 19,319 25,733
 (592) 2004 Sedona
 Shadows..... 1,096
 3,969 5,065 (979)
 1997 Suni
 Sands.....
 1,249 3,766 5,015
 (116) 2004 Sunrise
 Heights..... 1,000
 3,429 4,429 (1,227)
 1994 The
 Mark.....
 1,360 5,506 6,866
 (1,892) 1994 The
 Meadows.....
 2,613 8,990 11,603
 (3,091) 1994
 Viewpoint.....
 24,890 56,439 81,329
 (1,096) 2004
 Whispering
 Palms..... 670 2,323
 2,993 (580) 1998

COSTS CAPITALIZED
 SUBSEQUENT TO
 INITIAL COST TO
 ACQUISITION COMPANY
 (IMPROVEMENTS) -----

DEPRECIABLE
 DEPRECIABLE REAL
 ESTATE LOCATION
 ENCUMBRANCES LAND
 PROPERTY LAND
 PROPERTY - -----

California
 Hawaiian.....
 San Jose CA 26,968
 5,825 17,755 0 1,581
 Colony
 Park..... Ceres
 CA 5,826 890 2,837 0
 319 Concord
 Cascade.....
 Pacheco CA 5,411 985
 3,016 0 1,047
 Contempo
 Marin..... San
 Rafael CA 25,233
 4,787 16,379 0 2,376
 Coralwood.....
 Modesto CA 6,200 0
 5,047 0 276 Date
 Palm Country
 Club.....
 Cathedral City CA
 15,194 4,138 14,064
 -23 3,416 Date
 Palm.....
 Cathedral City CA 0
 0 216 0 47 Four
 Seasons.....
 Fresno CA 0 756
 2,348 0 245 Laguna
 Lake..... San
 Luis Obispo CA 4,916
 2,845 6,520 0 252
 Lamplighter.....
 Spring Valley CA
 3,761 633 2,201 0
 675 Las
 Palmas.....
 Rialto CA 3,807
 1,295 3,866 0 20
 Meadowbrook.....
 Santee CA 0 4,345
 12,528 0 1,522 Monte
 del Lago.....
 Castroville CA 7,673
 3,150 9,469 0 1,464
 Quail
 Meadows.....
 Riverbank CA 5,280
 1,155 3,469 0 293
 Nicholson
 Plaza..... San Jose
 CA 0 0 4,512 0 72
 Pacific Dunes
 Ranch.....
 California Central
 Coast CA 6,025 1,940
 5,632 0 27 Parque La
 Quinta..... Rialto
 CA 5,105 1,799 5,450
 0 -45 Rancho
 Mesa..... El
 Cajon CA 9,600 2,130

6,389 0 249 Rancho
 Valley..... El
 Cajon CA 3,624 685
 1,902 0 794 Royal
 Holiday.....
 Hemet CA 0 778 2,643
 0 374 Royal
 Oaks.....
 Visalia CA 0 602
 1,921 0 281 DeAnza
 Santa Cruz.... Santa
 Cruz CA 6,871 2,103
 7,201 0 317 Santiago
 Estates..... Sylmar
 CA 16,205 3,562
 10,767 0 769 Sea
 Oaks.....
 Los Osos CA 0 871
 2,703 0 267
 Sunshadow.....
 San Jose CA 0 0
 5,707 0 137 Tahoe
 Valley
 Campground.....
 Lake Tahoe CA 2,246
 1,357 4,071 0 12
 Village of Four
 Seasons.....
 San Jose CA 15,332
 5,229 15,714 0 18
 Westwinds (4
 properties).....
 San Jose CA 0 0
 17,616 0 5,116 Bear
 Creek.....
 Sheridan CO 4,880
 1,100 3,359 0 248
 Cimarron.....
 Broomfield CO 4,541
 863 2,790 0 584
 Golden
 Terrace.....
 Golden CO 4,246 826
 2,415 0 720
 GROSS AMOUNT CARRIED
 AT CLOSE OF PERIOD
 12/31/04 -----

 ---- DEPRECIABLE
 ACCUMULATED DATE OF
 REAL ESTATE LAND
 PROPERTY TOTAL
 DEPRECIATION
 ACQUISITION - -----

 -- California
 Hawaiian.....
 5,825 19,336 25,161
 (4,884) 1997 Colony
 Park..... 890
 3,156 4,046 (899)
 1998 Concord
 Cascade..... 985
 4,063 5,048 (2,467)
 1983 Contempo
 Marin..... 4,787
 18,755 23,542
 (6,419) 1994
 Coralwood.....
 0 5,323 5,323
 (1,350) 1997 Date
 Palm Country
 Club.....
 4,115 17,480 21,595
 (5,722) 1994 Date
 Palm..... 0
 263 263 (100) 1994
 Four
 Seasons..... 756

