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

# FORM 10-K

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

For the Fiscal Year Ended December 31, 2004

or

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

Commission File Number: 1-11718

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

| | |
|---|---|
| MARYLAND<br>(State or other jurisdiction of incorporation or organization) | 36-3857664<br>(I.R.S. Employer Identification No.) |
| TWO NORTH RIVERSIDE PLAZA, SUITE 800, CHICAGO, ILLINOIS<br>(Address of principal executive offices) | 60606<br>(Zip Code) |

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

Securities registered pursuant to Section 12(b) of the Act:

| | |
|---|---|
| Common Stock, $.01 Par Value<br>(Title of Class) | The New York Stock Exchange<br>(Name of exchange on which registered) |

Securities registered pursuant to Section 12(g) of the Act: None

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 [ ]

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of voting stock held by nonaffiliates was approximately $699.2 million as of March 11, 2005 based upon the closing price of $34.80 on such date using beneficial ownership of stock rules adopted pursuant to Section 13 of the Securities Exchange Act of 1934 to exclude voting stock owned by Directors and Officers, some of whom may not be held to be affiliates upon judicial determination.

At March 11, 2005, 23,172,094 shares of the Registrant's Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Part III incorporates by reference the Registrant's Proxy Statement relating to the Annual Meeting of Stockholders to be held on May 10, 2005.

EQUITY LIFESTYLE PROPERTIES, INC.

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# PART I

## ITEM 1. BUSINESS

EQUITY LIFESTYLE PROPERTIES, INC.

### GENERAL

Equity Lifestyle Properties, Inc., a Maryland corporation, together with MHC Operating Limited Partnership (the "Operating Partnership") and other consolidated subsidiaries ("Subsidiaries"), is referred to herein as the "Company", "ELS", "we", "us", and "our". The Company is a fully integrated owner and operator of resort and retirement oriented properties ("Properties"). The Company leases individual developed areas ("sites" or "pads") with access to utilities for placement of factory built homes or recreational vehicles. The

Company was formed to continue the property operations, business objectives and acquisition strategies of an entity that had owned and operated Properties since 1969. As of December 31, 2004, we owned or had an ownership interest in a portfolio of 275 Properties located throughout the United States containing 101,231 residential sites. These Properties are located in 25 states and British Columbia (with the number of Properties in each state shown parenthetically) - Florida (84), California (46), Arizona (35), Texas (15), Washington (13), Colorado (10), Oregon (9), Delaware (7), Indiana (7), Pennsylvania (7), Nevada (6), North Carolina (6), Wisconsin (5), Virginia (4), Illinois (3), Iowa (2), Michigan (2), New Jersey (2), Ohio (2), South Carolina (2), Tennessee (2), Utah (2), Montana (1), New Mexico (1), New York (1), and British Columbia (1).

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

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

EMPLOYEE AND ORGANIZATIONAL STRUCTURE

We have approximately 1,500 full-time, part-time and seasonal employees dedicated to carrying out our operating philosophy and strategies of value enhancement and service to our customers. The operations of each Property are coordinated by an on-site team of employees that typically includes a manager or two-person management team, clerical and maintenance workers, each of whom works to provide maintenance and care of the Properties. Direct supervision of on-site management is the responsibility of our regional vice presidents and regional and district managers. These individuals have significant experience in addressing the needs of customers and in finding or creating innovative approaches to maximize value and increase cash flow from property operations. Complementing this field management staff are approximately 70 corporate employees who assist on-site management in all property functions.

FORMATION OF THE COMPANY

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

We believe that we have qualified for taxation as a real estate investment trust ("REIT") for federal income tax purposes since our taxable year ended December 31, 1993. We plan to continue to meet the requirements for taxation as a REIT. Many of these requirements, however, are highly technical and complex. We cannot, therefore,



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

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

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

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

BUSINESS OBJECTIVES AND OPERATING STRATEGIES

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

- Providing consistently high levels of services and amenities in attractive surroundings to foster a strong sense of community and pride of home ownership;

- Efficiently managing the Properties to increase operating margins by controlling expenses, increasing occupancy and maintaining competitive market rents;

- Increasing income and property values by continuing the strategic expansion and, where appropriate, renovation of the Properties;

- Utilizing management information systems to evaluate potential acquisitions, identify and track competing Properties and monitor customer satisfaction;

- Selectively acquiring Properties that have potential for long-term cash flow growth and to create property concentrations in and around major metropolitan areas and retirement or vacation destinations to capitalize on operating synergies and incremental efficiencies; and



- Managing our debt balances such that we maintain financial flexibility, minimize exposure to interest rate fluctuations, and maintain an appropriate degree of leverage to maximize return on capital.

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

ACQUISITIONS AND DISPOSITIONS

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

We anticipate that newly acquired Properties will be located in the United States, although we may consider other geographic locations provided they meet our acquisition criteria. We utilize market information systems to identify and evaluate acquisition opportunities, including a market database to review the primary economic indicators of the various locations in which we expect to expand our operations. Acquisitions will be financed from the most appropriate sources of capital, which may include undistributed funds from operations, issuance of additional equity securities, sales of investments, collateralized and uncollateralized borrowings and issuance of debt securities. In addition, the Operating Partnership may issue units of limited partnership interest ("OP Units") to finance acquisitions. We believe that an ownership structure that includes the Operating Partnership will permit us to acquire additional

Properties in transactions that may defer all or a portion of the sellers' tax consequences.

When evaluating potential acquisitions, we consider such factors as:

- The replacement cost of the Property,

- The geographic area and type of Property,

- The location, construction quality, condition and design of the Property,

- The current and projected cash flow of the Property and the ability to increase cash flow,

- The potential for capital appreciation of the Property,

- The terms of tenant leases, including the potential for rent increases,

- The potential for economic growth and the tax and regulatory environment of the community in which the Property is located,

- The potential for expansion of the physical layout of the Property and the number of sites and/or pads,

- The occupancy and demand by customers for Properties of a similar type in the vicinity and the customers' profile,

- The prospects for liquidity through sale, financing or refinancing of the Property, and

- The competition from existing Properties and the potential for the construction of new Properties in the area.

When evaluating potential dispositions, we consider such factors as:

- The ability to sell the Property at a price that we believe will provide an appropriate return for our stockholders,

- Our desire to exit certain non-core markets and recycle the capital into core markets, and

- Whether the Property meets our current investment criteria.

When investing capital we consider all potential uses of the capital including returning capital to our stockholders. As a result, during 1999 and 2000 we implemented our stock repurchase program, and our Board of Directors continues



to review the conditions under which we will repurchase our stock. These conditions include, but are not limited to, market price, balance sheet flexibility, other opportunities and capital requirements. On January 16, 2004 we paid a special dividend of $8.00 per share using proceeds from a recapitalization (see Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Financing Activities).

PROPERTY EXPANSIONS

Several of our Properties have available land for expanding the number of sites available to be utilized by our customers. Development of these sites ("Expansion Sites") is predicated by local market conditions and permitted by zoning and other applicable laws. When justified, development of Expansion Sites allows us to leverage existing facilities and amenities to increase the income generated from the Properties. Where appropriate, facilities and amenities may be upgraded or added to certain Properties to make those Properties more attractive in their markets. Our acquisition philosophy has included the desire to own Properties with potential Expansion Site development, and we have been successful in acquiring a number of such Properties. Examples of these Properties include the 1993 acquisition of The Heritage with potential development of approximately 288 Expansion Sites, the 1994 acquisition of Bulow Plantation with potential development of approximately 725 Expansion Sites, the 1997 acquisition of Golf Vista Estates with potential development of approximately 88 Expansion Sites, the 1999 acquisition of Coquina Crossing with potential development of approximately 300 Expansion Sites, and the 2001 acquisitions of Grand Island and The Lakes at Countrywood with combined potential development of approximately 224 Expansion Sites. In 2004 we acquired several Properties with potential Expansion Sites, including O'Connell's with approximately 350 Expansion Sites, Monte Vista with 418 Expansion Sites and Viewpoint with 566 Expansion Sites. In addition, included in the purchase of the Thousand Trails Properties are 3,000 acres available for expansion.

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

LEASES

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

REGULATIONS AND INSURANCE

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

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

Insurance. We believe that the Properties are covered by adequate fire, flood, property, earthquake and business interruption insurance (where appropriate) provided by reputable companies and with commercially reasonable deductibles and limits. Due to the lack of available commercially reasonable coverage, we are self-insured for terrorist incidents, except at certain Properties where terrorist insurance coverage is required by debt covenants. We



believe our insurance coverage is adequate based on our assessment of the risks to be insured, the probability of loss and the relative cost of available coverage. We have obtained insurance insuring good title to the Properties in an aggregate amount that we believe to be adequate. Approximately 70 Florida Properties suffered damage from the four hurricanes that struck Florida during August and September 2004. As of December 31, 2004, total expenditures approximated $7 million. Approximately $1 million has been charged to operations as non-recoverable. The remaining portion is included in other assets as a receivable from insurance providers. The Company expects to incur additional expenditures to complete the work necessary to restore these Properties to their pre-hurricanes condition. As of February 18, 2005, approximately $6 million of these claims have been submitted for reimbursement.

## INDUSTRY

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

- Barriers to Entry: We believe that the supply of new properties will be constrained due to barriers to entry. The most significant barrier has been the difficulty of securing zoning from local authorities. This has been the result of (i) the public's historically poor perception of manufactured housing, and (ii) the fact that properties generate less tax revenue because the homes are treated as personal property (a benefit to the homeowner) rather than real property. Another factor that creates substantial barriers to entry is the length of time between investment in a property's development and the attainment of stabilized occupancy and the generation of revenues. The initial development of the infrastructure may take up to two or three years. Once a property is ready for occupancy, it may be difficult to attract customers to an empty property. Substantial occupancy levels may take several years to achieve.

- Industry Consolidation: According to various industry reports, there are approximately 65,000 properties in the United States, and approximately 6.0% or approximately 4,000 of the properties have more than 200 sites and would be considered investment-grade. We believe that this relatively high degree of fragmentation provides us, as a national organization with experienced management and substantial financial resources, the opportunity to purchase additional properties.

