FORM 10-Q

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

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

FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2004

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

COMMISSION FILE NUMBER: 1-11718

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

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

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

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes (X) No ( )

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Exchange Act). Yes (X) No ( )

APPLICABLE ONLY TO CORPORATE ISSUERS:

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

23,069,459 shares of Common Stock as of November 8, 2004

MANUFACTURED HOME COMMUNITIES, INC.

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PART I - FINANCIAL STATEMENTS

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED BALANCE SHEETS
AS OF SEPTEMBER 30, 2004 AND DECEMBER 31, 2003
(AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA)

	SEPTEMBER 30, 2004 (UNAUDITED)	DECEMBER 31, 2003
ASSETS		
Investment in real estate:		
Land	$ 420,268	$ 282,803
Land improvements	1,319,930	911,176
Buildings and other depreciable property	124,181	121,117
	1,864,379	1,315,096
Accumulated depreciation	(308,882)	(272,497)
Net investment in real estate	1,555,497	1,042,599
Cash and cash equivalents	7,592	325,740
Notes receivable	13,245	11,551
Investment in joint ventures	50,114	18,828
Rents receivable, net	2,486	2,385
Deferred financing costs, net	14,290	14,164
Inventory	44,726	31,604
Prepaid expenses and other assets	36,999	27,044
TOTAL ASSETS	$ 1,724,949	$ 1,473,915
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Mortgage notes payable	$ 1,413,597	$ 1,076,183
Unsecured line of credit	61,000	--
Accounts payable and accrued expenses	43,464	27,928
Accrued interest payable	7,942	5,978
Rents received in advance and security deposits	17,276	6,616
Distributions payable	464	224,696
TOTAL LIABILITIES	1,543,743	1,341,401
Commitments and contingencies	--	--
Minority interest - Common OP Units and other	12,823	1,716
Minority interest - Perpetual Preferred OP Units	125,000	125,000
STOCKHOLDERS' EQUITY:		
Preferred stock, $0.01 par value 10,000,000 shares authorized; none issued	--	--
Common stock, $0.01 par value 50,000,000 shares authorized; 23,060,701 and 22,563,348 shares issued and outstanding for 2004 and 2003, respectively	223	222
Paid-in capital	296,225	263,066
Deferred compensation	(248)	(494)
Distributions in excess of accumulated earnings	(252,817)	(256,996)
TOTAL STOCKHOLDERS' EQUITY	43,383	5,798
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$ 1,724,949	$ 1,473,915

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

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE QUARTERS AND NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	QUARTERS ENDED SEPTEMBER 30, 2004	QUARTERS ENDED SEPTEMBER 30, 2003	NINE MONTHS ENDED SEPTEMBER 30, 2004	NINE MONTHS ENDED SEPTEMBER 30, 2003
PROPERTY OPERATIONS:				
Community base rental income	$ 53,863	$ 49,203	$ 157,528	$ 147,675
Resort base rental income	14,169	2,144	39,463	8,076
Utility and other income	5,939	4,904	18,893	15,327
Property operating revenues	73,971	56,251	215,884	171,078
Property operating and maintenance	25,259	16,283	69,987	48,828
Real estate taxes	6,161	4,577	17,716	13,960
Property management	3,316	2,364	9,585	6,992
Property operating expenses	34,736	23,224	97,288	69,780
Income from property operations	39,235	33,027	118,596	101,298
HOME SALES OPERATIONS:				
Gross revenues from inventory home sales	12,594	11,399	30,915	25,058
Cost of inventory home sales	(10,833)	(10,115)	(27,195)	(21,741)
Gross profit from inventory home sales	1,761	1,284	3,720	3,317
Brokered resale revenues, net	540	491	1,628	1,321
Home selling expenses	(2,169)	(1,971)	(6,446)	(5,669)
Ancillary services revenues (losses), net	770	(125)	2,417	244
Income (loss) from home sales and other	902	(321)	1,319	(787)
OTHER INCOME (EXPENSES):				
Interest income	309	254	1,076	760
Income from unconsolidated joint ventures and other	1,241	490	4,669	1,629
General and administrative	(2,110)	(2,027)	(6,689)	(5,959)
Interest and related amortization	(24,041)	(12,408)	(67,684)	(37,453)
Depreciation on corporate assets	(427)	(310)	(1,231)	(930)
Depreciation on real estate assets and other costs	(13,052)	(9,446)	(36,026)	(28,037)
Gain on sale of real estate and other	--	--	638	--
Total other income (expenses)	(38,080)	(23,447)	(105,247)	(69,990)
Income before allocation to minority interests and discontinued operations	2,057	9,259	14,668	30,521
MINORITY INTERESTS:				
(Income) loss allocated to Common OP Units	168	(1,246)	(1,169)	(4,369)
Income allocated to Perpetual Preferred OP Units	(2,825)	(2,813)	(8,459)	(8,439)
Income (loss) from continuing operations	(600)	5,200	5,040	17,713
DISCONTINUED OPERATIONS:				
Discontinued operations	--	10	(6)	913
Gain on sale of discontinued property	--	--	--	10,826
Minority interest on discontinued operations	--	(2)	--	(2,170)
Income (loss) from discontinued operations	--	8	(6)	9,569
NET INCOME (LOSS) AVAILABLE FOR COMMON SHARES	$ (600)	$ 5,208	$ 5,034	$ 27,282

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

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS (CONTINUED)
FOR THE QUARTERS AND NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
EARNINGS PER COMMON SHARE - BASIC:				
Income (loss) from continuing operations	$ (0.03)	$ 0.24	$ 0.22	$ 0.80
Income from discontinued operations	--	--	--	0.43
Net income (loss) available for Common Shares	$ (0.03)	$ 0.24	$ 0.22	$ 1.24
EARNINGS PER COMMON SHARE - FULLY DILUTED:				
Income (loss) from continuing operations	$ (0.03)	$ 0.23	$ 0.21	$ 0.79
Income from discontinued operations	--	--	--	0.42
Net income (loss) available for Common Shares	$ (0.03)	$ 0.23	$ 0.21	$ 1.21
Distributions declared per Common Share outstanding	$ 0.0125	$ 0.495	$ 0.0375	$ 1.485
Weighted average Common Shares outstanding - basic	22,829	22,114	22,747	22,020
Weighted average Common Shares outstanding - fully diluted	29,335	28,148	29,188	27,952

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE QUARTERS AND NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
Net income(loss) available for Common Shares	$ (600)	$ 5,208	$ 5,034	$ 27,282
Net unrealized holding gains on derivative instruments	--	609	--	1,101
Net comprehensive income (loss)	$ (600)	$ 5,817	$ 5,034	$ 28,383

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

MANUFACTURED HOME COMMUNITIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2004 AND 2003
(AMOUNTS IN THOUSANDS)
(UNAUDITED)