2,593 3,349 (665)
 1997 Laguna
 Lake..... 2,845
 6,772 9,617 (1,693)
 1998
 Lamplighter.....
 633 2,876 3,509
 (1,853) 1983 Las
 Palmas.....
 1,295 3,886 5,181
 (76) 2004
 Meadowbrook.....
 4,345 14,050 18,395
 (3,073) 1998 Monte
 del Lago.....
 3,150 10,933 14,083
 (2,612) 1997 Quail
 Meadows.....
 1,155 3,762 4,917
 (844) 1998 Nicholson
 Plaza..... 0 4,584
 4,584 (1,126) 1997
 Pacific Dunes
 Ranch.....
 1,940 5,659 7,599
 (178) 2004 Parque La
 Quinta..... 1,799
 5,405 7,204 (197)
 2004 Rancho
 Mesa..... 2,130
 6,638 8,768 (1,453)
 1998 Rancho
 Valley..... 685
 2,696 3,381 (1,633)
 1983 Royal
 Holiday..... 778
 3,017 3,795 (606)
 1998 Royal
 Oaks..... 602
 2,202 2,804 (554)
 1997 DeAnza Santa
 Cruz.... 2,103 7,518
 15,012 (2,553) 1994
 Santiago
 Estates..... 3,562
 11,536 15,098
 (2,710) 1998 Sea
 Oaks.....
 871 2,970 3,841
 (720) 1997
 Sunshadow.....
 0 5,844 5,844
 (1,464) 1997 Tahoe
 Valley
 Campground.....
 1,357 4,083 5,440
 (124) 2004 Village
 of Four
 Seasons.....
 5,229 15,732 20,961
 (349) 2004 Westwinds
 (4
 properties).....
 0 22,732 22,732
 (5,844) 1997 Bear
 Creek.....
 1,100 3,607 4,707
 (833) 1998
 Cimarron.....
 863 3,374 4,237
 (2,227) 1983 Golden
 Terrace..... 826
 3,135 3,961 (1,868)
 1983

COSTS CAPITALIZED
 SUBSEQUENT TO
 INITIAL COST TO
 ACQUISITION COMPANY
 (IMPROVEMENTS) -----

DEPRECIABLE
 DEPRECIABLE REAL
 ESTATE LOCATION
 ENCUMBRANCES LAND
 PROPERTY LAND
 PROPERTY - -----

Golden Terrace
 South.....
 Golden CO 2,400 750
 2,265 0 617 Golden
 Terrace
 West.....
 Golden CO 8,328
 1,694 5,065 0 1,011
 Hillcrest
 Village.... Aurora
 CO 10,504 1,912
 5,202 289 2,397
 Holiday
 Hills..... Denver
 CO 14,746 2,159
 7,780 0 3,819
 Holiday Village
 CO... Co. Springs CO
 3,471 567 1,759 0
 912 Pueblo
 Grande.....
 Pueblo CO 1,867 241
 1,069 0 432 Woodland
 Hills..... Denver
 CO 7,390 1,928 4,408
 0 2,407 Aspen
 Meadows.....
 Rehoboth Beach DE
 5,620 1,148 3,460 0
 338 Camelot
 Meadows.....
 Rehoboth Beach DE
 7,304 527 2,058
 1,251 3,719 Mariners
 Cove.....
 Millsboro DE 16,452
 990 2,971 0 3,909
 McNicol.....
 Rehoboth Beach DE
 2,710 563 1,710 0 72
 Sweetbriar.....
 Rehoboth Beach DE
 3,040 498 1,527 0
 377 Waterford
 Estates.... Bear DE
 30,954 5,250 16,202
 0 614 Whispering
 Pines.... Lewes DE
 9,871 1,536 4,609 0
 1005 Maralago
 Cay..... Lantana
 FL 21,600 5,325
 15,420 0 3,073
 Barrington
 Hills.... Port
 Richey FL 3,220
 1,145 3,437 0 0 Bay
 Indies.....
 Venice FL 43,662
 10,483 31,559 10
 3,482 Bay Lake
 Estates..... Nokomis

FL 3,807 990 3,390 0
 951 Breezy
 Hill.....
 Pompano Beach FL
 10,065 5,510 16,555
 0 112
 Buccaneer.....
 N. Ft. Myers FL
 14,140 4,207 14,410
 0 1,183 Bulow
 Village
 Resort.....
 Flagler Beach FL 0 0
 228 0 56 Bulow
 Village.....
 Flagler Beach FL
 10,268 3,637 949 0
 5,458 Carefree
 Cove..... Fort
 Lauderdale FL 4,777
 1,741 5,170 0 79
 Carriage
 Cove..... Daytona
 Beach FL 8,010 2,914
 8,682 0 788
 Coachwood.....
 Leesburg FL 4,238
 1,607 4,822 0 19
 Coral
 Cay.....
 Margate FL 20,874
 5,890 20,211 0 3,129
 Coquina.....
 St Augustine FL 0
 5,286 5,545 0 8,856
 Meadows at
 Countrywood.....
 Plant City FL 18,273
 4,514 13,175 0 3,869
 Country
 Place..... New
 Port Richey FL 8,346
 663 0 18 7,106
 Country Side
 North... Vero Beach
 FL 17,328 3,711
 11,133 0 1,663
 Crystal
 Isles.....
 Crystal River FL
 2,832 926 2,787 0 5
 Down
 Yonder.....
 Largo FL 7,707 2,652
 7,981 0 69 East Bay
 Oaks..... Largo
 FL 5,493 1,240 3,322
 0 563
 GROSS AMOUNT CARRIED
 AT CLOSE OF PERIOD
 12/31/04 -----