- Customer Base: We believe that properties tend to achieve and maintain a stable rate of occupancy due to the following factors: (i) customers typically own their own homes, (ii) properties tend to foster a sense of community as a result of amenities such as clubhouses and recreational and social activities, (iii) since moving a Site Set home from one property to another involves substantial cost and effort, customers often sell their home in-place (similar to site-built residential housing) with no interruption of rental payments to us.

- Lifestyle Choice: According to the Recreational Vehicle Industry Association nearly 1 in 12 United States vehicle-owning households owns an RV. The 80 million people born from 1945 to 1964 or "baby boomers" make up the fastest growing segment of this market. We believe that this population segment, seeking an active lifestyle, will provide opportunities for future cash flow growth for the Company. Current RV owners, once finished with the more active RV lifestyle, will seek more permanent retirement or vacation establishments. The Site Set housing choice has become an increasingly popular housing alternative for retirement, second-home, and "empty-nest" living. According to a Fannie Mae survey, the baby-boom generation will constitute 18% of the U.S. population within the next 30 years and more than 32 million people will reach age 55 within the next ten years. Among those individuals who are nearing retirement (age 40 to 54), approximately 33% plan on moving upon retirement.

We believe that the housing choices in our properties are especially attractive to such individuals throughout this lifestyle cycle. Our Properties offer an appealing amenity package, close proximity to local services, social activities, low maintenance and a secure environment. In fact, many of our Properties allow for this cycle to occur within a single Property.

- Construction Quality: Since 1976, all factory built housing has been required to meet stringent Federal standards, resulting in significant increases in quality. The Department of Housing and Urban Development's ("HUD") standards for Site Set housing construction quality are the only Federally regulated standards governing housing quality of any type in the United States. Site Set homes produced since 1976 have received a "red and silver" government seal certifying that they were built in compliance with the Federal code. The code regulates Site Set home design and construction, strength and durability, fire resistance and energy



efficiency, and the installation and performance of heating, plumbing, air conditioning, thermal and electrical systems. In newer homes, top grade lumber and dry wall materials are common. Also, manufacturers are required to follow the same fire codes as builders of site-built structures. In addition, although Resort Cottages do not come under the same regulation, many of the manufacturers of Site Set homes also produce Resort Cottages with many of the same quality standards.

- Comparability to Site-Built Homes: The Site Set housing industry has experienced a trend towards multi-section homes. Many modern Site Set homes are longer (up to 80 feet, compared to 50 feet in the 1960's) and wider than earlier models. Many such homes have vaulted ceilings, fireplaces and as many as four bedrooms, and closely resemble single-family ranch style site-built homes.

- Second Home Demographics: According to the National Association of Realtors ("NAR"), sales of second homes have risen almost 54.5% since 1989. There were approximately 9.2 million second homes owned in 2003 and approximately 6% of all home sales each year are second homes. The NAR study found that 48% of people who own a second home own either a cabin or Site Set home. Approximately 76% of vacation home owners prefer to be near an ocean, river or lake; 38% close to mountains or other natural attractions, and 37% in a specific vacation area. In looking ahead NAR believes that baby boomers are still in their peak earning years, and the leading edge of their generation is approaching retirement. As they continue to have the financial wherewithal to purchase second homes as a vacation property, investment opportunity, or perhaps as a retirement retreat, those baby boomers will continue to drive the market for second-homes. It is likely that over the next decade we will continue to see historically high levels of second home sales.

AVAILABLE INFORMATION

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

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



ITEM 2. PROPERTIES

GENERAL

Our Properties provide attractive amenities and common facilities that create a comfortable and attractive home for our customers, with most offering a clubhouse, a swimming pool, laundry facilities and cable television service. Many also offer additional amenities such as sauna/whirlpool spas, golf courses, tennis, shuffleboard and basketball courts, exercise rooms and various social activities such as concerts. Since most of our customers generally rent our sites on a long-term basis, it is their responsibility to maintain their homes and the surrounding area. It is our role to ensure that customers comply with our Property policies and to provide maintenance of the common areas, facilities and amenities. We hold periodic meetings with our Property management personnel for training and implementation of our strategies. The Properties historically have had, and we believe they will continue to have, low turnover and high occupancy rates.

PROPERTY PORTFOLIO

As of December 31, 2004, we owned or had an ownership interest in a portfolio of 275 Properties located throughout the United States containing 101,231 residential sites.

The distribution of our 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 our Properties are located and will also consider acquisitions of Properties outside such markets. Refer to Note 3(c) of the Notes to Consolidated Financial Statements contained in this Form 10-K.

Bay Indies located in Venice, Florida and Westwinds located in San Jose, California each accounted for approximately 2.6% of our total property operating revenues for the year ended December 31, 2004.

The following table sets forth certain information relating to the Properties we owned as of December 31, 2004, categorized by our major markets (excluding the Thousand Trails Properties and Properties owned through joint ventures).

| PROPERTY | LOCATION CITY, STATE | | TOTAL NUMBER OF SITES AS OF 12/31/04 | TOTAL NUMBER OF ANNUAL SITES 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/03(C) | ANNUAL RENT AS OF 12/31/04 | ANNUAL RENT AS OF 12/31/03(C) |
|---|---|---|---|---|---|---|---|---|
| | | | | FLORIDA | | | | |
| EAST COAST: | | | | | | | | |
| Breezy Hill RV | Pompano Beach | FL | 762 | 430 | 100.0% | -- | $5,031 | -- |
| Bulow RV | Flagler Beach | FL | 352 | 122 | 100.0% | -- | $3,169 | -- |
| Bulow Plantation | Flagler Beach | FL | 276 | 276 | 97.8% | 97.8% | $4,200 | $3,948 |
| Carefree Cove | Ft. Lauderdale | FL (a) | 164 | 164 | 92.1% | -- | $5,520 | -- |
| Carriage Cove | Daytona Beach | FL | 418 | 418 | 92.8% | 94.3% | $4,824 | $4,716 |
| Coquina Crossing | St Augustine | FL | 450 | 450 | 89.1% (b) | 97.2% (b) | $4,308 | $4,092 |
| Coral Cay | Margate | FL | 819 | 819 | 89.5% | 89.4% | $5,532 | $5,460 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Countryside | Vero Beach | FL | 646 | 646 | 92.0% | 98.0% | $4,272 | $4,092 |
| Heritage Plantation | Vero Beach | FL | 436 | 436 | 88.5% | 94.3% | $4,608 | $4,416 |
| Highland Wood RV | Pompano Beach | FL | 148 | 69 | 100.0% | -- | $3,823 | -- |
| Holiday Village | Vero Beach | FL | 128 | 128 | 48.4% | 68.8% | $3,852 | $3,756 |
| Holiday Village | Ormond Beach | FL | 301 | 301 | 87.4% | 88.0% | $4,116 | $4,068 |
| Indian Oaks | Rockledge | FL | 208 | 208 | 100.0% | 99.5% | $3,456 | $3,288 |
| Lakewood Village | Melbourne | FL | 349 | 349 | 87.7% | 92.8% | $4,800 | $4,728 |
| Lazy Lakes | Sugar Loaf | FL (a) | 100 | 26 | 100.0% | -- | $5,871 | -- |
| Lighthouse Pointe | Port Orange | FL | 433 | 433 | 88.0% | 89.1% | $4,188 | $3,984 |
| Maralago Cay | Lantana | FL | 602 | 602 | 93.5% | 92.7% | $5,520 | $5,292 |
| Park City West | Ft. Lauderdale | FL (a) | 363 | 363 | 99.7% | -- | $4,260 | -- |
| Pickwick | Port Orange | FL | 432 | 432 | 99.8% | 99.8% | $4,260 | $4,176 |
| Sunshine Holiday | Ft. Lauderdale | FL (a) | 269 | 269 | 100.0% | -- | $4,908 | -- |
| Sunshine Holiday RV | Ft. Lauderdale | FL (a) | 149 | 123 | 100.0% | -- | $4,514 | -- |
| Sunshine Holiday | Ormond Beach | FL (a) | 349 | 30 | 100.0% | -- | $3,403 | -- |
| Sunshine Key | Big Pine Key | FL (a) | 409 | 0 | -- | -- | -- | -- |
| Sunshine Travel | Vero Beach | FL (a) | 300 | 170 | 100.0% | -- | $3,009 | -- |
| The Meadows | Palm Beach Gardens | FL | 379 | 379 | 88.7% | 85.5% | $4,848 | $4,632 |