	SEPTEMBER 30, 2004	SEPTEMBER 30, 2003
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income available for Common Shares	$ 5,034	$ 27,282
Adjustments to reconcile net income to cash provided by operating activities:		
Income allocated to Minority Interests	9,628	14,978
Gain on sale of real estate and other	(638)	(10,826)
Depreciation and amortization expense	38,814	29,636
Income from unconsolidated joint ventures	(3,540)	(1,602)
Amortization of deferred compensation and other	2,027	1,469
Increase in provision for uncollectible rents receivable	203	(68)
Changes in assets and liabilities:		
Rents receivable	243	(235)
Inventory	(11,927)	2,763
Prepaid expenses and other assets	(5,198)	(1,293)
Accounts payable and accrued expenses	12,155	758
Rents received in advance and security deposits	(3,052)	1,114
Net cash provided by operating activities	43,749	63,976
CASH FLOWS FROM INVESTING ACTIVITIES:		
Acquisition of rental properties	(137,398)	(97)
Proceeds from disposition of assets	671	27,170
Investments from joint ventures, net	(28,470)	1,213
Funding of notes receivable	(1,663)	(728)
Improvements:		
Improvements - corporate	(245)	(72)
Improvements - rental properties	(9,498)	(8,700)
Site development costs	(9,532)	(5,517)
Net cash (used in) provided by investing activities	(186,135)	13,269
CASH FLOWS FROM FINANCING ACTIVITIES:		
Issuance of common and preferred stock	5,001	6,499
Collection of principal payments on employee notes	--	2,713
Line of credit:		
Proceeds	81,000	42,000
Repayments	(20,000)	(68,250)
Refinancing - net proceeds (repayments)	--	6,899
Principal payments	(6,177)	(3,786)
Distributions	(233,858)	(49,094)
Debt issuance costs	(1,728)	(3,515)
Net cash used in financing activities	(175,762)	(66,534)
Net (decrease) increase in cash and cash equivalents	(318,148)	10,711
Cash and cash equivalents, beginning of period	325,740	7,270
Cash and cash equivalents, end of period	$ 7,592	$ 17,981
SUPPLEMENTAL INFORMATION:		
Cash paid during the period for interest	$ 64,034	$ 40,156

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

MANUFACTURED HOME COMMUNITIES, INC.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DEFINITION OF TERMS:

Manufactured Home Communities, Inc., a Maryland corporation, together with MHC Operating Limited Partnership (the "Operating Partnership") and other consolidated subsidiaries ("Subsidiaries"), are referred to herein as the "Company", "MHC", "we", "us", and "our". Capitalized terms used but not defined herein are as defined in the Company's Annual Report on Form 10-K (the "2003 Form 10-K") for the year ended December 31, 2003.

PRESENTATION:

These unaudited interim consolidated financial statements of MHC, have been prepared pursuant to the Securities and Exchange Commission ("SEC") rules and regulations and should be read in conjunction with the financial statements and notes thereto included in the 2003 Form 10-K. The following notes to consolidated financial statements highlight significant changes to the notes included in the 2003 Form 10-K and present interim disclosures as required by the SEC. The accompanying consolidated financial statements reflect, in the opinion of management, all adjustments necessary for a fair presentation of the interim financial statements. All such adjustments are of a normal and recurring nature. Certain reclassifications have been made to the prior periods' financial statements in order to conform with current period presentation.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Consolidation

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

In December 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46R, Consolidation of Variable Interest Entities - an interpretation of ARB 51 ("FIN 46R"). 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 the 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. In applying the provisions of FIN 46R 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.

(b) Use of Estimates

The preparation of financial statements, in conformity with U.S. generally accepted accounting principles ("US GAAP"), 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 communities. 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Inventory

Inventory consists of new and used manufactured homes, and is stated at the lower of cost or market after consideration of the N.A.D.A. (National Automobile Dealers Association) Manufactured Housing Appraisal Guide and the current market value of each home included in the manufactured 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 $849,000 for the nine months ended September 30, 2004.

(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.

We depreciate the amount allocated to land improvements, buildings and other intangible assets over their estimated useful lives, which generally range from three to thirty years. 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.

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.

Certain costs, primarily legal costs, relative to our efforts to effectively change the use and operations of several Properties subject to rent control (see Note 9) are currently classified in other assets. These costs, to the extent these efforts are successful, are capitalized to the extent of the established fair value of the revised project and included in the net investment in real estate for the appropriate Properties. To the extent these efforts are not successful, these costs will be expensed. In addition, we capitalize certain costs, primarily legal costs, related to entering into agreements which govern the terms under which we may enter into leases with individual tenants and which are expensed over the term of the agreement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) 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 any 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 sale of homes to our residents (referred to as "Chattel Loans"). These Chattel Loans are secured by the homes. The valuation allowance for any delinquent Chattel Loans is calculated based on a comparison of the outstanding principal balance of the note compared to the N.A.D.A. value and the current market value of the underlying manufactured home collateral.

(g) Investments in Joint Ventures

Investments in unconsolidated joint ventures are accounted for using the equity method of accounting because we do not have control over the activities of the investees. Our net equity investment is reflected on the consolidated balance sheets, and the consolidated statements of operations include our share of net income or loss from the unconsolidated joint ventures. Any difference between the carrying amount of these investments on our consolidated balance sheet and the historical cost of the underlying equity is depreciated as an adjustment to income from unconsolidated joint ventures, generally over 30 years.

(h) 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.

NOTE 2 - EARNINGS PER COMMON SHARE

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

NOTE 2 - EARNINGS PER COMMON SHARE (CONTINUED)

The following table sets forth the computation of basic and fully diluted earnings per share for the quarters and nine months ended September 30, 2004 and 2003 (amounts in thousands):

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
NUMERATORS:				
INCOME (LOSS) FROM CONTINUING OPERATIONS:				
Income (loss) from continuing operations - basic	$ (600)	$ 5,200	$ 5,040	$ 17,713
Amounts allocated to dilutive securities	(168)	1,246	1,169	4,369
Income (loss) from continuing operations - fully diluted	$ (768)	$ 6,446	$ 6,209	$ 22,082
INCOME (LOSS) FROM DISCONTINUED OPERATIONS:				
Income (loss) from discontinued operations - basic	$ ---	$ 8	$ (6)	$ 9,569
Amounts allocated to dilutive securities	---	2	---	2,170
Income (loss) from discontinued operations - fully diluted	$ ---	$ 10	$ (6)	$ 11,739
EARNINGS PER COMMON SHARE- FULLY DILUTED:				
Net income (loss) available for Common Shares - basic	$ (600)	$ 5,208	$ 5,034	$ 27,282
Amounts allocated to dilutive securities	(168)	1,248	1,169	6,539
Net income (loss) available for Common Shares - fully diluted	$ (768)	$ 6,456	$ 6,203	$ 33,821
DENOMINATOR:				
Weighted average Common Shares outstanding - basic	22,829	22,114	22,747	22,020
Effect of dilutive securities:				
Redemption of Common OP Units for Common Shares	6,509	5,344	5,914	5,349
Employee stock options and restricted shares	---	690	527	583
Weighted average Common Shares outstanding - fully diluted	29,335	28,148	29,188	27,952

The effect of employee stock options and restricted shares for the current quarter were anti-dilutive.