 ---- DEPRECIABLE
 ACCUMULATED DATE OF
 REAL ESTATE LAND
 PROPERTY TOTAL
 DEPRECIATION
 ACQUISITION - -----

 -- Golden Terrace
 South.....
 750 2,882 3,632
 (717) 1997 Golden
 Terrace
 West.....
 1,694 6,076 7,770
 (3,399) 1986
 Hillcrest
 Village.... 2,201

7,599 9,800 (4,843)
 1983 Holiday
 Hills..... 2,159
 11,599 13,758
 (7,158) 1983 Holiday
 Village CO... 567
 2,671 3,238 (1,583)
 1983 Pueblo
 Grande..... 241
 1,501 1,742 (968)
 1983 Woodland
 Hills..... 1,928
 6,815 8,743 (2,522)
 1994 Aspen
 Meadows.....
 1,148 3,798 4,946
 (894) 1998 Camelot
 Meadows..... 1,778
 5,777 7,555 (1,318)
 1998 Mariners
 Cove..... 990
 6,880 7,870 (2,868)
 1987
 McNicol.....
 563 1,782 2,345
 (410) 1998
 Sweetbriar.....
 498 1,904 2,402
 (496) 1998 Waterford
 Estates.... 5,250
 16,816 22,066
 (3,037) 1996
 Whispering
 Pines..... 1,536
 5,614 7,150 (2,844)
 1998 Maralago
 Cay..... 5,325
 18,493 23,818
 (4,258) 1997
 Barrington
 Hills..... 1,145
 3,437 4,582 (105)
 2004 Bay
 Indies.....
 10,493 35,041 45,534
 (12,148) 1994 Bay
 Lake Estates.....
 990 4,341 5,331
 (1,455) 1994 Breezy
 Hill..... 5,510
 16,667 22,177
 (1,294) 2002
 Buccaneer.....
 4,207 15,593 19,800
 (5,350) 1994 Bulow
 Village
 Resort.....
 0 284 284 (51) 2001
 Bulow
 Village.....
 3,637 6,407 10,044
 (1,391) 1994
 Carefree
 Cove..... 1,741
 5,249 6,990 (119)
 2004 Carriage
 Cove..... 2,914
 9,470 12,384 (2,292)
 1998
 Coachwood.....
 1,607 4,841 6,448
 (148) 2004 Coral
 Cay.....
 5,890 23,340 29,230
 (7,538) 1994
 Coquina.....
 5,286 14,401 19,687
 (1,571) 1999 Meadows
 at
 Countrywood.....
 4,514 17,044 21,558

(3,540) 1998 Country
Place..... 681
7,106 7,787 (2,834)
1986 Country Side
North... 3,711
12,796 16,507
(3,154) 1998 Crystal
Isles..... 926
2,792 3,718 (85)
2004 Down
Yonder.....
2,652 8,050 10,702
(631) 1998 East Bay
Oaks..... 1,240
3,885 5,125 (2,579)
1983

COSTS CAPITALIZED
 SUBSEQUENT TO
 INITIAL COST TO
 ACQUISITION COMPANY
 (IMPROVEMENTS) -----

DEPRECIABLE
 DEPRECIABLE REAL
 ESTATE LOCATION
 ENCUMBRANCES LAND
 PROPERTY LAND
 PROPERTY - -----

Eldorado
 Village..... Largo
 FL 3,946 778 2,341 0
 563 Fort Myers Beach
 Resort.....
 Fort Myers Beach FL
 4,428 1,493 4,480 0
 1 Glen
 Ellen.....
 Clearwater FL 2,395
 627 1,882 0 26 Grand
 Island.....
 Grand Island FL 0
 1,723 5,208 125
 2,606 Gulf Air
 Resort..... Fort
 Myers Beach FL 4,021
 1,609 4,830 0 13
 Gulf
 View.....
 Punta Gorda FL 1,698
 717 2,158 0 3
 Hacienda
 Village..... New
 Port Richey FL 9,842
 4,362 13,088 0 454
 Harbor
 Lakes..... Port
 Charlotte FL 8,997
 3,384 10,154 0 17
 Harbor
 View..... New
 Port Richey FL 7,932
 4,045 12,146 0 54
 Heritage
 Village..... Vero
 Beach FL 13,520
 2,403 7,259 0 690
 Highland
 Wood..... Pompano
 Beach FL 2,358 1,043
 3,130 0 10
 Hillcrest.....
 Clearwater FL 4,236
 1,278 3,928 0 750
 Holiday
 Ranch..... Largo
 FL 3,785 925 2,866 0
 227 Holiday Village
 FL... Vero Beach FL
 0 350 1,374 0 139
 Holiday
 Village..... Ormond
 Beach FL 6,972 2,610
 7,837 0 121 Indian
 Oaks.....
 Rockledge FL 4,389
 1,089 3,376 0 728
 Lake
 Fairways..... N.
 Ft. Myers FL 30,460
 6,075 18,134 35