| PROPERTY | LOCATION CITY, STATE | | TOTAL NUMBER OF SITES AS OF 12/31/04 | TOTAL NUMBER OF ANNUAL SITES 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/03(C) | ANNUAL RENT AS OF 12/31/04 | ANNUAL RENT AS OF 12/31/03(C) |
|---|---|---|---|---|---|---|---|---|
| CENTRAL: | | | | | | | | |
| Coachwood Colony | Leesburg | FL (a) | 202 | 202 | 96.5% | -- | $2,976 | -- |
| Grand Island | Grand Island | FL | 307 | 307 | 66.1% | 68.7% | $3,864 | $3,744 |
| Lake Magic - Encore | Clermont | FL (a) | 471 | 59 | 100.0% | -- | $2,933 | -- |
| Mid-Florida Lakes | Leesburg | FL | 1,226 | 1,226 | 82.5% | 84.4% | $4,584 | $4,548 |
| Oak Bend | Ocala | FL | 262 | 262 | 87.8% | 87.4% | $3,768 | $3,672 |
| Sherwood Forest | Kissimmee | FL | 754 | 754 | 94.8% | 96.0% | $4,464 | $4,260 |
| Villas at Spanish Oaks | Ocala | FL | 459 | 459 | 87.1% | 87.1% | $4,104 | $4,008 |
| Sherwood Forest RV | Kissimmee | FL | 512 | 152 | 100.0% | -- | $4,542 | -- |
| Southernaire | Mt. Dora | FL (a) | 108 | 108 | 94.4% | -- | $3,420 | -- |
| Southern Palms | Eustis | FL | 950 | 406 | 100.0% | -- | $2,755 | -- |
| Tropical Palms | Kissimmee | FL (a) | 541 | 0 | -- | -- | -- | -- |
| GULF COAST (TAMPA/NAPLES): | | | | | | | | |
| Barrington Hills | Hudson | FL (a) | 392 | 264 | 100.0% | -- | $2,138 | -- |
| Bay Indies | Venice | FL | 1,309 | 1,309 | 96.7% | 96.3% | $5,232 | $4,656 |
| Bay Lake Estates | Nokomis | FL | 228 | 228 | 96.1% | 94.7% | $5,244 | $5,124 |
| Buccaneer | N. Ft. Myers | FL | 971 | 971 | 96.9% | 98.1% | $4,584 | $4,416 |
| Country Place | New Port Richey | FL | 515 | 515 | 99.8% | 99.6% | $3,408 | $3,336 |
| Crystal Isles | Crystal River | FL (a) | 260 | 13 | 100.0% | -- | $2,072 | -- |
| Down Yonder | Largo | FL | 362 | 362 | 97.0% | 98.6% | $5,088 | $4,836 |
| East Bay Oaks | Largo | FL | 328 | 328 | 95.7% | 94.2% | $4,884 | $4,740 |
| Eldorado Village | Largo | FL | 227 | 227 | 95.6% | 91.6% | $4,908 | $4,824 |
| Fort Myers Beach Resort | Fort Myers | FL (a) | 306 | 103 | 100.0% | -- | $4,344 | -- |
| Glen Ellen | Clearwater | FL | 106 | 106 | 86.8% | 85.8% | $4,320 | $3,936 |
| Gulf Air Resort | Fort Myers | FL (a) | 246 | 163 | 100.0% | -- | $3,819 | -- |
| Gulf View | Punta Gorda | FL (a) | 206 | 36 | 100.0% | -- | $3,500 | -- |
| Hacienda Village | New Port Richey | FL | 505 | 505 | 96.8% | 96.6% | $4,080 | $3,840 |
| Harbor Lakes | Port Charlotte | FL (a) | 528 | 252 | 100.0% | -- | $3,395 | -- |
| Harbor View | New Port Richey | FL | 471 | 471 | 99.6% | 98.9% | $2,736 | $2,676 |
| Hillcrest | Clearwater | FL | 279 | 279 | 79.6% | 79.6% | $4,596 | $4,296 |
| Holiday Ranch | Largo | FL | 150 | 150 | 88.0% | 88.7% | $4,536 | $4,440 |
| Lake Fairways | N. Ft. Myers | FL | 896 | 896 | 99.8% | 99.6% | $4,872 | $4,668 |
| Lake Haven | Dunedin | FL | 379 | 379 | 81.5% | 83.6% | $5,304 | $4,968 |
| Lakes at Countrywood | Plant City | FL | 424 | 424 | 91.7% | 93.4% | $3,264 | $3,156 |
| Manatee | Bradenton | FL (a) | 415 | 230 | 100.0% | -- | $3,332 | -- |
| Meadows at Countrywood | Plant City | FL | 799 | 799 | 91.5% (b) | 98.4% (b) | $3,768 | $3,660 |
| Oaks at Countrywood | Plant City | FL | 168 | 168 | 70.2% | 72.0% | $3,324 | $3,300 |
| Pasco | Lutz | FL (a) | 255 | 157 | 100.0% | -- | $2,992 | -- |
| Pine Lakes | N. Ft. Myers | FL | 584 | 584 | 100.0% | 100.0% | $5,820 | $5,580 |
| Pioneer Village | N. Ft. Myers | FL (a) | 733 | 398 | 100.0% | -- | $3,175 | -- |
| Royal Coachman | Nokomis | FL (a) | 546 | 389 | 100.0% | -- | $4,677 | -- |
| Silk Oak | Clearwater | FL | 180 | 180 | 85.0% | 87.2% | $4,596 | $4,404 |
| Silver Dollar | Odessa | FL (a) | 385 | 366 | 100.0% | -- | $3,496 | -- |
| Terra Ceia | Palmetto | FL (a) | 203 | 145 | 100.0% | -- | $2,533 | -- |
| The Heritage | N. Ft. Myers | FL | 455 | 455 | 95.4% | 91.2% | $4,224 | $4,008 |
| Toby's | Arcadia | FL | 379 | 289 | 100.0% | -- | $1,831 | -- |
| Topics | Spring Hill | FL (a) | 230 | 159 | 100.0% | -- | $2,259 | -- |
| Vacation Village | Largo | FL (a) | 293 | 192 | 100.0% | -- | $3,461 | -- |
| Windmill Manor | Bradenton | FL | 292 | 292 | 94.2% | 93.8% | $4,716 | $4,584 |
| Windmill Village | N. Ft. Myers | FL | 491 | 491 | 93.3% | 95.5% | $4,056 | $3,948 |
| Winds of St. Armands No | Sarasota | FL | 471 | 471 | 95.5% | 95.8% | $4,788 | $4,476 |
| Winds of St. Armands So | Sarasota | FL | 306 | 306 | 99.7% | 99.7% | $4,728 | $4,632 |
| Sixth Avenue | Zephyrhills | FL (a) | 134 | 134 | 93.3% | -- | $2,436 | -- |
| Shangri La | Largo | FL (a) | 160 | 160 | 93.1% | -- | $4,428 | -- |
| TOTAL FLORIDA MARKET | | | 31,601 | 25,924 | 93.7% | 93.2% | $4,297 | $4,343 |



| LOCATION | TOTAL NUMBER OF SITES AS OF | TOTAL NUMBER OF ANNUAL SITES | ANNUAL SITE OCCUPANCY AS OF | ANNUAL SITE OCCUPANCY AS OF | ANNUAL RENT AS OF | ANNUAL RENT AS OF |
|---|---|---|---|---|---|---|

| PROPERTY | CITY, STATE | | 12/31/04 | 12/31/04 | 12/31/04 | 12/31/03(C) | 12/31/04 | 12/31/03(C) |
|---|---|---|---|---|---|---|---|---|
| | | | CALIFORNIA | | | | | |
| NORTHERN CALIFORNIA: | | | | | | | | |
| California Hawaiian | San Jose | CA | 418 | 418 | 97.4% | 98.1% | $ 8,628 | $8,376 |
| Colony Park | Ceres | CA | 186 | 186 | 94.1% | 93.0% | $ 5,112 | $4,632 |
| Concord Cascade | Pacheco | CA | 283 | 283 | 98.2% | 99.3% | $ 6,924 | $6,792 |
| Contempo Marin | San Rafael | CA | 396 | 396 | 98.5% | 98.7% | $ 7,884 | $7,812 |
| Coralwood | Modesto | CA | 194 | 194 | 99.5% | 99.0% | $ 6,180 | $5,484 |
| Four Seasons | Fresno | CA | 242 | 242 | 84.7% | 76.9% | $ 3,492 | $3,324 |
| Laguna Lake | San Luis Obispo | CA | 290 | 290 | 98.6% | 99.7% | $ 4,848 | $4,536 |
| Monte del Lago | Castroville | CA | 310 | 310 | 98.4% | 97.7% | $ 7,608 | $7,008 |
| Quail Meadows | Riverbank | CA | 146 | 146 | 98.6% | 100.0% | $ 5,688 | $4,968 |
| Royal Oaks | Visalia | CA | 149 | 149 | 82.6% | 81.9% | $ 3,816 | $3,588 |
| DeAnza Santa Cruz | Santa Cruz | CA | 198 | 198 | 96.5% | 98.5% | $ 8,124 | $6,864 |
| Sea Oaks | Los Osos | CA | 125 | 125 | 97.6% | 96.8% | $ 5,364 | $5,076 |
| Sunshadow | San Jose | CA | 121 | 121 | 97.5% | 100.0% | $ 8,268 | $7,944 |
| Tahoe Valley | Lake Tahoe | CA (a) | 413 | 0 | -- | -- | -- | -- |
| Westwinds (4 Properties) | San Jose | CA | 723 | 723 | 96.1% | 98.5% | $ 9,420 | $9,024 |
| Village of the Four Seasons | San Jose | CA (a) | 271 | 271 | 98.5% | -- | $ 8,148 | -- |
| SOUTHERN CALIFORNIA: | | | | | | | | |
| Date Palm Country Club | Cathedral City | CA | 538 | 538 | 96.5% | 94.2% | $ 8,916 | $8,640 |
| Date Palm RV | Cathedral City | CA | 140 | 0 | -- | -- | -- | -- |
| Lamplighter | Spring Valley | CA | 270 | 270 | 99.3% | 98.5% | $10,824 | $8,556 |
| Meadowbrook | Santee | CA | 338 | 338 | 98.2% | 97.6% | $ 8,412 | $7,632 |
| Pacific Dunes Ranch | Oceana | CA (a) | 215 | 3 | -- | -- | -- | -- |
| Rancho Mesa | El Cajon | CA | 158 | 158 | 95.6% | 99.4% | $ 8,424 | $7,428 |
| Rancho Valley | El Cajon | CA | 140 | 140 | 100.0% | 100.0% | $10,092 | $8,496 |
| Royal Holiday | Hemet | CA | 179 | 179 | 60.3% | 64.2% | $ 3,876 | $3,672 |
| Santiago Estates | Sylmar | CA | 300 | 300 | 99.0% | 98.7% | $ 8,580 | $8,136 |
| Las Palmas | Rialto | CA (a) | 136 | 136 | 100.0% | -- | $ 4,440 | -- |
| Parque La Quinta | Rialto | CA (a) | 166 | 166 | 99.4% | -- | $ 4,452 | -- |
| TOTAL CALIFORNIA MARKET | | | 7,045 | 6,280 | 95.8% | 95.6% | $ 7,494 | $7,096 |
| | | | ARIZONA | | | | | |
| Apollo Village | Phoenix | AZ | 236 | 236 | 78.8% | 80.9% | $ 5,100 | $4,992 |
| Araby | Yuma | AZ | 337 | 274 | 100.0% | -- | $ 2,446 | -- |
| The Highlands | Mesa | AZ | 273 | 273 | 89.4% | 85.3% | $ 6,240 | $5,976 |
| Cactus Gardens | Yuma | AZ (a) | 430 | 269 | 100.0% | -- | $ 1,767 | -- |
| Carefree Manor | Phoenix | AZ | 128 | 128 | 72.7% | 76.6% | $ 4,332 | $4,260 |
| Casa del Sol #1 | Peoria | AZ | 245 | 245 | 78.4% | 77.6% | $ 5,904 | $5,748 |
| Casa del Sol #2 | Glendale | AZ | 239 | 239 | 74.5% | 77.4% | $ 6,204 | $6,024 |
| Casa del Sol #3 | Glendale | AZ | 236 | 236 | 80.9% | 85.6% | $ 6,336 | $6,000 |
| Central Park | Phoenix | AZ | 293 | 293 | 84.6% | 88.1% | $ 5,124 | $5,112 |
| Countryside | Apache | AZ | 560 | 260 | 100.0% | -- | $ 2,706 | -- |
| Desert Paradise | Yuma | AZ (a) | 260 | 85 | 100.0% | -- | $ 1,789 | -- |
| Desert Skies | Phoenix | AZ | 164 | 164 | 93.3% | 91.5% | $ 4,464 | $4,236 |
| Fairview Manor | Tucson | AZ (c) | 235 | 235 | 80.0% | 82.6% | $ 4,288 | $4,296 |
| Foothill | Yuma | AZ | 180 | 72 | 100.0% | -- | $ 1,956 | -- |
| Golden Sun | Apache Junction | AZ | 329 | 190 | 100.0% | -- | $ 2,758 | -- |
| Hacienda de Valencia | Mesa | AZ | 364 | 364 | 75.3% | 74.7% | $ 5,040 | $4,944 |
| Monte Vista | Mesa | AZ (a) | 832 | 752 | 100.0% | -- | $ 5,144 | -- |
| Palm Shadows | Glendale | AZ | 294 | 294 | 78.6% | 80.6% | $ 4,860 | $4,716 |
| Paradise | Sun City | AZ (a) | 950 | 815 | 100.0% | -- | $ 3,377 | -- |
| Sedona Shadows | Sedona | AZ | 197 | 197 | 97.5% | 93.4% | $ 5,148 | $4,692 |
| Suni Sands | Yuma | AZ (a) | 336 | 176 | 100.0% | -- | $ 2,097 | -- |
| Sunrise Heights | Phoenix | AZ | 199 | 199 | 73.4% | 79.9% | $ 5,064 | $4,908 |
| The Mark | Mesa | AZ | 410 | 410 | 55.1% | 61.0% | $ 4,992 | $4,920 |
| The Meadows | Tempe | AZ (a) | 391 | 391 | 75.4% | 74.4% | $ 5,820 | $5,568 |
| Viewpoint | Mesa | AZ | 1,928 | 1,470 | 100.0% | -- | $ 4,068 | -- |
| Whispering Palms | Phoenix | AZ | 116 | 116 | 91.4% | 90.5% | $ 3,792 | $3,792 |
| TOTAL ARIZONA MARKET | | | 10,162 | 8,383 | 89.5% | 79.6% | $ 4,390 | $5,110 |