NOTE 3 - COMMON STOCK AND RELATED TRANSACTIONS

On January 16, 2004, we paid 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. The special cash distribution will be reflected on stockholders' 2004 1099-DIV to be 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 MHC Operating Limited Partnership (the "Operating Partnership"). In exchange for its contribution, the Company was issued all of the outstanding shares of MHC Trust. As a result of the restructuring, MHC will continue to qualify as a real estate investment trust under the Code, with its assets consisting of interests in MHC Trust. MHC Trust, in turn, will 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 sold cumulative preferred stock ("Series A & B preferred stock") to certain unaffiliated investors.

During the nine months ended September 30, 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 April 9, 2004, the Company paid a $0.0125 per share distribution for the quarter ended March 31, 2004 to stockholders of record on March 26, 2004. On July 9, 2004, the Company paid a $0.0125 per share distribution for the quarter ended June 30, 2004 to stockholders of record on June 25, 2004. On October 8, 2004, the Company paid a $0.0125 per share distribution for the quarter ended September 30, 2004 to stockholders of record on September 24, 2004. 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 on March 31, 2004, June 30, 2004 and September 30, 2004.

NOTE 4 - INVESTMENT IN REAL ESTATE

During the nine months ended September 30, 2004, we acquired 52 Properties. The combined investment in real estate for these 52 Properties was approximately $534 million and was funded with monies held in short-term investments and additional debt (amounts in millions, except for total sites).

CLOSING DATE	PROPERTY	LOCATION	TOTAL SITES	REAL ESTATE	DEBT	NET 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	2,597	64.0	41.6	20.9
February 17, 2004	NHC Portfolio (a)	Various	11,357	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	1,135	52.9	37.7	15.2
September 8, 2004	Yukon Trails	Lyndon Station, WI	214	2.2	--	2.2

NOTE 4 - INVESTMENT IN REAL ESTATE (CONTINUED)

(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

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 $36.7 million.

On May 28, 2004, a property located in Lake Placid, Florida was sold 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.

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

The following table illustrates the effect on net income and earnings per share if the Company had consummated the acquisitions during the nine months ended September 30, 2004 and 2003 on January 1, 2004 and 2003, respectively (amounts in thousands, except per share data):

	FOR THE NINE MONTHS ENDED SEPTEMBER 30,	
Pro Forma Information:	2004	2003
Property operating revenues	$ 231,391	$ 223,739
Income from continuing operations	$ 6,589	$ 16,306
Net income available for Common Shares	$ 6,583	$ 25,875
Earnings per Common Share - Basic:		
Income from continuing operations	$ 0.29	$ 0.74
Net income available for Common Shares	$ 0.29	$ 1.18
Earnings per Common Share - Fully Diluted:		
Income from continuing operations	$ 0.28	$ 0.72
Net income available for Common Shares	$ 0.28	$ 1.13

The Company is actively seeking to acquire additional properties and currently is engaged in negotiations relating to the possible acquisition of a number of properties. At any time these negotiations are at varying stages that may include contracts outstanding to acquire certain properties that are subject to satisfactory completion of the Company's due diligence review.

NOTE 5 - NOTES RECEIVABLE

As of September 30, 2004, the Company had approximately $13.2 million in notes receivable. The Company has approximately $12.7 million in Chattel Loans receivable, which yield interest at a per annum average rate of approximately 9.1%, have an average term and amortization of 5 to 15 years, require monthly principal and interest payments and are collateralized by manufactured homes at certain of the Properties. As of September 30, 2004, the Company had approximately $400,000 in notes receivable which bear interest at a per annum rate of prime plus 0.5% and mature on December 31, 2011. The notes are collateralized with a combination of Common OP Units and partnership interests in certain joint ventures.

NOTE 6 - INVESTMENT IN 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 September 30, 2004.

During the nine months ended September 30, 2004, the Company invested approximately $2.7 million with Diversified in eight 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.

In addition, the Company recorded approximately $2.8 million and $1.6 million of net income from joint ventures in the nine months ended September 30, 2004 and 2003, respectively, and received approximately $4.5 million and $1.2 million in distributions from such joint ventures for the nine months ended September 30, 2004 and 2003, respectively. Included in such distributions for the nine months ended September 2004 is a $2.5 million return of capital, of which $531,000 exceeded the Company's basis and thus was recorded in income from unconsolidated joint ventures and other.

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

PROPERTY	LOCATION	NUMBER OF SITES	ECONOMIC INTEREST (a)	INVESTMENT AS OF SEPT 30, 2004 (in thousands)	INVESTMENT AS OF DEC 31, 2003 (in thousands)
Diversified Investments	Various	3,497	25%	$ 2,437	$ --
Trails West	Tucson, AZ	503	50%	1,770	1,752
Plantation	Calimesa, CA	385	50%	3,022	2,825
Manatee	Bradenton, FL	290	90%	30	45
Home	Hallandale, FL	136	90%	8	1,082
Villa del Sol	Sarasota, FL	207	90%	680	654
Voyager RV Resort	Tucson, AZ	767	25%	3,126	4,412
Preferred Interests in College Heights		--	17%	8,119	8,058
Mezzanine Investments		5,054		30,922	--
		10,839		$50,114	$18,828

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

NOTE 7 - LONG-TERM BORROWINGS

As of September 30, 2004 and December 31, 2003, the Company had outstanding mortgage indebtedness of approximately $1,414 million and $1,076 million, respectively, encumbering 164 and 114 of the Company's Properties, respectively. As of September 30, 2004 and December 31, 2003, the carrying value of such Properties was approximately $1,671 million and $1,124 million, respectively.

The outstanding mortgage indebtedness as of September 30, 2004 consists of:

- Approximately $499.8 million of mortgage debt ("Mortgage Debt") consisting of 49 loans collateralized by 51 Properties beneficially owned by separate legal entities that are Subsidiaries of the Company, which we closed on October 17, 2003 (the "Recap"). Of this Mortgage Debt, $166.7 million bears interest at 5.35% per annum and matures November 1, 2008; $80.7 million bears interest at 5.72% per annum and matures November 1, 2010; $79.1 million bears interest at 6.02% per annum and matures November 1, 2013; and $173.3 million bears interest at 6.33% per annum and matures November 1, 2015. The Mortgage Debt amortizes over 30 years.

- A $265.0 million mortgage note (the "$265 Million Mortgage") collateralized by 28 Properties beneficially owned by MHC Financing Limited Partnership. The $265 Million Mortgage has a maturity date of January 2, 2028 and bears interest at 7.015% per annum. There is no principal amortization until February 1, 2008, after which principal and interest are to be paid from available cash flow and the interest rate will be reset at a rate equal to the then 10-year U.S. Treasury obligations plus 2.0%. The $265 Million Mortgage is presented net of a settled hedge of $3.0 million (net of accumulated amortization of $439,438), which is being amortized into interest expense over the life of the loan.