1,443 Lake
 Haven.....
 Dunedin FL 8,109
 1,135 4,047 0 2,384
 Lake
 Magic.....
 Orlando FL 2,818
 1,595 4,793 0 45
 Lakewood
 Village.....
 Melbourne FL 9,818
 1,862 5,627 0 716
 Lazy
 Lakes.....
 Florida Keys FL
 2,048 816 2,449 0 3
 Lighthouse
 Pointe.... Port
 Orange FL 12,535
 2,446 7,483 23 894
 Manatee.....
 Sarasota North FL
 5,244 2,300 6,903 0
 20 Mid-Florida
 Lakes.... Leesburg
 FL 22,639 5,997
 20,635 0 5,070 Oak
 Bend.....
 Ocala FL 5,772 850
 2,572 0 866 Park
 City West.....
 Fort Lauderdale FL
 7,613 4,187 12,561 0
 11
 Pasco.....
 Tampa North FL 3,072
 1,494 4,484 0 2
 Pickwick.....
 Port Orange FL
 10,280 2,803 8,870 0
 490 Pine
 Lakes..... N.
 Ft. Myers FL 31,055
 6,306 14,579 21
 5,447 Pioneer
 Village..... N. Ft.
 Myers FL 10,379
 4,116 12,353 0 39
 Royal
 Coachman.....
 Nokomis FL 15,140
 5,321 15,978 0 19
 Shangri
 La..... Largo
 FL 4,496 1,730 5,200
 0 36 Sherwood
 Forest.....
 Kissimmee FL 27,103
 4,852 14,596 0 3,775
 GROSS AMOUNT CARRIED
 AT CLOSE OF PERIOD
 12/31/04 -----

 ---- DEPRECIABLE
 ACCUMULATED DATE OF
 REAL ESTATE LAND
 PROPERTY TOTAL
 DEPRECIATION
 ACQUISITION - -----

 -- Eldorado
 Village..... 778
 2,904 3,682 (1,850)
 1983 Fort Myers
 Beach
 Resort.....
 1,493 4,481 5,974
 (137) 2004 Glen
 Ellen..... 627

1,908 2,535 (135)
 2002 Grand
 Island.....
 1,848 7,814 9,662
 (868) 2001 Gulf Air
 Resort..... 1,609
 4,843 6,452 (148)
 2004 Gulf
 View..... 717
 2,161 2,878 (66)
 2004 Hacienda
 Village..... 4,362
 13,542 17,904 (922)
 2002 Harbor
 Lakes..... 3,384
 10,171 13,555 (310)
 2004 Harbor
 View..... 4,045
 12,200 16,245 (954)
 2002 Heritage
 Village..... 2,403
 7,949 10,352 (2,769)
 1994 Highland
 Wood..... 1,043
 3,140 4,183 (243)
 2002
 Hillcrest.....
 1,278 4,678 5,956
 (1,195) 1998 Holiday
 Ranch..... 925
 3,093 4,018 (747)
 1998 Holiday Village
 FL... 350 1,513
 1,863 (389) 1998
 Holiday
 Village..... 2,610
 7,958 10,568 (621)
 2002 Indian
 Oaks..... 1,089
 4,104 5,193 (1,051)
 1998 Lake
 Fairways.....
 6,110 19,577 25,687
 (6,537) 1994 Lake
 Haven.....
 1,135 6,431 7,566
 (3,292) 1983 Lake
 Magic.....
 1,595 4,838 6,433
 (146) 2004 Lakewood
 Village..... 1,862
 6,343 8,205 (2,212)
 1994 Lazy
 Lakes..... 816
 2,452 3,268 (75)
 2004 Lighthouse
 Pointe.... 2,469
 8,377 10,846 (2,033)
 1998
 Manatee.....
 2,300 6,923 9,223
 (211) 2004 Mid-
 Florida Lakes....
 5,997 25,705 31,702
 (8,117) 1994 Oak
 Bend.....
 850 3,438 4,288
 (1,243) 1993 Park
 City West.....
 4,187 12,572 16,759
 (384) 2004
 Pasco.....
 1,494 4,486 5,980
 (137) 2004
 Pickwick.....
 2,803 9,360 12,163
 (2,160) 1998 Pine
 Lakes.....
 6,327 20,026 26,353
 (6,580) 1994 Pioneer
 Village..... 4,116

12,392 16,508 (377)
2004 Royal
Coachman.....
5,321 15,997 21,318
(488) 2004 Shangri
La..... 1,730
5,236 6,966 (159)
2004 Sherwood
Forest..... 4,852
18,371 23,223
(4,055) 1998