| PROPERTY | LOCATION CITY, STATE | | TOTAL NUMBER OF SITES AS OF 12/31/04 | TOTAL NUMBER OF ANNUAL SITES 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/03(C) | ANNUAL RENT AS OF 12/31/04 | ANNUAL RENT AS OF 12/31/03(C) |
|---|---|---|---|---|---|---|---|---|
| | | | COLORADO | | | | | |
| Bear Creek | Sheridan | CO | 122 | 122 | 95.1% | 95.1% | $5,892 | $5,652 |
| Cimarron | Broomfield | CO | 327 | 327 | 91.7% | 93.9% | $5,796 | $5,568 |
| Golden Terrace | Golden | CO | 265 | 265 | 88.7% | 91.7% | $6,360 | $6,144 |
| Golden Terrace South | Golden | CO | 80 | 80 | 80.0% | 85.0% | $6,144 | $6,036 |
| Golden Terrace South RV | Golden | CO (a) | 80 | 0 | -- | -- | -- | -- |
| Golden Terrace West | Golden | CO | 316 | 316 | 88.3% | 93.4% | $6,204 | $6,120 |
| Hillcrest Village | Aurora | CO | 601 | 601 | 79.9% | 88.6% | $6,096 | $5,880 |
| Holiday Hills | Denver | CO | 735 | 735 | 87.8% | 92.3% | $5,880 | $5,808 |
| Holiday Village | Co. Springs | CO | 240 | 240 | 86.3% | 90.4% | $6,108 | $5,928 |
| Pueblo Grande | Pueblo | CO | 251 | 251 | 93.6% | 94.4% | $3,840 | $3,732 |
| Woodland Hills | Denver | CO | 434 | 434 | 82.7% | 88.0% | $5,496 | $5,472 |
| TOTAL COLORADO MARKET | | | 3,451 | 3,371 | 86.6% | 87.7% | $5,800 | $5,664 |
| | | | NORTHEAST | | | | | |
| Aspen Meadows | Rehoboth | DE | 200 | 200 | 99.0% | 99.5% | $4,284 | $3,456 |
| Camelot Meadows | Rehoboth | DE | 302 | 302 | 98.3% | 99.0% | $3,948 | $3,480 |
| Mariners Cove | Millsboro | DE | 376 | 376 | 93.1% | 91.2% | $5,844 | $5,088 |
| McNicol | Rehoboth | DE | 93 | 93 | 100.0% | 98.9% | $3,816 | $3,516 |
| Sweetbriar | Rehoboth | DE | 146 | 146 | 96.6% | 94.5% | $3,924 | $2,952 |
| Waterford | Bear | DE | 731 | 731 | 94.5% | 95.3% | $5,196 | $5,076 |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Whispering Pines | Lewes | DE | 392 | 392 | 87.8% | 87.2% | $3,816 | $3,780 |
| Goose Creek | Newport | NC (a) | 598 | 553 | 100.0% | -- | $2,802 | -- |
| Twin Lakes | Chocowinity | NC (a) | 400 | 315 | 100.0% | -- | $1,967 | -- |
| Waterway | Cedar Point | NC (a) | 336 | 327 | 100.0% | -- | $2,656 | -- |
| Greenwood Village | Manorville | NY | 512 | 512 | 100.0% | 99.2% | $5,460 | $5,136 |
| Green Acres | Breinigsville | PA | 595 | 595 | 93.8% | 93.8% | $5,616 | $5,424 |
| Spring Gulch | New Holland | PA (a) | 420 | 60 | 100.0% | -- | $3,543 | -- |
| Meadows of Chantilly | Chantilly | VA | 500 | 500 | 88.8% | 88.8% | $7,836 | $7,248 |
| TOTAL NORTHEAST MARKET | | | 5,601 | 5,102 | 95.7% | 94.1% | $4,660 | $4,961 |
| | | | MIDWEST | | | | | |
| Five Seasons | Cedar Rapids | IA | 390 | 390 | 73.1% | 73.1% | $3,408 | $3,312 |
| Holiday Village | Sioux City | IA | 519 | 519 | 57.6% | 65.7% | $3,108 | $2,904 |
| Golf Vista Estates | Monee | IL | 408 | 408 | 97.5% | 95.9% | $5,748 | $5,292 |
| O'Connell's | Amboy | IL (a) | 668 | 336 | 100.0% | -- | $2,099 | -- |
| Willow Lake Estates | Elgin | IL | 617 | 617 | 83.3% | 90.1% | $8,604 | $8,328 |
| Forest Oaks | Chesterton | IN | 227 | 227 | 63.9% | 71.8% | $4,428 | $3,960 |
| Lakeside | New Carlisle | IN (a) | 95 | 65 | 100.0% | -- | $2,413 | -- |
| Oak Tree Village | Portage | IN | 361 | 361 | 80.9% | 86.7% | $4,296 | $4,104 |
| Windsong | Indianapolis | IN | 268 | 268 | 51.5% | 57.8% | $3,972 | $3,840 |
| Creekside | Wyoming | MI | 165 | 165 | 81.2% | 87.3% | $4,957 | $4,884 |
| Caledonia | Caledonia | WI (a) | 247 | 0 | -- | -- | -- | -- |
| Fremont | Fremont | WI (a) | 325 | 0 | -- | -- | -- | -- |
| Yukon Trails | Lyndon Station | WI (a) | 214 | 0 | -- | -- | -- | -- |
| TOTAL MIDWEST MARKET | | | 4,504 | 3,356 | 77.6% | 79.5% | $4,730 | $4,843 |
| | | | NEVADA, UTAH, NEW MEXICO | | | | | |
| Del Rey | Albuquerque | NM | 407 | 407 | 59.2% | 67.1% | $4,524 | $4,488 |
| Bonanza | Las Vegas | NV | 353 | 353 | 63.7% | 68.0% | $6,108 | $5,808 |
| Boulder Cascade | Las Vegas | NV | 299 | 299 | 76.9% | 76.9% | $5,556 | $5,352 |
| Cabana | Las Vegas | NV | 263 | 263 | 95.4% | 93.5% | $5,520 | $5,364 |
| Flamingo West | Las Vegas | NV | 258 | 258 | 99.6% | 94.6% | $6,132 | $5,532 |
| Villa Borega | Las Vegas | NV | 293 | 293 | 83.3% | 82.9% | $5,688 | $5,448 |
| All Seasons | Salt Lake City | UT | 121 | 121 | 89.3% | 93.4% | $4,620 | $4,440 |
| Westwood Village | Farr West | UT | 314 | 314 | 93.6% | 95.2% | $3,576 | $3,360 |
| TOTAL NEVADA, UTAH, NEW MEXICO MARKET | | | 2,308 | 2,308 | 80.1% | 81.8% | $5,217 | $4,984 |