- A $90.7 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 $48.5 million mortgage note (the "Stagecoach Mortgage") collateralized by 7 Properties beneficially owed 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 $43.9 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 $453.1 million of mortgage debt on 70 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 5.14% to 8.36% 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 nine months ended September 30, 2004 (see Note 4).

NOTE 7 - LONG-TERM BORROWINGS (CONTINUED)

We have unsecured lines of credit consisting of the following:

- A $110 million facility with a group of banks, bearing interest at the London Interbank Offered Rate ("LIBOR") plus 1.65% per annum that matures on August 9, 2006, for which we pay a quarterly fee on the average unused amount of the total facility equal to 0.15% of such amount. As of September 30, 2004, $49 million was available under this facility.

- A $50 million facility with Wells Fargo Bank, bearing interest at LIBOR plus 1.65% per annum that matures on August 4, 2006 for which we pay a quarterly fee on the average unused amount of the total facility equal to 0.15% of such amount. This facility remained undrawn at September 30, 2004.

NOTE 8 - STOCK-BASED COMPENSATION

We account for our stock-based compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation", which results in compensation expense being recorded based on the fair value of the stock compensation issued. SFAS No. 148 provided three possible transition methods for changing to the fair value method. Effective January 1, 2003, we elected to use the modified-prospective method, which 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. Stock-based compensation expense was approximately $2.0 million and $1.3 million for the nine months ended September 30, 2004 and 2003, respectively.

Pursuant to the Stock Option Plan as discussed in Note 14 to our 2003 Form 10-K, certain officers, directors, employees and consultants have been offered the opportunity to acquire shares of common stock of the Company through stock options ("Options"). During the nine months ended September 30, 2004, Options for 161,917 shares of common stock were exercised for proceeds of approximately $2.5 million.

NOTE 9 - COMMITMENTS AND CONTINGENCIES

DEANZA SANTA CRUZ

The residents 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 residents. 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 damage claim. The HOA's attorney has 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 the attorney's fees in favor of the HOA's attorney.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

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 shareholders' 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 Community with a windfall premium. The Company has discovered through the litigation process that certain municipalities considered condemning the Company's Communities 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 shareholders. 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 recently 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 Consumer Price Index ("CPI"). The settlement agreement benefits the Company's stockholders by allowing them to receive the value of their investment in this Community through vacancy decontrol while preserving annual CPI based rent increases in this age restricted Property.

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 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. The Company intends to vigorously defend this matter. 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. Accordingly, the CMHOA is expected to request a trial on its remaining claims for damages. 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.

NOTE 9 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

OTHER CALIFORNIA RENT CONTROL LITIGATION(CONTINUED)

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 MHC 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 rent 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. MHC intends to vigorously defend the judgment and believes the two new lawsuits are impermissible attacks on the judgment. 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 even if the court of appeal would reverse the judgment, that the ordinances are subject to invalidation as a matter of law in the federal court action.

Moreover, in July 2004, the Ninth Circuit Court of Appeal decided the case of Cashman v. City of Cotati, a community 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 the 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 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. Management believes that all proceedings herein described or referred to, taken together, are not expected to have a material adverse impact on the Company.

NOTE 10 - OTHER EVENTS

During the third quarter, MHC's Florida properties were impacted by three hurricanes, Hurricane Charley, Hurricane Frances and Hurricane Jeanne. Included in property operating and maintenance is a reserve for $1.0 million for insurance deductibles and other non-recoverable costs.

The Company is under an agreement to purchase from the parent of Thousand Trails, Inc. ("Thousand Trails") 57 properties and approximately 3,000 acres of vacant land. Under the agreement the Company will lease the real estate (excluding the vacant land) to Thousand Trails on a triple net basis and subject to annual escalations at a rate of $16 million per annum. The term of the lease is 15 years, with two five year renewals at the option of the lessee. In addition, Thousand Trails will continue to operate the properties. The company has secured commitments from its bank group for new unsecured debt to finance the transaction.

On November 4th the Company announced that its Board of Directors approved changing its name to Equity Lifesyle Properties, Inc. This initiates a process which will occur over the next several months.

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

The following is a discussion of the interim results of operations, financial condition and liquidity and capital resources of the Company for the quarter and nine months ended September 30, 2004 compared to the corresponding period in 2003. It should be read in conjunction with the Consolidated Financial Statements and Notes thereto included herein and the 2003 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. The forward-looking statements contained herein are subject to certain risks and uncertainties including, but not limited to: in the age-qualified communities, home sales results could be impacted by the ability of potential homebuyers to sell their existing residences as well as by financial markets volatility; in the all-age communities, results from home sales and occupancy will continue to be impacted by local economic conditions, lack of affordable manufactured home financing and competition from alternative housing options including site-built single-family housing; the Company's ability to maintain rental rates and occupancy with respect to properties currently owned or pending acquisitions; the Company's assumptions about rental and home sales markets; the completion of pending acquisitions and timing with respect thereto; the effect of interest rates as well as other risks indicated from time to time in the Company's filings with the Securities and Exchange Commission. In addition, quarter-to-quarter results during the year are impacted by seasonality at certain of the communities. The Company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

RESULTS OF OPERATIONS

PROPERTY ACQUISITIONS, JOINT VENTURES AND DISPOSITIONS

The following chart lists the Properties acquired, invested in, or sold since January 1, 2003. The Company defines its core manufactured home community portfolio ("Core Portfolio") as manufactured home Properties owned throughout both periods of comparison. Excluded from the Core Portfolio are any Properties acquired or sold during the period and also any recreational vehicle resorts ("Resorts") which, together, are referred to as the "Non-Core" Properties.