COSTS CAPITALIZED
SUBSEQUENT TO
INITIAL COST TO
ACQUISITION COMPANY
(IMPROVEMENTS) -----

DEPRECIABLE
DEPRECIABLE REAL
ESTATE LOCATION
ENCUMBRANCES LAND
PROPERTY LAND
PROPERTY - -----

Sherwood Forest
Resort.....
Kissimmee FL 0 2,870
3,621 568 1,409 Silk
Oak.....
Clearwater FL 3,771
1,670 5,028 0 65
Silver
Dollar.....
Odessa FL 9,171
4,107 12,431 0 67
Sixth
Ave.....
Zephyrhills FL 2,260
839 2,518 0 8
Southernaire.....
Mt. Dora FL 2,092
798 2,395 0 10
Southern
Palms..... Eustis
FL 5,652 2,169 5,884
0 1,531 Spanish
Oaks..... Ocala
FL 7,008 2,250 6,922
0 877 Sunshine
Key..... Florida
Keys FL 16,522 5,273
15,822 0 23 Sunshine
Holiday..... Daytona
Beach FL 6,667 2,001
6,004 0 15 Sunshine
Holiday RV &
MHP.....
Fort Lauderdale FL
8,509 3,099 9,286 0
18 Sunshine
Travel..... Vero
Beach FL 4,404 1,603
4,813 0 31 Oaks at
Countrywood.....
Plant City FL 1,300
1,111 2,513 -265
1,475 Terra
Ceia.....
Palmetto FL 2,528
967 2,905 0 15 The
Heritage..... N.
Ft. Myers FL 9,663
1,438 4,371 346
3,317 The Lakes at
Countrywood.....
Plant City FL 9,712
2,377 7,085 0 862
The Meadows,
FL..... Palm Beach
Gardens FL 6,049
3,229 9,870 0 1,145
Toby's.....
Arcadia FL 3,391
1,093 3,280 0 17
Topics
RV.....

Spring Hill FL 2,235
 853 2,568 0 2
 Tropical
 Palms.....
 Kissimmee FL 19,595
 5,677 17,071 0 127
 Vacation
 Village..... St.
 Petersburg FL 2,528
 1,315 3,946 0 3
 Windmill
 Manor.....
 Bradenton FL 7,958
 2,153 6,125 0 1,137
 Windmill Village --
 Ft. Myers.....
 N. Ft. Myers FL
 8,700 1,417 5,440 0
 1,260 Winds of St.
 Armands North (fka
 Windmill
 North).....
 Sarasota FL 8,842
 1,523 5,063 0 1,663
 Winds of St. Armands
 South (fka Windmill
 South).....
 Sarasota FL 5,464
 1,106 3,162 0 830
 Five
 Seasons.....
 Cedar Rapids IA 0
 1,053 3,436 0 679
 Holiday Village,
 IA.....
 Sioux City IA 0 313
 3,744 0 520 Golf
 Vistas.....
 Monee IL 14,577
 2,843 4,719 0 5,948
 O'Connell's.....
 Amboy IL 4,955 1,658
 4,974 0 148
 GROSS AMOUNT CARRIED
 AT CLOSE OF PERIOD
 12/31/04 -----

 ---- DEPRECIABLE
 ACCUMULATED DATE OF
 REAL ESTATE LAND
 PROPERTY TOTAL
 DEPRECIATION
 ACQUISITION - -----

 -- Sherwood Forest
 Resort.....
 3,438 5,030 8,468
 (1,101) 1998 Silk
 Oak.....
 1,670 5,093 6,763
 (355) 2002 Silver
 Dollar..... 4,107
 12,498 16,605 (376)
 2004 Sixth
 Ave..... 839
 2,526 3,365 (91)
 2004
 Southernaire.....
 798 2,405 3,203 (74)
 2004 Southern
 Palms..... 2,169
 7,415 9,584 (1,690)
 1998 Spanish
 Oaks..... 2,250
 7,799 10,049 (2,834)
 1993 Sunshine
 Key..... 5,273
 15,845 21,118 (483)
 2004 Sunshine

Holiday..... 2,001
 6,019 8,020 (183)
 2004 Sunshine
 Holiday RV &
 MHP.....
 3,099 9,304 12,403
 (180) 2004 Sunshine
 Travel..... 1,603
 4,844 6,447 (147)
 2004 Oaks at
 Countrywood.....
 846 3,988 4,834
 (698) 1998 Terra
 Ceia..... 967
 2,920 3,887 (90)
 2004 The
 Heritage.....
 1,784 7,688 9,472
 (2,475) 1993 The
 Lakes at
 Countrywood.....
 2,377 7,947 10,324
 (1,049) 2001 The
 Meadows, FL.....
 3,229 11,015 14,244
 (2,089) 1999
 Toby's.....
 1,093 3,297 4,390
 (120) 2003 Topics
 RV..... 853
 2,570 3,423 (79)
 2004 Tropical
 Palms..... 5,677
 17,198 22,875 (500)
 2004 Vacation
 Village..... 1,315
 3,949 5,264 (121)
 2004 Windmill
 Manor..... 2,153
 7,262 9,415 (1,603)
 1998 Windmill
 Village -- Ft.
 Myers.....
 1,417 6,700 8,117
 (4,379) 1983 Winds
 of St. Armands North
 (fka Windmill
 North).....
 1,523 6,726 8,249
 (3,936) 1983 Winds
 of St. Armands South
 (fka Windmill
 South).....
 1,106 3,992 5,098
 (2,443) 1983 Five
 Seasons.....
 1,053 4,115 5,168
 (1,222) 1998 Holiday
 Village,
 IA.....
 313 4,264 4,577
 (2,553) 1986 Golf
 Vistas.....
 2,843 10,667 13,510
 (2,126) 1997
 O'Connell's.....
 1,658 5,122 6,780
 (173) 2004