| PROPERTY | LOCATION CITY | STATE | TOTAL NUMBER OF SITES AS OF 12/31/04 | TOTAL NUMBER OF ANNUAL SITES 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/04 | ANNUAL SITE OCCUPANCY AS OF 12/31/03(C) | ANNUAL RENT AS OF 12/31/04 | ANNUAL RENT AS OF 12/31/03(C) |
|---|---|---|---|---|---|---|---|---|
| | | | | NORTHWEST | | | | |
| Casa Village | Billings | MT | 490 | 490 | 85.5% | 85.9% | $3,648 | $3,648 |
| Falcon Wood Village | Eugene | OR | 183 | 183 | 88.5% | 90.7% | $4,968 | $4,836 |
| Mt. Hood | Welches | OR | 436 | 52 | 100.0% | -- | $3,858 | -- |
| Quail Hollow | Fairview | OR | 137 | 137 | 92.7% | 92.7% | $6,300 | $6,084 |
| Shadowbrook | Clackamas | OR | 156 | 156 | 95.5% | 94.2% | $6,324 | $6,156 |
| Kloshe Illahee | Federal Way | WA | 258 | 258 | 96.1% | 97.7% | $7,548 | $7,188 |
| TOTAL NORTHWEST MARKET | | | 1,660 | 1,276 | 90.7% | 90.9% | $5,246 | $5,164 |
| | | | | TEXAS | | | | |
| Country Sunshine | Weslaco | TX (a) | 390 | 211 | 100.0% | -- | $2,223 | -- |
| Fun n Sun RV Park | San Benito | TX | 1,435 | 606 | 100.0% | -- | $2,507 | -- |
| Lakewood | Harlingen | TX (a) | 301 | 112 | 100.0% | -- | $1,622 | -- |
| Paradise Park RV Resort | Harlingen | TX (a) | 563 | 331 | 100.0% | -- | $2,422 | -- |
| Paradise South | Mercedes | TX (a) | 493 | 174 | 100.0% | -- | $1,732 | -- |
| Southern Comfort | Weslaco | TX (a) | 403 | 340 | 100.0% | -- | $2,251 | -- |
| Sunshine RV | Harlingen | TX (a) | 1,027 | 418 | 100.0% | -- | $3,009 | -- |
| Tropic Winds | Harlingen | TX | 531 | 33 | 100.0% | -- | $2,921 | -- |
| TOTAL TEXAS MARKET | | | 5,143 | 2,225 | 100.0% | -- | $2,424 | -- |
| GRAND TOTAL ALL MARKETS | | | 71,475 | 58,225 | 91.8% | 90.5% | $4,784 | $5,027 |

(a) Represents Properties acquired in 2004.

(b) The process of filling Expansion Sites at these Properties is ongoing. A decrease in occupancy may reflect development of additional Expansion Sites.

(c) Decrease due to unbundling of utilities

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



ITEM 3. LEGAL PROCEEDINGS

DEANZA SANTA CRUZ

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

OTHER CALIFORNIA RENT CONTROL LITIGATION

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

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

The Company has filed two lawsuits in Federal court against the City of San Rafael, challenging its rent control ordinance on constitutional grounds. The Company believes that one of those lawsuits was settled by the City agreeing to amend the ordinance to permit adjustments to market rent upon turnover. The City subsequently rejected the settlement agreement. The Court initially found the settlement agreement was binding on the City, but then reconsidered and determined to submit the claim of breach of the settlement agreement to a jury. In October 2002, the first case against the City went to trial, based on both breach of the settlement agreement and the constitutional claims. A jury found no breach of the settlement agreement; the Company then filed motions asking the Court to rule in its favor on that claim, notwithstanding the jury verdict. The Court has postponed decision on those motions and on the constitutional claims, pending a ruling on some property rights issues by the United States Supreme Court. In the event that the Court does not rule in favor of the Company on either the settlement agreement or the



constitutional claims, then the Company has pending claims seeking a declaration that it can close the Property and convert it to another use.

The Company's efforts to achieve a balanced regulatory environment incentivize tenant groups to file lawsuits against the Company seeking large damage awards. The homeowners association at Contempo Marin ("CMHOA"), a 396 site Property in San Rafael, California, sued the Company in December 2000 over a prior settlement agreement on a capital expenditure pass-through after the Company sued the City of San Rafael in October 2000 alleging its rent control ordinance is unconstitutional. In the Contempo Marin case, the CMHOA prevailed on a motion for summary judgment on an issue that permits the Company to collect only $3.72 out of a monthly pass-through amount of $7.50 that the Company believes had been agreed to by the CMHOA in a settlement agreement. On May 23, 2004, the California Court of Appeal affirmed the trial court's order dismissing the Company's claims against the City of San Rafael. The trial court has set a trial date in the second quarter of 2005 on the CMHOA's remaining claims for damages. The Company intends to vigorously defend this matter. The Company believes that such lawsuits will be a consequence of the Company's efforts to change rent control since tenant groups actively desire to preserve the premium value of their homes in addition to the discounted rents provided by rent control. The Company has determined that its efforts to rebalance the regulatory environment despite the risk of litigation from tenant groups are necessary not only because of the $15 million annual subsidy to tenants, but also because of the condemnation risk.

Similarly, in June 2003, the Company won a judgment against the City of Santee in California Superior Court (case no. 777094). The effect of the judgment was to invalidate, on state law grounds, two (2) rent control ordinances the City of Santee had enforced against the Company and other property owners. However, the Court allowed the City to continue to enforce a rent control ordinance that predated the two invalid ordinances (the "prior ordinance"). As a result of the judgment the Company was entitled to collect a one-time rent increase based upon the difference in annual adjustments between the invalid ordinance(s) and the prior ordinances and to adjust its base rents to reflect what the Company could have charged had the prior ordinance been continually in effect. The City of Santee appealed the judgment. The court of appeal and California Supreme Court refused to stay enforcement of these rent adjustments pending appeal. After the City was unable to obtain a stay, the City and the tenant association each sued the Company in separate actions alleging the rent adjustments pursuant to the judgment violate the prior ordinance (Case Nos. GIE 020887 and GIE 020524). They seek to rescind the rent adjustments, refunds of amounts paid, and penalties and damages in these separate actions. On January 25, 2005, the California Court of Appeal reversed the judgment in part and affirmed it in part with a remand. The Court of Appeal affirmed that one ordinance was unlawfully adopted and therefore void and that the second ordinance contained unconstitutional provisions. However, the Court ruled the City had the authority to cure the issues with the first ordinance retroactively. On remand the trial court is directed to decide the issue of damages to the Company which the Company believes is consistent with the Company receiving the economic benefit of invalidating one of the ordinances and also consistent with the Company's position that it is entitled to market rent and not merely a higher amount of regulated rent. The Company will petition the Supreme Court of California for review of certain aspects of this decision. The Company intends to vigorously defend the two new lawsuits. In addition, the Company has sued the City of Santee in Federal court alleging all three of the ordinances are unconstitutional under the Fifth Amendment to the United States Constitution because they fail to substantially advance a legitimate state interest. Thus, it is the Company's position that the ordinances are subject to invalidation as a matter of law in the Federal court action. Separately, the Federal District Court granted the City's Motion for Summary Judgment in the Company's Federal Court lawsuit. This decision was based not on the merits, but on procedural grounds, including that the Company's claims were moot given its success in the state court case. The Company intends to appeal this ruling and believes the outcome will be affected by the cases currently before the Ninth Circuit and United States Supreme Court.

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



OTHER

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



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

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



PART II

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

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

| | Close | High | Low | Distributions Declared | Return of Capital GAAP Basis(a) |
|---|---|---|---|---|---|
| 2004 | | | | | |
| 1st Quarter | $35.30 | $37.90 | $28.94 | $0.0125 | $0.00 |
| 2nd Quarter | 33.19 | 35.35 | 28.49 | 0.0125 | 0.00 |
| 3rd Quarter | 33.24 | 34.34 | 31.10 | 0.0125 | 0.05 |
| 4th Quarter | 35.75 | 36.52 | 32.88 | 0.0125 | 0.01 |
| 2003 | | | | | |
| 1st Quarter | $29.60 | $30.86 | $27.40 | $0.4950 | $0.17 |
| 2nd Quarter | 35.11 | 35.80 | 29.56 | 0.4950 | 0.00 |
| 3rd Quarter | 39.18 | 39.80 | 35.11 | 0.4950 | 0.29 |
| 4th Quarter | 37.65 | 41.92 | 36.70 | 8.0000(b) | 8.03 |

(a) Represents distributions per share in excess of net income per share-basic on generally accepted accounting principles in the United States ("GAAP") basis and is not the same as return of capital on a tax basis.

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

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

ISSUER PURCHASES OF EQUITY SECURITIES

None.



ITEM 6. SELECTED FINANCIAL DATA

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

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED HISTORICAL FINANCIAL INFORMATION
(Amounts in thousands, except for per share and property data)

| | (1) YEARS ENDED DECEMBER 31, | | | | |
|---|---|---|---|---|---|
| | 2004 | 2003 (Restated) | 2002 (Restated) | 2001 (Restated) | 2000 |
| PROPERTY OPERATIONS: | | | | | |
| Community base rental income | $ 210,790 | $ 196,919 | $ 194,640 | $ 190,982 | $185,023 |
| Resort base rental income | 54,845 | 11,780 | 9,146 | 5,748 | 7,414 |
| Utility and other income | 24,893 | 20,150 | 19,684 | 20,381 | 19,357 |
| Property operating revenues | 290,528 | 228,849 | 223,470 | 217,111 | 211,794 |
| Property operating and maintenance | 94,955 | 64,996 | 62,843 | 60,807 | 57,973 |
| Real estate taxes | 23,679 | 18,917 | 17,827 | 16,882 | 16,407 |