PROPERTY	TRANSACTION DATE	SITES
TOTAL SITES AS OF JANUARY 1, 2003..................		52,349
ACQUISITIONS:		
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
Shangri La......................................	February 5, 2004	160
Terra Ceia......................................	February 5, 2004	203
Southernaire....................................	February 5, 2004	108
Sixth Avenue....................................	February 5, 2004	134
Suni Sands......................................	February 5, 2004	336
Topic's...	February 5, 2004	230
Coachwood Colony................................	February 5, 2004	202
Waterway..	February 5, 2004	336

(table continues on next page)

RESULTS OF OPERATIONS (CONTINUED):

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Desert Paradise	February 5, 2004	260
Goose Creek	February 5, 2004	598
NHC	February 17, 2004	11,357
Viewpoint	May 3, 2004	1,928
Cactus Gardens	May 12, 2004	430
Monte Vista	May 13, 2004	832
Carefree Cove	May 14, 2004	164
Sunshine Holiday	May 14, 2004	399
Las Palmas	May 14, 2004	135
Parque la Quinta	May 14, 2004	166
Village of the Four Seasons	May 14, 2004	271
Yukon Trails	September 8, 2004	214
JOINT VENTURES:		
Lake Myers	December 18, 2003	425
Pine Haven	January 21, 2004	625
Twin Mills	January 27, 2004	501
Plymouth Rock	February 10, 2004	609
Mesa Verde	May 18, 2004	345
Winter Garden	May 18, 2004	350
Arrowhead	August 20, 2004	377
Sun Valley	September 10, 2004	265
MEZZANINE INVESTMENTS:		
Fiesta Grande I &II	February 3, 2004	767
Tropical Palms	February 3, 2004	297
Island Vista Estates	February 3, 2004	617
Foothills West	February 3, 2004	188
Capri	February 3, 2004	300
Casita Verde	February 3, 2004	192
Rambler's Rest	February 3, 2004	647
Venture Inn	February 3, 2004	389
Scenic	February 3, 2004	224
Clerbrook	February 3, 2004	1,255
Inlet Oaks	February 3, 2004	178
DISPOSITIONS:		
Independence Hill	June 6, 2003	(203)
Brook Gardens	June 6, 2003	(424)
Pheasant Ridge	June 30, 2003	(101)
Lake Placid	May 28, 2004	(408)
EXPANSION SITE DEVELOPMENT AND OTHER:		
Sites added or reconfigured in 2003		(35)
Sites added or reconfigured in 2004		89
TOTAL SITES AS OF SEPTEMBER 30, 2004		81,710

RESULTS OF OPERATIONS (CONTINUED):

TRENDS

Occupancy in our Properties as well as our ability to increase rental rates directly affects revenues. Average occupancy in our Core Portfolio decreased 1.3% from the same period last year. Average monthly base rental rates for the Core Portfolio increased approximately 4.6% in the same period. We project continued growth during 2004 in our Core Portfolio performance. Core Portfolio base rental rate growth is expected to be approximately 3%. These projections would result in growth of approximately 2% to 2.5% in Core Portfolio income from operations (also referred to as net operating income or "NOI"). The Company does not anticipate future activity to include the same volume of consummated acquisitions or announced transactions as in the previous nine months.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

Our consolidated financial statements have been prepared in accordance with U.S. generally accepted accounting principles ("US 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 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.

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.

Certain costs, primarily legal costs, relative to our efforts to effectively change the use and operations of several Properties subject to rent control (see Note 9) are currently classified in other assets. These costs, to the extent these efforts are successful, are capitalized to the extent of the established value of the revised project and included in the net investment in real estate for the appropriate Properties. To the extent these efforts are not successful, these costs will be expensed. In addition, we capitalize certain costs, primarily legal costs, related to entering into agreements which govern the terms under which we may enter into leases with individual tenants and which are expensed over the term of the agreement.

RESULTS OF OPERATIONS (CONTINUED):

CRITICAL ACCOUNTING POLICIES AND ESTIMATES (CONTINUED)

In December 2003, the Financial Accounting Standards Board ("FASB") issued Interpretation No. 46R, Consolidation of Variable Interest Entities - an interpretation of ARB 51 ("FIN 46R"). 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 the 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. In applying the provisions of FIN 46R 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.

We account for our stock-based compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation", which results in compensation expense being recorded based on the fair value of the stock compensation issued. SFAS No. 148 provided three possible transition methods for changing to the fair value method. Effective January 1, 2003, we elected to use the modified-prospective method, which 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.

COMPARISON OF THE QUARTER ENDED SEPTEMBER 30, 2004 TO THE QUARTER ENDED SEPTEMBER 30, 2003

Since December 31, 2002, the gross investment in real estate has increased from $1,296 million to $1,864 million. The total number of sites owned or controlled, or in which the Company holds an investment, has increased from 52,349 as of December 31, 2002 to 81,710 as of September 30, 2004.

PROPERTY OPERATIONS:

The following table summarizes certain financial and statistical data for the Property Operations for our Core Portfolio and the Total Portfolio for the quarters ended September 30, 2004 and 2003.

	CORE PORTFOLIO				TOTAL PORTFOLIO			
(DOLLARS IN THOUSANDS)	2004	2003	INCREASE/ (DECREASE)	% CHANGE	2004	2003	INCREASE/ (DECREASE)	% CHANGE
Community base rental income	$50,811	$49,204	$ 1,607	3.3%	$53,863	$49,203	$ 4,660	9.5%
Resort base rental income	--	--	--	--	14,169	2,144	12,025	560.9%
Utility and other income	4,720	4,824	(95)	(2.0%)	5,939	4,904	1,035	21.1%
Property operating revenues..	55,531	54,028	1,503	2.8%	73,971	56,251	17,720	31.5%
Property operating and Maintenance (1)	15,310	14,793	517	3.5%	25,259	16,283	8,976	55.1%
Real estate taxes	4,859	4,351	508	11.7%	6,161	4,577	1,584	34.6%
Property management	2,158	2,274	(116)	(5.1%)	3,316	2,364	952	40.3%
Property operating expenses..	22,327	21,418	909	4.2%	34,736	23,224	11,512	49.5%
Income from property operations...	$33,204	$32,610	$ 594	1.8%	$39,235	$33,027	$ 6,208	18.8%

RESULTS OF OPERATIONS (CONTINUED):

COMPARISON OF THE QUARTER ENDED SEPTEMBER 30, 2004 TO THE QUARTER ENDED SEPTEMBER 30, 2003 (CONTINUED)

Site and Occupancy Information (2):

Average total sites	43,152	43,131	21	0.0%	45,105	43,131	1,974	4.6%
Average occupied sites	38,702	39,213	(511)	(1.3%)	40,619	39,213	1,406	3.6%
Occupancy %	89.7%	90.9%	(1.2%)	(1.3%)	90.1%	90.9%	(0.8%)	(0.9%)
Monthly base rent per site	$437.62	$418.25	$19.37	4.6%	$442.04	$418.25	$23.79	5.7%
Total sites								
As of September 30, 2004 ..	43,152	43,131	21	0.0%	45,105	43,131	1,974	4.6%
Total occupied sites								
As of September 30, 2004 ..	38,682	39,162	(480)	(1.2%)	40,596	39,162	1,434	3.7%

(1) The effect of the 3rd quarter insurance reserve relating to the Florida storms has been removed from the Core Portfolio for comparative purposes.

(2) Site and occupancy information excludes Resort sites and Properties owned through joint ventures.

PROPERTY OPERATING REVENUES

The 3.3% increase in Community base rental income for the Core Portfolio reflects a 4.6% increase in monthly base rent per site and a 1.2% decrease in average occupied sites. The decrease in utility and other income for the Core Portfolio is due primarily to a decrease in other property income. Total portfolio revenues reflect the increase of resort base rental income due to our current year acquisitions.