COSTS CAPITALIZED
 SUBSEQUENT TO
 INITIAL COST TO
 ACQUISITION COMPANY
 (IMPROVEMENTS) -----

DEPRECIABLE
 DEPRECIABLE REAL
 ESTATE LOCATION
 ENCUMBRANCES LAND
 PROPERTY LAND
 PROPERTY - -----

Willow Lake
 Estates.....
 Elgin IL 22,129
 6,138 21,033 0 3,816
 Forest Oaks (fka
 Burns Harbor).....
 Chesterton IN 0 916
 2,909 0 1,740
 Lakeside.....
 New Carlisle IN 0
 426 1,281 0 12 Oak
 Tree Village.....
 Portage IN 4,476 0 0
 569 3,607
 Windsong.....
 Indianapolis IN 0
 1,482 4,480 0 192
 Creekside.....
 Wyoming MI 3,760
 1,109 3,646 0 113
 Casa
 Village.....
 Billings MT 11,040
 1,011 3,109 157
 3,471 Waterway RV
 Resort... Cedar
 Point NC 6,226 2,392
 7,185 0 3 Goose
 Creek Resort...
 Newport NC 12,491
 4,612 13,848 0 814
 Twin
 Lakes.....
 Chocowinity NC 3,739
 1,719 3,361 0 19 Del
 Rey.....
 Albuquerque NM 0
 1,926 5,800 0 727
 Bonanza.....
 Las Vegas NV 4,861
 908 2,643 0 984
 Boulder
 Cascade..... Las
 Vegas NV 8,871 2,995
 9,020 0 1,136
 Cabana.....
 Las Vegas NV 9,245
 2,648 7,989 0 301
 Flamingo
 West..... Las
 Vegas NV 10,647
 1,730 5,266 0 1,273
 Villa
 Borega..... Las
 Vegas NV 7,011 2,896
 8,774 0 592
 Greenwood
 Village....
 Manorville NY 17,468
 3,667 9,414 484
 3,542 Falcon Wood
 Village.....

Eugene OR 5,200
 1,112 3,426 0 213
 Quail
 Hollow.....
 Fairview OR 0 0
 3,249 0 226
 Shadowbrook.....
 Clackamas OR 6,320
 1,197 3,693 0 165
 Mt. Hood
 Village..... Welches
 OR 0 1,817 5,733 0
 (302) Green
 Acres.....
 Breinigsville PA
 13,908 2,680 7,479 0
 2,817 Spring
 Gulch..... New
 Holland PA 4,819
 1,593 4,795 0 6
 Country
 Sunshine.....
 Weslaco TX 2,266 627
 1,881 0 5 Fun n
 Sun..... San
 Benito TX 0 2,533 0
 417 9,828
 Lakewood.....
 Harlingen TX 1,227
 325 979 0 2 Paradise
 Park..... Rio
 Grande Valley TX
 5,430 1,568 4,705 0
 4 Paradise
 South.....
 Mercedes TX 1,619
 448 1,345 0 5
 Southern
 Comfort..... Weslaco
 TX 2,590 1,108 3,323
 0 2 Sunshine
 RV.....
 Harlingen TX 4,792
 1,494 4,484 0 3
 Tropic
 Winds.....
 Harlingen TX 0 1,221
 3,809 0 101 All
 Seasons.....
 Salt Lake City UT
 3,491 510 1,623 0
 211 Westwood
 Village..... Farr
 West UT 7,493 1,346
 4,179 0 1,163
 GROSS AMOUNT CARRIED
 AT CLOSE OF PERIOD
 12/31/04 -----

 ---- DEPRECIABLE
 ACCUMULATED DATE OF
 REAL ESTATE LAND
 PROPERTY TOTAL
 DEPRECIATION
 ACQUISITION - -----

 -- Willow Lake
 Estates.....
 6,138 24,849 30,987
 (8,048) 1994 Forest
 Oaks (fka Burns
 Harbor)..... 916
 4,649 5,565 (1,912)
 1993
 Lakeside.....
 426 1,293 1,719 (40)
 2004 Oak Tree
 Village..... 569
 3,607 4,176 (1,772)