| | | | | | |
|---|---|---|---|---|---|
| Property management | 12,852 | 9,373 | 9,292 | 8,984 | 8,690 |
| Property operating expenses (exclusive of depreciation shown separately below) | 131,486 | 93,286 | 89,962 | 86,673 | 83,070 |
| Income from property operations | 159,042 | 135,563 | 133,508 | 130,438 | 128,724 |
| HOME SALES OPERATIONS: | | | | | |
| Gross revenues from inventory home sales | 47,636 | 36,606 | 33,537 | -- | -- |
| Cost of inventory home sales | (41,833) | (31,767) | (27,183) | -- | -- |
| Gross profit from inventory home sales | 5,803 | 4,839 | 6,354 | -- | -- |
| Brokered resale revenues, net | 2,186 | 1,724 | 1,592 | -- | -- |
| Home selling expenses | (8,708) | (7,360) | (7,664) | -- | -- |
| Ancillary services revenues, net | 2,782 | 216 | 522 | -- | -- |
| Income (loss) from home sales operations & other | 2,063 | (581) | 804 | -- | -- |
| OTHER INCOME (EXPENSES): | | | | | |
| Interest income | 1,391 | 1,695 | 967 | 639 | 1,009 |
| Equity in income of affiliates | -- | -- | -- | 1,811 | 2,408 |
| Income from other investments (2) | 3,475 | 956 | 316 | 383 | 150 |
| General and administrative | (9,243) | (8,060) | (8,192) | (6,687) | (6,423) |
| Rent control initiatives | (2,412) | (2,352) | (5,698) | (2,358) | -- |
| Interest and related amortization (3) | (91,922) | (58,402) | (50,729) | (51,305) | (53,280) |
| Depreciation on corporate assets | (1,657) | (1,240) | (1,277) | (1,243) | (1,139) |
| Depreciation on real estate assets and other costs | (48,862) | (37,265) | (34,826) | (33,540) | (33,201) |
| Total other income (expenses) | (149,230) | (104,668) | (99,439) | (92,300) | (90,476) |
| Income before minority interests, equity in income of unconsolidated joint ventures, loss on extinguishment of debt, gain on sale of property and discontinued operations | 11,875 | 30,314 | 34,873 | 38,138 | 38,248 |
| (Income) allocated to Common OP Units | (936) | (3,860) | (4,708) | (7,216) | (7,968) |
| (Income) allocated to Perpetual Preferred OP Units | (11,284) | (11,252) | (11,252) | (11,252) | (11,252) |
| Equity in income of unconsolidated joint ventures | 3,739 | 340 | 235 | 282 | 8 |
| Income before loss on extinguishment of debt, gain on sale of properties and other, and discontinued operations | 3,394 | 15,542 | 19,148 | 19,952 | 19,036 |
| Loss on the extinguishment of debt | -- | -- | -- | -- | (1,041) |
| Gain on sale of properties and other | 638 | -- | -- | 8,168 | 12,053 |
| Income from continuing operations | 4,032 | 15,542 | 19,148 | 28,120 | 30,048 |
| DISCONTINUED OPERATIONS: | | | | | |
| Discontinued Operations | 26 | 1,043 | 3,287 | 3,203 | 3,090 |
| Depreciation on discontinued operations | (32) | (135) | (484) | (605) | (698) |
| Gain on sale of discontinued properties and other | -- | 10,826 | 13,014 | -- | -- |
| Minority interests on discontinued operations | -- | (2,144) | (3,078) | (521) | (495) |
| Income (loss) from discontinued operations | (6) | 9,590 | 12,739 | 2,077 | 1,897 |
| NET INCOME AVAILABLE FOR COMMON SHARES | $ 4,026 | $ 25,132 | $ 31,887 | $ 30,197 | $ 31,945 |



# EQUITY LIFESTYLE PROPERTIES, INC.
## CONSOLIDATED HISTORICAL FINANCIAL INFORMATION
(continued)
(Amounts in thousands, except for per share and property data)

| | (1) AS OF DECEMBER 31, | | | | |
|---|---|---|---|---|---|
| | 2004 | 2003 (Restated) | 2002 (Restated) | 2001 (Restated) | 2000 |
| EARNINGS PER COMMON SHARE - BASIC: | | | | | |
| Income from continuing operations | $ 0.18 | $ 0.71 | $ 0.89 | $ 1.34 | $ 1.40 |
| Income from discontinued operations | $ 0.00 | $ 0.43 | $ 0.59 | $ 0.10 | $ 0.09 |
| Net income available for Common Shares | $ 0.18 | $ 1.14 | $ 1.48 | $ 1.44 | $ 1.49 |
| EARNINGS PER COMMON SHARE - FULLY DILUTED: | | | | | |
| Income from continuing operations | $ 0.17 | $ 0.69 | $ 0.87 | $ 1.31 | $ 1.37 |
| Income from discontinued operations | $ 0.00 | $ 0.42 | $ 0.57 | $ 0.09 | $ 0.10 |
| Net income available for Common Shares | $ 0.17 | $ 1.11 | $ 1.44 | $ 1.40 | $ 1.47 |
| Distributions declared per Common Share outstanding (3) | $ 0.05 | $ 9.485 | $ 1.90 | $ 1.78 | $ 1.66 |
| Weighted average Common Shares outstanding - basic | 22,849 | 22,077 | 21,617 | 21,036 | 21,469 |
| Weighted average Common OP Units outstanding | 6,067 | 5,342 | 5,403 | 5,466 | 5,592 |
| Weighted average Common Shares outstanding - fully diluted | 29,465 | 28,002 | 27,632 | 27,010 | 27,408 |
| BALANCE SHEET DATA: | | | | | |
| Real estate, before accumulated depreciation (4) | $2,035,790 | $1,309,705 | $1,296,007 | $1,238,138 | $1,218,176 |
| Total assets | 1,886,289 | 1,463,507 | 1,154,794 | 1,099,447 | 1,104,304 |
| Total mortgages and loans (3) | 1,653,051 | 1,076,183 | 760,233 | 708,857 | 719,684 |
| Minority interests | 134,771 | 124,634 | 166,889 | 170,675 | 171,271 |

| | | | | | |
|---|---|---|---|---|---|
| Stockholders' equity (3) | 31,844 | (2,528) | 171,175 | 173,264 | 168,095 |
| OTHER DATA: | | | | | |
| Funds from operations (5) | $ 54,448 | $ 58,479 | $ 62,695 | $ 64,599 | $ 63,807 |
| Net cash flow: | | | | | |
| Operating activities | $ 46,733 | $ 75,163 | $ 80,176 | $ 80,708 | $ 68,001 |
| Investing activities | $ (366,654) | $ (598) | $ (72,973) | $ (23,067) | $ 23,102 |
| Financing activities | $ (514) | $ 243,905 | $ (1,287) | $ (59,134) | $ (94,932) |
| Total Properties (at end of period) | 275 | 142 | 142 | 149 | 154 |
| Total sites (at end of period) | 101,231 | 52,349 | 51,582 | 50,663 | 51,304 |

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

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

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





(3) On October 17, 2003, we closed 49 mortgage loans collateralized by 51 Properties (the "Recap") providing total proceeds of approximately $501 million at a weighted average interest rate of 5.84% and with a weighted average maturity of approximately 9 years. Approximately $170 million of the proceeds were used to repay amounts outstanding on the Company's line of credit and term loan. Approximately $225 million was used to pay a special distribution of $8.00 per share on January 16, 2004. The remaining funds were used for investment purposes in 2004. The Recap resulted in increased interest and amortization expense and the special distribution resulted in decreased stockholder's equity.

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

(4) We believe that the book value of the Properties, which reflects the historical costs of such real estate assets less accumulated depreciation, is less than the current market value of the Properties.

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

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



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

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

### 2004 ACCOMPLISHMENTS

- Invested in 135 Properties with approximately 50,000 sites.

- Increased presence in Florida and Arizona markets.

- Increased home sales volumes and profitability.

- Changed our name from Manufactured Home Communities, Inc. to Equity Lifestyle Properties, Inc., symbolizing our focus on lifestyle-oriented customers.

- Developed relationships with leading brand names such as Encore and Thousand Trails, creating a larger customer resource base.

OVERVIEW AND OUTLOOK

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

We have approximately 58,200 annual sites with average annual revenue of approximately $4,400 per site. We have 7,200 seasonal sites, which are leased to customers generally for 3 to 6 months, for which we expect to collect rent in the range of $1,700 to $1,800. We also have 6,000 transient sites, occupied by customers who lease on a short-term basis, for which we expect to collect annual rent in the range of $2,000 to $2,100. We expect to service 60,000 customers with these sites. There is significant demand for these sites. However, we consider this revenue stream to be our most volatile. It is subject to weather conditions, gas prices, and other factors affecting the marginal RV customer's vacation and travel preferences. Finally, we have approximately 17,900 Thousand Trails sites for which we receive ground rent of $16 million annually. This rent is classified in Other Income in the Consolidated Statements of Operations. We have interests in Properties owning approximately 11,800 sites for which revenue is classified as Equity in Income from Unconsolidated Joint Ventures in the Consolidated Statements of Operations.



PROPERTY ACQUISITIONS, JOINT VENTURES AND DISPOSITIONS

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

| PROPERTY | TRANSACTION DATE | SITES |
|---|---|---|
| TOTAL SITES AS OF JANUARY 1, 2003 | | 52,349 |
| PROPERTY OR PORTFOLIO (# OF PROPERTIES IN PARENTHESES): | | |
| Toby's | December 3, 2003 | 379 |
| Araby Acres | December 15, 2003 | 337 |
| Foothill Village | December 15, 2003 | 180 |
| O'Connell's | January 15, 2004 | 668 |
| Spring Gulch | January 30, 2004 | 420 |
| Paradise | February 3, 2004 | 950 |
| Twin Lakes | February 18, 2004 | 400 |
| Lakeside | February 19, 2004 | 95 |
| Diversified Portfolio (10) | February 5, 2004 | 2,567 |
| NHC Portfolio (28) | February 17, 2004 | 11,311 |
| Viewpoint | May 3, 2004 | 1,928 |
| Cactus Gardens | May 12, 2004 | 430 |
| Monte Vista | May 13, 2004 | 832 |
| GE Portfolio (5) | May 14, 2004 | 1,155 |
| Yukon Trails | September 8, 2004 | 214 |
| Caledonia | November 4, 2004 | 247 |
| Thousand Trails (57) | November 10, 2004 | 17,911 |
| Fremont | December 30, 2004 | 325 |
| JOINT VENTURES: | | |
| Lake Myers | December 18, 2003 | 425 |
| Pine Haven | January 21, 2004 | 625 |
| Twin Mills | January 27, 2004 | 501 |
| Indian Wells | February 17, 2004 | 350 |
| Plymouth Rock | February 10, 2004 | 609 |
| Mesa Verde | May 18, 2004 | 345 |
| Winter Garden | May 18, 2004 | 350 |
| Arrowhead | August 20, 2004 | 377 |
| Sun Valley | September 10, 2004 | 265 |
| Appalachian | October 26, 2004 | 357 |
| Robin Hill | November 5, 2004 | 270 |

| | | |
|---|---|---|
| Round Top | December 22, 2004 | 319 |
| MEZZANINE INVESTMENTS (11) | February 3, 2004 | 5,054 |
| 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) |
| Manatee (Joint Venture) | September 1, 2004 | (290) |
| EXPANSION SITE DEVELOPMENT AND OTHER: | | |
| Sites added (reconfigured) in 2003 | | (35) |
| Sites added (reconfigured) in 2004 | | 147 |
| TOTAL SITES AS OF DECEMBER 31, 2004 | | 101,231 |