PROPERTY OPERATING EXPENSES

The increase in property operating and maintenance expense for the Core Portfolio is due primarily to increases in professional fees. The 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 revenues, remained stable. Total portfolio expenses increased primarily due to the 2004 acquisitions.

RESULTS OF OPERATIONS (CONTINUED):

COMPARISON OF THE QUARTER ENDED SEPTEMBER 30, 2004 TO THE QUARTER ENDED SEPTEMBER 30, 2003 (CONTINUED)

HOME SALES OPERATIONS:

The following table summarizes certain financial and statistical data for the Home Sales Operations for the quarters ended September 30, 2004 and 2003.

	HOME SALES OPERATIONS			
	2004	2003	VARIANCE	% CHANGE
(DOLLARS IN THOUSANDS)				
Gross revenues from new home sales	$ 11,732	$ 10,394	$ 1,338	12.9%
Cost of new home sales	(10,128)	(9,136)	(992)	10.9%
Gross profit from new home sales	1,604	1,258	346	27.5%
Gross revenues from used home sales	862	1,005	(143)	(14.2%)
Cost of used home sales	(705)	(979)	274	(28.0%)
Gross profit from used home sales	157	26	131	503.8%
Brokered resale revenues, net	540	491	49	10.0%
Home selling expenses	(2,169)	(1,971)	(198)	10.0%
Ancillary services revenues, net	770	(125)	895	716.0%
Income (loss) from home sales and other	$ 902	$ (321)	$ 1,223	381.0%
HOME SALES VOLUMES:				
New home sales	134	137	(3)	(2.2%)
Used home sales	97	53	44	83.0%
Brokered home resales	335	287	48	16.7%

The average selling price of new homes increased approximately $11,700 or 15.3% compared to the same period in 2003. Used home gross profit reflects an increase in sales volume combined with increased gross margin on used home sales. Brokered resale revenues reflects increased sales volume. The 10.0% increase in home selling expenses primarily reflects increased insurance costs and other expenses. The increase in ancillary service revenue relates primarily to 2004 acquisitions.

OTHER INCOME AND EXPENSES:

The increase in other expenses reflects an increase in interest expense resulting from the Recap borrowing in October 2003 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 an increase in interest income on short-term investments, and increased equity in income from joint ventures resulting from the Mezzanine Investment and eight 2004 joint venture investments and a preferred return of capital as a result of a refinancing in one of the joint ventures.

RESULTS OF OPERATIONS (CONTINUED):

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2004 TO THE NINE MONTHS ENDED SEPTEMBER 30, 2003

The following table summarizes certain financial and statistical data for the Property Operations for the Core Portfolio and the Total Portfolio for the nine months ended September 30, 2004 and 2003.

	CORE PORTFOLIO				TOTAL PORTFOLIO			
(DOLLARS IN THOUSANDS)	2004	2003	INCREASE/ (DECREASE)	% CHANGE	2004	2003	INCREASE/ (DECREASE)	% CHANGE
Community base rental income.......	$ 151,896	$ 147,675	$ 4,221	2.9%	$ 157,528	$ 147,675	$ 9,853	6.7%
Resort base rental income..........	--	--	--	--	39,463	8,076	31,387	388.5%
Utility and other income...........	15,319	14,848	476	3.6%	18,893	15,327	3,566	23.2%
Property operating revenues...	167,215	162,523	4,692	2.9%	215,884	171,078	44,806	26.2%
Property operating and Maintenance (1)...............	45,167	43,724	2,193	5.0%	69,987	48,828	21,159	43.3%
Real estate taxes..................	14,494	13,270	1,224	9.2%	17,716	13,960	3,756	26.9%
Property management................	6,689	6,642	47	0.7%	9,585	6,992	2,593	37.1%
Property operating expenses ..	66,350	63,636	3,463	4.3%	97,288	69,780	27,508	39.4%
Income from property operations ...	$ 100,865	$ 98,887	$ 1,229	2.0%	$ 118,596	$ 101,298	$ 17,298	17.1%
Site and Occupancy Information (2):								
Average total sites................	43,145	43,131	14	0.0%	44,477	43,131	1,346	3.1%
Average occupied sites.............	38,784	39,478	(694)	(1.8%)	40,093	39,478	615	1.6%
Occupancy %........................	89.9%	91.5%	(1.6%)	(1.7%)	90.1%	91.5%	(1.4%)	(1.5%)
Monthly base rent per site.........	$ 435.16	$ 415.63	$ 19.53	4.7%	$ 436.56	$ 415.63	$ 20.93	5.0%

(1) The effect of the 3rd quarter insurance reserve relating to the Florida storms has been removed from the Core Portfolio for comparative purposes.

(2) Site and occupancy information excludes Resort sites and Properties owned through joint ventures.

PROPERTY OPERATING REVENUES

The 2.9% increase in Community base rental income for the Core Portfolio reflects a 4.7% increase in monthly base rent per site and a 1.8% 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. The increase in Total Portfolio revenue is due to the 2004 acquisitions.

The increase in property operating and maintenance expense for the Core Portfolio is due to increases in property payroll, repair and maintenance, and administrative. Utility expense also increased, but was offset by an increase in utility income. The 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 revenues, remained stable. Total Portfolio expenses increased due to 2004 acquisitions.

RESULTS OF OPERATIONS (CONTINUED):

COMPARISON OF THE NINE MONTHS ENDED SEPTEMBER 30, 2004 TO THE NINE MONTHS ENDED SEPTEMBER 30, 2003 (CONTINUED)

HOME SALES OPERATIONS:

The following table summarizes certain financial and statistical data for the Home Sales Operations for the nine months ended September 30, 2004 and 2003.

	HOME SALES OPERATIONS			
(DOLLARS IN THOUSANDS)	2004	2003	VARIANCE	% CHANGE
Gross revenues from new home sales	$ 27,742	$ 22,654	5,088	22.5%
Cost of new home sales	(24,620)	(19,413)	(5,207)	26.8%
Gross profit from new home sales	3,122	3,241	(119)	(3.7%)
Gross revenues from used home sales	3,173	2,404	769	32.0%
Cost of used home sales	(2,575)	(2,328)	(247)	10.6%
Gross profit from used home sales	598	76	522	686.8%
Brokered resale revenues, net	1,628	1,321	307	23.2%
Home selling expenses	(6,446)	(5,669)	(777)	13.7%
Ancillary services revenues, net	2,417	244	2,173	890.6%
Income (loss) from home sales and other	$ 1,319	$ (787)	2,106	267.6%
HOME SALES VOLUMES:				
New home sales	348	307	41	13.4%
Used home sales	300	142	158	111.3%
Brokered home resales	1,072	829	243	29.3%

New home sales gross profit reflects a 13.4% increase in sales volume and a 3.7% decrease in the gross margin. Used home gross profit reflects an increase in gross margin on used home sales, along with increased sales volume. Brokered resale revenues reflect an increase in volume. The 13.7% increase in home selling expenses primarily reflects an increase in sales volumes and insurance expense.