1987
 Windsong.....
 1,482 4,672 6,154
 (1,278) 1998
 Creekside.....
 1,109 3,759 4,868
 (896) 1998 Casa
 Village.....
 1,168 6,580 7,748
 (3,130) 1983
 Waterway RV
 Resort... 2,392
 7,188 9,580 (221)
 2004 Goose Creek
 Resort... 4,612
 14,662 19,274 (437)
 2004 Twin
 Lakes.....
 1,719 3,380 5,099
 (105) 2004 Del
 Rey.....
 1,926 6,527 8,453
 (2,602) 1993
 Bonanza.....
 908 3,627 4,535
 (2,238) 1983 Boulder
 Cascade..... 2,995
 10,156 13,151
 (2,315) 1998
 Cabana.....
 2,648 8,290 10,938
 (2,936) 1994
 Flamingo
 West..... 1,730
 6,539 8,269 (2,092)
 1994 Villa
 Borega.....
 2,896 9,366 12,262
 (2,266) 1997
 Greenwood
 Village... 4,151
 12,956 17,107
 (2,609) 1998 Falcon
 Wood
 Village.....
 1,112 3,639 4,751
 (902) 1997 Quail
 Hollow..... 0
 3,475 3,475 (861)
 1997
 Shadowbrook.....
 1,197 3,858 5,055
 (1,004) 1997 Mt.
 Hood Village....
 1,817 5,431 7,248
 (564) 2002 Green
 Acres.....
 2,680 10,296 12,976
 (5,077) 1988 Spring
 Gulch..... 1,593
 4,801 6,394 (163)
 2004 Country
 Sunshine.... 627
 1,886 2,513 (57)
 2004 Fun n
 Sun.....
 2,950 9,828 12,778
 (2,123) 1998
 Lakewood.....
 325 981 1,306 (30)
 2004 Paradise
 Park..... 1,568
 4,709 6,277 (144)
 2004 Paradise
 South..... 448
 1,350 1,798 (41)
 2004 Southern
 Comfort.... 1,108
 3,325 4,433 (102)
 2004 Sunshine
 RV..... 1,494

4,487 5,981 (137)
2004 Tropic
Winds..... 1,221
3,910 5,131 (329)
2002 All
Seasons.....
510 1,834 2,344
(491) 1997 Westwood
Village..... 1,346
5,342 6,688 (1,369)
1997

COSTS CAPITALIZED
 SUBSEQUENT TO
 INITIAL COST TO
 ACQUISITION COMPANY
 (IMPROVEMENTS) -----

DEPRECIABLE
 DEPRECIABLE REAL
 ESTATE LOCATION
 ENCUMBRANCES LAND
 PROPERTY LAND
 PROPERTY - -----

Meadows of
 Chantilly.....
 Chantilly VA 27,494
 5,430 16,440 0 3,781
 Kloshe

Illahee.....
 Federal Way WA 6,084
 2,408 7,286 0 277

Caledonia.....
 Caledonia WI 0 376
 1,127 0 0

Freemont.....
 Freemont WI 4,300
 1,432 4,296 0 0

Yukon
 Trails.....
 Lyndon Station WI 0
 547 1,629 0 13

Thousand
 Trails..... 0
 48,537 113,253 0 0

Realty Systems, Inc.
 0 0 0
 0 4,632 Management

Business.....
 0 0 436 0 9,424 ----

- 1,417,251 \$466,556
 \$1,361,519 \$4,031
 \$203,684 =====
 =====
 =====

GROSS AMOUNT CARRIED
 AT CLOSE OF PERIOD
 12/31/04 -----

---- DEPRECIABLE
 ACCUMULATED DATE OF
 REAL ESTATE LAND
 PROPERTY TOTAL
 DEPRECIATION
 ACQUISITION - -----

-- Meadows of
 Chantilly.....
 5,430 20,221 25,651
 (6,764) 1994 Kloshe

Illahee..... 2,408
 7,563 9,971 (1,846)
 1997

Caledonia.....
 376 1,127 1,503 0
 2004

Freemont.....
 1,432 4,296 5,728 0
 2004 Yukon

Trails..... 547
 1,642 2,189 (10)
 2004 Thousand

Trails.....	48,537	
	113,253	161,790
(629) 2004 Realty		
Systems, Inc.		
.....	0	
4,632 4,632 (2) 2002		
Management		
Business.....		
	0 9,860	9,860
(10,359) 1990	-----	

\$470,587	\$1,565,203	
	\$2,035,790	
\$(322,867)	=====	
	=====	
=====	=====	

NOTES:

- (1) For depreciable property, the Company uses 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 and fixtures.
- (2) The schedule excludes Properties in which the Company has a non-controlling joint venture interest and accounts for using the equity method of accounting.
- (3) The balance of furniture and fixtures included in the total amounts was approximately \$21.3 million as of December 31, 2004.
- (4) The aggregate cost of land and depreciable property for Federal income tax purposes was approximately \$2.0 billion, as of December 31, 2004.
- (5) All Properties were acquired, except for Country Place Village, which was constructed.