RESTATEMENT OF FINANCIAL STATEMENTS

During 2004, the Company changed the way it accounted for costs incurred in pursuing certain rent control initiatives. As a result, the Company has restated its Consolidated Financial Statements for the years ended December 31, 2003, 2002 and 2001 to expense the costs of the initiatives in the year in which they were incurred because the previous method of accounting for the costs was determined to be incorrect. The Company had historically classified these costs, primarily legal, in other assets. To the extent the Company's efforts to effectively change the use and operations of the Properties were successful, the Company capitalized the costs to land improvements as an increase in the established value of the revised project and depreciated them over 30 years. To the extent these efforts were not successful, the costs would have been expensed.

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

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

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

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

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

Real estate is recorded at cost less accumulated depreciation. Depreciation is computed on the straight-line basis over the estimated useful lives of the assets. We use a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen-year estimated life for building upgrades and a three-to-seven-year estimated life for furniture, fixtures and equipment. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred and significant renovations and improvements that improve the asset and extend the useful life of the asset are capitalized over their estimated useful life. However, the useful lives, salvage value, and customary depreciation method used for land improvements and other significant assets may significantly and materially overstate the depreciation of the underlying assets and therefore understate the net income of the Company.

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

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



controlling direct or indirect voting interest, but can exercise influence over the entity with respect to its operations and major decisions. The cost method is applied when (i) the investment is minimal (typically less than 5%) and (ii) the Company's investment is passive.

In applying the provisions of FIN 46R, the Company determined that its $29.7 million investment in preferred equity interests (the "Mezzanine Investment") in six entities controlled by Diversified Investments, Inc. ("Diversified") (see Liquidity and Capital Resources - Investing Activities) is a VIE; however, the Company concluded that it is not the primary beneficiary. As such, the adoption of this pronouncement had no effect on the Company's financial statements.

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

Prior to January 1, 2003 we accounted for our stock compensation in accordance with APB No. 25, "Accounting for Stock Issued to Employees", based upon the intrinsic value method. This method results in no compensation expense for options issued with an exercise price equal to or exceeding the market value of the common stock on the date of grant. Effective January 1, 2003, we elected to account for our stock-based compensation in accordance with SFAS No. 123 and its amendment ("SFAS No. 148"), "Accounting for Stock Based Compensation", which will result in compensation expense being recorded based on the fair value of the stock options and other equity awards issued. SFAS No. 148 provides three possible transition methods for changing to the fair value method. We have elected to use the modified-prospective method. This method requires that we recognize stock-based employee compensation cost from the beginning of the fiscal year in which the recognition provisions are first applied as if the fair value method had been used to account for all employee awards granted, or settled, in fiscal years beginning after December 15, 1994. The following table illustrates the effect on net income and earnings per share as if the fair value method was applied to all outstanding and unvested awards in each period presented (amounts in thousands, except per share data):

| | 2004 | 2003 (Restated) | 2002 (Restated) |
|---|---|---|---|
| Net income available for Common Shares as reported | $ 4,026 | $25,132 | $31,887 |
| Add: Stock-based compensation expense included in net income as reported | 2,899 | 2,139 | 2,185 |
| Deduct: Stock-based compensation expense determined under the fair value based method for all awards | (2,899) | (2,139) | (2,086) |
| Pro forma net income available for Common Shares | $ 4,026 | $25,132 | $31,986 |
| Pro forma net income per Common Share - Basic | $ 0.18 | $ 1.14 | $ 1.48 |
| Pro forma net income per Common Share - Fully Diluted | $ 0.17 | $ 1.11 | $ 1.44 |

OFF-BALANCE SHEET ARRANGEMENTS

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



RESULTS OF OPERATIONS

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

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

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

| | CORE PORTFOLIO | | | | TOTAL PORTFOLIO | | | |
|---|---|---|---|---|---|---|---|---|
| (dollars in thousands) | 2004 | 2003 | INCREASE / (DECREASE) | % CHANGE | 2004 | 2003 | INCREASE / (DECREASE) | % CHANGE |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Community base rental income ...... | $203,141 | $197,174 | $5,967 | 3.0% | $210,790 | $196,919 | $13,871 | 7.0% |
| Resort base rental income ......... | -- | -- | -- | -- | 54,845 | 11,780 | 43,065 | 365.6% |
| Utility and other income .......... | 19,547 | 19,289 | 258 | 1.3% | 24,893 | 20,150 | 4,743 | 23.5% |
| Property operating revenues .... | 222,688 | 216,463 | 6,225 | 2.9% | 290,528 | 228,849 | 61,679 | 27.0% |
| Property operating and maintenance (1) ................ | 60,799 | 58,253 | 2,546 | 4.4% | 94,955 | 64,996 | 29,959 | 46.1% |
| Real estate taxes ................. | 18,967 | 17,994 | 973 | 5.4% | 23,679 | 18,917 | 4,762 | 25.2% |
| Property management ............... | 8,974 | 8,866 | 108 | 1.2% | 12,852 | 9,373 | 3,479 | 37.1% |
| Property operating expenses .... | 88,740 | 85,113 | 3,627 | 4.3% | 131,486 | 93,286 | 38,200 | 40.9% |
| Income from property operations ... | $133,948 | $131,350 | $2,598 | 2.0% | $159,042 | $135,563 | $23,479 | 17.3% |
| Site and Occupancy Information (2): | | | | | | | | |
| Average total sites ............... | 43,112 | 43,134 | (22) | (0.1%) | 44,554 | 43,134 | 1,420 | 3.3% |
| Average occupied sites ............ | 38,730 | 39,363 | (633) | (1.6%) | 40,143 | 39,363 | 780 | 2.0% |
| Average Occupancy % ............... | 89.8% | 91.3% | (1.5%) | (1.5%) | 90.1% | 91.3% | (1.2%) | (1.2%) |
| Monthly base rent per site ........ | $ 436.65 | $ 416.89 | $19.76 | 4.7% | $ 437.58 | $ 416.89 | $ 20.69 | 5.0% |
| Total sites As of December 31, ............ | 43,168 | 43,143 | 25 | 0.1% | 45,121 | 43,143 | 1,978 | 4.6% |
| Total occupied sites As of December 31, ............ | 38,508 | 38,946 | (438) | (1.1%) | 40,409 | 38,946 | 1,463 | 3.8% |

(1) The effect of the 3rd quarter 2004, insurance reserve of approximately $1 million relating to the Florida storms has been removed from the Core Portfolio for comparative purposes.

(2) Site and occupancy information excludes all Resort Cottage and RV sites, Properties owned through unconsolidated joint ventures as well as the sites of Properties acquired or sold during 2003 and 2004.

PROPERTY OPERATING REVENUES

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





PROPERTY OPERATING EXPENSES

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

HOME SALES OPERATIONS

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

| | HOME SALES OPERATIONS | | | |
|---|---|---|---|---|
| (dollars in thousands) | 2004 | 2003 | VARIANCE | % CHANGE |

| | | | | |
|---|---|---|---|---|
| Gross revenues from new home sales | $ 43,470 | $ 33,512 | $ 9,958 | 29.7% |
| Cost of new home sales ............. | (38,216) | (29,064) | (9,152) | 31.5% |
| Gross profit from new home sales .... | 5,254 | 4,448 | 806 | 18.1% |
| Gross revenues from used home sales | 4,166 | 3,094 | 1,072 | 34.6% |
| Cost of used home sales ............ | (3,617) | (2,703) | (914) | 33.8% |
| Gross profit from used home sales ... | 549 | 391 | 158 | 40.4% |
| Brokered resale revenues, net ....... | 2,186 | 1,724 | 462 | 26.8% |
| Home selling expenses ............... | (8,708) | (7,360) | (1,348) | 18.3% |
| Ancillary services revenues, net .... | 2,782 | 216 | 2,566 | 1,188.0% |
| Income from home sales operations ... | $ 2,063 | $ (581) | $ 2,644 | 455.1% |
| HOME SALES VOLUMES: | | | | |
| New home sales ................... | 517 | 458 | 59 | 12.9% |
| Used home sales .................. | 362 | 189 | 173 | 91.5% |
| Brokered home resales ............ | 1,424 | 1,102 | 322 | 29.2% |