OTHER INCOME AND EXPENSES:

The decrease from the nine months ended September 30, 2004 versus the same period a year earlier in other income and expenses reflects an increase in income from joint ventures offset by an increase in general and administrative expense, interest expense and depreciation mainly due to the 2004 acquisitions and the Recap in October 2003.

LIQUIDITY AND CAPITAL RESOURCES

LIQUIDITY

As of September 30, 2004, the Company had $7.6 million in cash and cash equivalents and $99 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 nine months ended September 30, 2004 and 2003.

	FOR THE NINE MONTHS ENDED SEPTEMBER 30	
	2004	2003
Cash provided by operating activities	$ 43,749	$ 63,976
Cash (used in) provided by investing activities	(186,135)	13,269
Cash (used in) provided by financing activities	(175,762)	(66,534)
Net (decrease) increase in cash	$(318,148)	$ 10,711

OPERATING ACTIVITIES

Net cash provided by operating activities decreased $20.2 million from $64.0 million for the nine months ended September 30, 2003. This decrease reflects increased interest expense as a result of the Recap in October, 2003, increases in working capital partially offset by increases in property operating income as discussed in "Results of Operations" above.

INVESTING ACTIVITIES

Net cash used in investing activities reflects the impact of the following 2004 investing activities.

INVESTMENT 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 September 30, 2004.

During the nine months ended September 30, 2004, the Company invested approximately $2.7 million with Diversified in eight 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.

In addition, the Company recorded approximately $2.8 million and $1.6 million of net income from joint ventures (net of depreciation) in the nine months ended September 30, 2004 and 2003, respectively, and received approximately $4.5 million and $1.2 million in distributions from such joint ventures for the nine months ended September 30, 2004 and 2003, respectively. Included in such distributions for the nine months ended September 2004 is a $2.5 million return of capital, of which $531,000 exceeded the Company's basis and thus was recorded in income from unconsolidated joint ventures and other.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED):

ACQUISITIONS

During the nine months ended September 30, 2004, we acquired 52 Properties (See footnote 4 of the unaudited interim financial statements). The combined real estate investment in these 52 Properties was approximately $534 million and was funded with monies held in short-term investments and additional debt.

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 $36.7 million.

On February 17, 2004, the Company paid $69 million to acquire 93% of PAMI entities' interests in 28 properties. The acquisition was funded with monies held in short-term investments and $50 million drawn from the Company's line of credit. 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 May 28, 2004, a property located in Lake Placid, Florida was sold for a selling price of $3.4 million, with net proceeds of $0.8 million received in mid-July, and no gain or loss on disposition was recognized. The operating results have been reflected in discontinued operations.

As previously announced the company has entered into an agreement to purchase Thousand Trails, Inc. This transaction is expected to close in the fourth quarter. The anticipated investment is $160 million. The Company anticipates financing the deal with new unsecured debt and is currently in negotiations with our lenders.

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 $9.5 million for the nine months ended September 30, 2004. Site development costs were approximately $9.5 million for the nine months ended September 30, 2004, 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 were approximately $245,000 for the nine months ended September 30, 2004.

FINANCING ACTIVITIES

Net cash used in financing activities reflect the following 2004 financing activities.

MORTGAGES AND CREDIT FACILITIES

Throughout the nine months ended September 30, 2004, the Company borrowed $70 million on its line of credit and paid down $9 million on the line of credit. The line of credit bears interest at a per annum rate of LIBOR plus 1.65%.

During the nine months ended September 30, 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 $190 million of mortgage debt for other acquisitions. The mortgages bear interest at rates ranging from 5.14% to 5.81% per annum, and mature at various dates through November 1, 2027.

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.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED):

MORTGAGES AND CREDIT FACILITIES (CONTINUED)

As of September 30, 2004, we were subject to certain contractual payment obligations as described in the table below (dollars in thousands).

CONTRACTUAL OBLIGATIONS	TOTAL	2005	2006	2007	2008	2009	THEREAFTER
Long Term Borrowings (1)..	$1,464,014	$64,622	$92,072	$295,673	$195,889	$66,451	$749,308
Weighted average interest rates.....................	6.22%	5.75%	4.58%	6.95%	5.71%	6.23%	6.21%

(1) Balance excludes net premiums and discounts of $10.7 million.

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 nine months ended September 30, 2004 and 2003, ground lease expense was approximately $583,000. Minimum future rental payments under the ground leases are approximately $1.7 million for each of the next five years and approximately $30.1 million thereafter.

EQUITY TRANSACTIONS

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 MHC Operating Limited Partnership (the "Operating Partnership"). In exchange for its contribution, the Company was issued all of the outstanding shares of MHC Trust. As a result of the restructuring, MHC will continue to qualify as a real estate investment trust under the Code, with its assets consisting of interests in MHC Trust. MHC Trust, in turn, will 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 sold cumulative preferred stock ("Series A & B preferred stock") to certain unaffiliated investors.

During the nine months ended September 30, 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 January 16, 2004, we paid a one-time special distribution of $8.00 per share payable to stockholders of record on January 8, 2004. Proceeds of the Recap were used to pay the special distribution.

On April 9, 2004, the Company paid a $0.0125 per share distribution for the quarter ended March 31, 2004 to stockholders of record on March 26, 2004. On July 9, 2004, the Company paid a $0.0125 per share distribution for the quarter ended June 30, 2004 to stockholders of record on June 25, 2004. On October 8, 2004, the Company paid a $0.0125 per share distribution for the quarter ended September 30, 2004 to stockholders of record on September 24, 2004. 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 on March 31, 2004, June 30, 2004 and September 30, 2004.

LIQUIDITY AND CAPITAL RESOURCES (CONTINUED):

INFLATION

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

FUNDS FROM OPERATIONS

Funds From Operations ("FFO"), a non-GAAP financial performance measure, was redefined by the National Association of Real Estate Investment Trusts ("NAREIT") in April 2002, as net income (computed in accordance with GAAP), before allocation to minority interests, excluding gains (or losses) from sales of property, plus real estate depreciation and after adjustments for unconsolidated partnerships and joint ventures. The Company computes FFO in accordance with the NAREIT definition, which may differ from the methodology for calculating FFO utilized by other equity REITs and, accordingly, may not be comparable to such other REITs' computations. The Company believes that FFO is useful to investors as a measure of the performance of an equity REIT because, along with cash flows from operating activities, financing activities and investing activities, FFO provides investors an understanding of the ability of the Company to incur and service debt and to make capital expenditures. FFO does not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered an alternative to net income as an indication of the Company's performance or to net cash flows from operating activities as determined by GAAP as a measure of liquidity and is not necessarily indicative of cash available to fund cash needs.