SCHEDULE III

EQUITY LIFESTYLE PROPERTIES, INC.
 REAL ESTATE AND ACCUMULATED DEPRECIATION
 DECEMBER 31, 2004
 (AMOUNTS IN THOUSANDS)

The changes in total real estate for the years ended December 31, 2004, 2003 and 2002 were as follows:

2004	2003	2002	-----	-----	-----
- Balance, beginning of					
year.....			\$1,309,705		
			\$1,296,007	\$1,238,138	
Acquisitions(1).....					
			702,538	12,116	107,138
Improvements.....					
			27,082	15,569	24,491
Dispositions and other.....			(3,535)		
(13,987)	(73,760)		-----	-----	-----
---- Balance, end of					
year.....			\$2,035,790		
			\$1,309,705	\$1,296,007	=====
					=====

- - - - -

(1) Acquisitions for the year ended December 31, 2004 include the non-cash assumption by the Company of \$347 million of mortgage debt.

The changes in accumulated depreciation for the years ended December 31, 2004, 2003 and 2002 were as follows:

2004	2003	2002	-----	-----	-----
---- Balance, beginning of					
year.....			\$272,497	\$238,098	\$211,878
Depreciation					
expense.....					
			51,703	39,409	37,188
Dispositions and other.....					
(1,333)	(5,010)	(10,968)	-----	-----	-----
---- Balance, end of					
year.....			\$322,867	\$272,497	\$238,098
					=====
					=====

EXHIBIT 31.1

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

I, Michael B. Berman, certify that:

1. I have reviewed this annual report on Form 10-K 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: March 28, 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 annual report on Form 10-K 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: March 28, 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 Annual Report on Form 10-K of Equity Lifestyle Properties, Inc. for the year ended December 31, 2004 (the "Annual Report"), 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 Annual Report 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of Equity Lifestyle Properties, Inc.

Date: March 28, 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 Annual Report on Form 10-K of Equity Lifestyle Properties, Inc. for the year ended December 31, 2004 (the "Annual Report"), 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 Annual Report 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 Annual Report fairly presents, in all material respects, the financial condition and results of operations of Equity Lifestyle Properties, Inc.

Date: March 28, 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.

EQUITY LIFESTYLE PROPERTIES, INC.
TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS 60606
PROXY FOR ANNUAL MEETING OF STOCKHOLDERS
SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS

The undersigned stockholder of Equity Lifestyle Properties, Inc., a Maryland corporation (the "Company"), hereby appoints SAMUEL ZELL and THOMAS P. HENEGHAN, or either of them, with full power of substitution in each of them, to attend the Annual Meeting of Stockholders of the Company to be held on Tuesday, May 10, 2005, at 10:00 a.m. Central time (the "Meeting"), and any adjournment or postponement thereof, to cast on behalf of the undersigned all votes that the undersigned is entitled to cast at the Meeting and otherwise to represent the undersigned at the Meeting with all powers possessed by the undersigned if personally present at the Meeting. The undersigned hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and of the accompanying Proxy Statement and revokes any proxy heretofore given with respect to the Meeting. The votes entitled to be cast by the undersigned will be cast as instructed on the reverse side. If this proxy is executed but no instruction is given, the votes entitled to be cast by the undersigned will be cast "for" each of the nominees for director, as described in the Proxy Statement, and in the discretion of the proxy holder on any other matter that may properly come before the Meeting or any adjournment or postponement thereof.

COMMENTS/ADDRESS CHANGE:

- - - - -
- - - - -
- - - - -

- - - - - (Continued and to be signed
on other side)

- - - - -
o FOLD AND DETACH HERE o

6564--EQUITY LIFESTYLE PROPERTIES, INC.

EQUITY LIFESTYLE PROPERTIES, INC.

PLEASE MARK VOTE IN OVAL IN THE FOLLOWING MANNER USING DARK INK ONLY. [X]

THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR PROPOSAL 1.

- 1.
- ELECTION
- OF
- DIRECTORS
- For
- Withhold
- For All
- Nominees:
- All All
- Except
- Donald
- S.
- Chisholm
- [] []
- []
- Thomas
- E.
- Dobrowski
- Thomas
- P.
- Heneghan
- Joe B.
- McAdams
- Sheli Z.
- Rosenberg
- Howard
- Walker
- Gary L.
- Waterman
- Samuel
- Zell

Instruction: TO WITHHOLD AUTHORITY to vote for any individual nominee, write that nominee's name in the space provided below:

And on any other matter which may properly come before the Meeting or any adjournment or postponement thereof in the discretion of the proxy holder.

I PLAN TO ATTEND THE MEETING []

Date -----

Signature -----

Signature -----

NOTE: PLEASE SIGN AS NAME APPEARS HEREON. JOINT OWNERS SHOULD EACH SIGN. WHEN SIGNING AS ATTORNEY, EXECUTOR, ADMINISTRATOR, TRUSTEE, GUARDIAN OR OFFICER, PLEASE GIVE FULL TITLE UNDER SIGNATURE.

o FOLD AND DETACH HERE o

YOUR VOTE IS IMPORTANT.

PLEASE MARK, SIGN AND DATE THIS PROXY CARD AND RETURN IT PROMPTLY IN THE ENCLOSED ENVELOPE.