The following table presents a calculation of FFO for the quarters and nine months ended September 30, 2004 and 2003 (amounts in thousands):

	QUARTERS ENDED SEPTEMBER 30,		NINE MONTHS ENDED SEPTEMBER 30,	
	2004	2003	2004	2003
COMPUTATION OF FUNDS FROM OPERATIONS:				
Net (loss) income available for common shares..........	$ (600)	$ 5,208	$ 5,034	$ 27,282
(Loss) Income allocated to common OP Units	(168)	1,248	1,169	6,539
Depreciation on real estate assets	13,052	9,446	36,058	28,037
Depreciation on discontinued real estate assets	---	---	---	129
Gain on the sale of Properties and other	---	---	(638)	(10,826)
Funds from operations available for common shares....	$ 12,284	$ 15,902	$ 41,623	$ 51,161
Weighted average common shares outstanding - fully diluted	29,846	28,148	29,188	27,952

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURE OF MARKET RISK

Our earnings are affected by changes in interest rates, since a portion of our outstanding indebtedness is at variable rates based on LIBOR. Our Line of Credit ($61 million outstanding at September 30, 2004) bears interest at LIBOR plus 1.65%, per annum. If LIBOR increased/decreased by 1.0% during the nine months ended September 30, 2004, interest expense would have increased/decreased by approximately $133,000 based on the average balance outstanding under the Company's Line of Credit during the period.

ITEM 4. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the Company's disclosure controls and procedures as of September 30, 2004. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that the Company's disclosure controls and procedures were effective as of September 30, 2004. There were no material changes in the Company's internal control over financial reporting during the nine months ended September 30, 2004.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

(see Note 9 of the Consolidated Financial Statements contained herein)

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

The Company held its Annual Meeting of Stockholders on May 4, 2004. Stockholders holding 20,968,892 Common Shares (being the only class of shares entitled to vote at the meeting), or 91.7% of the Company's issued and outstanding Common Shares as of the record date for the meeting, attended the meeting or were represented by proxy. The Company's shareholders voted on one matter presented at the meeting which received the requisite number of votes to pass. The results of the stockholders' vote were as follows:

PROPOSAL 1 - Election of three directors to terms expiring in 2005.

	TOTAL VOTE FOR EACH DIRECTOR*	TOTAL VOTE WITHHELD FROM EACH DIRECTOR*
Donald S. Chisholm	99.53%	.47%
Thomas E. Dobrowski	97.54%	2.46%
Thomas P. Heneghan	98.21%	1.79%
Joe B. McAdams	99.53%	.47%
Sheli Z. Rosenberg	96.64%	3.36%
Gary L. Waterman	99.53%	.47%
Howard Walker	98.19%	1.81%
Samuel Zell	98.20%	1.80%

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

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits:

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

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

32.1 Certification of Chief Financial Officer Pursuant to 19 U.S.C. Section 1350

32.2 Certification of Chief Executive Officer Pursuant to 19 U.S.C. Section 1350

(b) Reports on Form 8-K:

Form 8-K dated and filed July 20, 2004, relating to Item 7 - "Financial Statements and Exhibits" and Item 9 - "Regulation FD Disclosure" regarding release of Earnings Results for the quarter ended June 30, 2004

Form 8-K dated and filed July 20, 2004, relating to Item 5 - "Other Events and Regulation FD Disclosure" announcing preliminary earnings guidance for 2005.

Form 8-K dated and filed August 5, 2004, relating to Item 5 - "Other Events and Regulation FD Disclosure" announcing an agreement with the parent of Thousand Trails, Inc.

Form 8-K dated and filed August 5, 2004, relating to Item 5 - "Other Events and Regulation FD Disclosure" regarding the declaration of a dividend.

Form 8-K dated and filed August 16, 2004, relating to Item 5 - "Other Events and Regulation FD Disclosure" regarding the impact of Hurricane Charley.

Form 8-K dated and filed September 7, 2004, relating to Item 8.01 - "Other Events" regarding the impact of Hurricane Frances.

Form 8-K dated and filed September 7, 2004, relating to Item 8.01 - "Other Events" providing an update related to Hurricane Charley.

Form 8-K dated and filed November 5, 2004, relating to Item 8.01 - "Other Events" announcing the 2005 dividend.

Form 8-K dated and filed November 5, 2004, relating to Item 8.01 - "Other Events" announcing the name change.

Form 8-K dated and filed October 19, 2004, relating to Item 7 - "Financial Statements and Exhibits" and Item 9 - "Regulation FD Disclosure" regarding release of Earnings Results for the quarter ended September, 2004

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this Report to be signed on its behalf by the undersigned thereunto duly authorized.

MANUFACTURED HOME COMMUNITIES, INC.

BY: /s/ Thomas P. Heneghan

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

BY: /s/ Michael B. Berman

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

DATE: November 8, 2004

EXHIBIT 31.1

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

I, Michael B. Berman, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Manufactured Home Communities, Inc;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers 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)) 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 quarterly report is being prepared;

    b) [Paragraph reserved pursuant to SEC Release No. 34-47986];

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

    d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers 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 function):

    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: November 8, 2004

BY: /s/ Michael B. Berman

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

EXHIBIT 31.2

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

I, Thomas P. Heneghan, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Manufactured Home Communities, Inc;

2. Based on my knowledge, this quarterly 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 quarterly report;

3. Based on my knowledge, the financial statements, and other financial information included in this quarterly 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 quarterly report;

4. The registrant's other certifying officers 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)) 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 quarterly report is being prepared;

    b) [Paragraph reserved pursuant to SEC Release No. 34-47986];

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

    d) Disclosed in this quarterly report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent quarter that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officers 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 function):

    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: November 8, 2004

BY: /s/ Thomas P. Heneghan

Thomas P. Heneghan

President and Chief Executive Officer

EXHIBIT 32.1

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

In connection with the accompanying Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter and nine months ended September 30, 2004 (the "Form 10-Q"), I, Michael B. Berman, Vice President, Treasurer and Chief Financial Officer of Manufactured Home Communities, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Manufactured Home Communities, Inc.

Date: November 8, 2004

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 MANUFACTURED HOME COMMUNITIES, INC. AND WILL BE RETAINED BY MANUFACTURED HOME COMMUNITIES, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.

EXHIBIT 32.2

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

In connection with the accompanying Quarterly Report on Form 10-Q of Manufactured Home Communities, Inc. for the quarter and nine months ended September 30, 2004 (the "Form 10-Q"), I, Thomas P. Heneghan, President and Chief Executive Officer of Manufactured Home Communities, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

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

2. the information contained in the Form 10-Q fairly presents, in all material respects, the financial condition and results of operations of Manufactured Home Communities, Inc.

Date: November, 8, 2004

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 MANUFACTURED HOME COMMUNITIES, INC. AND WILL BE RETAINED BY MANUFACTURED HOME COMMUNITIES, INC. AND FURNISHED TO THE SECURITIES AND EXCHANGE COMMISSION OR ITS STAFF UPON REQUEST.