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

OTHER INCOME AND EXPENSES

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





EQUITY IN INCOME OF UNCONSOLIDATED JOINT VENTURES

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

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

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

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

| (dollars in thousands) | CORE PORTFOLIO 2003 | 2002 | INCREASE / (DECREASE) | % CHANGE | TOTAL PORTFOLIO 2003 | 2002 | INCREASE / (DECREASE) | % CHANGE |
|---|---|---|---|---|---|---|---|---|
| Community base rental income ......... | $191,655 | $185,766 | $5,889 | 3.2% | $196,919 | $194,640 | $ 2,279 | 1.2% |
| Resort base rental income ............ | 256 | 154 | 102 | 66.2% | 11,780 | 9,146 | 2,634 | 28.8% |
| Utility and other income ............. | 18,764 | 18,458 | 306 | 1.7% | 20,150 | 19,684 | 466 | 2.4% |
| Property operating revenues ....... | 210,675 | 204,378 | 6,297 | 3.1% | 228,849 | 223,470 | 5,379 | 2.4% |
| Property operating and maintenance ....................... | 56,535 | 54,510 | 2,025 | 3.7% | 64,996 | 62,843 | 2,153 | 3.4% |
| Real estate taxes .................... | 17,278 | 16,338 | 940 | 5.8% | 18,917 | 17,827 | 1,090 | 6.1% |
| Property management .................. | 8,629 | 8,498 | 131 | 1.5% | 9,373 | 9,292 | 81 | 0.9% |
| Property operating expenses ....... | 82,442 | 79,346 | 3,096 | 3.9% | 93,286 | 89,962 | 3,324 | 3.7% |
| Income from property operations ...... | $128,233 | $125,032 | $3,201 | 2.6% | $135,563 | $133,508 | $ 2,055 | 1.5% |
| Site and Occupancy Information (1):... | | | | | | | | |
| Average total sites .................. | 41,570 | 41,578 | (8) | 0.0% | 43,134 | 43,627 | (493) | (1.1%) |
| Average occupied sites ............... | 37,893 | 38,594 | (701) | (1.8%) | 39,363 | 40,467 | (1,104) | (2.7%) |
| Occupancy % .......................... | 91.2% | 92.8% | (1.6%) | (1.7%) | 91.3% | 92.8% | (1.5%) | (1.6%) |
| Monthly base rent per site ........... | $ 421.49 | $ 401.11 | $20.38 | 5.1% | $ 416.89 | $ 400.82 | $ 16.07 | 4.0% |
| Total sites | | | | | | | | |
| As of December 31, ................ | 41,580 | 41,590 | (10) | 0.0% | 43,143 | 43,178 | (35) | (0.1%) |
| Total occupied sites As of December 31, ................ | 37,479 | 38,346 | (867) | (2.3%) | 38,946 | 39,736 | (790) | (2.0%) |

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

PROPERTY OPERATING REVENUES

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





PROPERTY OPERATING EXPENSES

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

HOME SALES OPERATIONS

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

| (dollars in thousands) | HOME SALES OPERATIONS 2003 | 2002 | INCREASE / (DECREASE) | % CHANGE |
|---|---|---|---|---|
| Gross revenues from new home sales .... | $ 33,512 | $ 30,618 | $ 2,894 | 9.5% |
| Cost of new home sales ................ | (29,064) | (24,689) | 4,375 | 17.7% |
| Gross profit from new home sales ...... | 4,448 | 5,929 | (1,481) | (25.0%) |

| | | | | |
|---|---|---|---|---|
| Gross revenues from used home sales ... | 3,094 | 2,919 | 175 | 6.0% |
| Cost of used home sales .............. | (2,703) | (2,494) | 209 | 8.4% |
| Gross profit from used home sales ..... | 391 | 425 | (34) | (8.0%) |
| Brokered resale revenues, net ......... | 1,724 | 1,592 | 132 | 8.3% |
| Home selling expenses ................. | (7,360) | (7,664) | (304) | (4.0%) |
| Ancillary services revenues, net ...... | 216 | 522 | (306) | (58.6%) |
| Income from home sales operations ..... | $ (581) | $ 804 | $(1,385) | (172.3%) |
| HOME SALES VOLUMES: | | | | |
| New home sales ..................... | 458 | 420 | 38 | 9.0% |
| Used home sales .................... | 189 | 182 | 7 | 3.8% |
| Brokered home resales .............. | 1,102 | 986 | 116 | 11.8% |

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

OTHER INCOME AND EXPENSES

In October 2003, we received approximately $501 million from the Recap. The cash received from the Recap was used to pay down our Line of Credit and pay off our Term Loan, with the remainder placed in short-term investments to be used for payment of a special distribution in January 2004 and for future acquisitions. As a result, interest income increased reflecting additional interest earned on short-term investments with an average balance of $273 million. The decrease in general and administrative expense is due to decreased professional fees and public company costs, partially offset by increased payroll costs and banking expenses. Rent control initiatives decreased by $3.4 million due to lower costs relating to the DeAnza Santa Cruz and Contempo Marin Properties. Interest and related amortization increased due to the Recap and the payment of approximately $3 million to unwind the 2001 Swap (hereinafter defined), partially offset by decreased interest rates during the period. The weighted average outstanding debt balances for the years ended December 31, 2003 and 2002 were approximately $800 million and $731.8 million, respectively. The effective interest rate was 6.4% and 6.8% per annum for the years ended December 31, 2003 and 2002, respectively.





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

LIQUIDITY AND CAPITAL RESOURCES

INFLATION

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

LIQUIDITY

As of December 31, 2004, the Company had $5.3 million in cash and cash equivalents and $44.2 million available on its line of credit. The Company expects to meet its short-term liquidity requirements, including its distributions, generally through its working capital, net cash provided by operating activities and availability under the existing line of credit. The Company expects to meet certain long-term liquidity requirements such as scheduled debt maturities, property acquisitions and capital improvements by long-term collateralized and uncollateralized borrowings including borrowings under its existing line of credit and the issuance of debt securities or additional equity securities in the Company, in addition to net cash provided by operating activities. The table below summarizes cash flow activity for the twelve months ended December 31, 2004, 2003 and 2002 (dollars in thousands).

| | FOR THE TWELVE MONTHS ENDED DECEMBER 31, | | |
|---|---|---|---|
| | 2004 | 2003 (Restated) | 2002 (Restated) |
| Cash provided by operating activities | $ 46,733 | $ 75,163 | $ 80,176 |
| Cash (used in) provided by investing activities | (366,654) | (598) | (72,973) |
| Cash (used in) provided by financing activities | (514) | 243,905 | (1,287) |
| Net (decrease) increase in cash | $(320,435) | $318,470 | $ 5,916 |

OPERATING ACTIVITIES

Net cash provided by operating activities decreased $28.5 million for the year ended December 31, 2004. This decrease reflects increased interest expense as a result of the Recap in October, 2003 and increases in working capital, partially offset by increases in property operating income as discussed in "Results of Operations" above. Net cash provided by operating activities decreased $5 million for the year ended December 31, 2003 from $80.2 million in 2002. This was primarily due to an increase in working capital.



INVESTING ACTIVITIES

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

ACQUISITIONS

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

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

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

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

DISPOSITIONS

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

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

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

INVESTMENTS IN AND ADVANCES TO JOINT VENTURES

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

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





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

OTHER INVESTMENTS

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

CAPITAL IMPROVEMENTS

Capital expenditures for improvements are identified by the Company as recurring capital expenditures ("Recurring CapEx"), site development costs and corporate costs. Recurring CapEx was approximately $13.7 million, $11.9 million and $13.4 million for the years ended December 31, 2004, 2003 and 2002 respectively. Site development costs were approximately $13.0 million, $9.0 million and $10.4 million for the years ended December 31, 2004, 2003 and 2002 respectively, and represent costs to develop expansion sites at certain of the Company's Properties and costs for improvements to sites when a smaller used home is replaced with a larger new home. Corporate costs such as computer hardware, office furniture and office improvements were $0.4 million, $0.1 million and $0.7 million for the years ended December 31, 2004, 2003 and 2002 respectively.

FINANCING ACTIVITIES

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

EQUITY TRANSACTIONS

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

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

| | | | |
|---|---|---|---|
| $0.0125 | June 30, 2004 | June 25, 2004 | July 9, 2004 |
| $0.0125 | September 30, 2004 | September 24, 2004 | October 8, 2004 |
| $0.0125 | December 31, 2004 | December 31, 2004 | January 14, 2005 |



FINANCING ACTIVITIES (CONTINUED)

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

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

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

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

MORTGAGES AND CREDIT FACILITIES

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

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

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





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

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

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

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

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





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

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

(1) Balance excludes net premiums and discounts of $9.4 million.

(2) Includes Line of Credit repayment in 2006 of $115,800. We have an option to extend this maturity for one year to 2007.

(3) Includes a Term Loan repayment in 2007 of $105,600. We have an option to extend this maturity for two successive years to 2009.

Included in the above table are certain capital lease obligations totaling approximately $7.0 million. These agreements expire June 2009 and are paid semi-annually.

In addition, the Company leases land under non-cancelable operating leases at certain of the Properties expiring in various years from 2022 to 2032 with terms which include minimum rent to be paid throughout the year plus additional rents calculated as a percentage of gross revenues. For the twelve months ended December 31, 2004 and 2003, ground lease expense was approximately $1.6 million and $1.6 million respectively. Minimum future rental payments under the ground leases are approximately $1.6 million for each of the next five years and approximately $23.5 million thereafter.

FUNDS FROM OPERATIONS

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

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





The following table presents a calculation of FFO for the years ended December 31, 2004, 2003 and 2002 (amounts in thousands):

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss from adverse changes in market prices and interest rates. Our earnings, cash flows and fair values relevant to financial instruments are dependent on prevailing market interest rates. The primary market risk we face is long-term indebtedness, which bears interest at fixed and variable rates. The fair value of our long-term debt obligations is affected by changes in market interest rates. At December 31, 2004, approximately 97% or approximately $1.6 billion of our outstanding debt had fixed interest rates, which minimizes the market risk until the debt matures. For each increase in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately $93.1 million. For each decrease in interest rates of 1% (or 100 basis points), the fair value of the total outstanding debt would decrease by approximately $98.8 million.

At December 31, 2004, approximately 3% or approximately $56 million of our outstanding debt was short-term and at variable rates. Earnings are affected by increases and decreases in market interest rates on this debt. For each increase/decrease in interest rates of 1% (or 100 basis points), our earnings and cash flows would increase/decrease by approximately $538,000 annually.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

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

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

None.



ITEM 9A. CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

The Company's management, with the participation of the Company's Chief Executive Officer and Chief Financial Officer, maintain a system of disclosure controls and procedures, designed to provide reasonable assurance that information the Company is required to disclose in the reports that the Company files under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission rules and forms.

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

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

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

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

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

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



CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

REPORT OF MANAGEMENT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

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

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

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

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

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

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

ITEM 9B. OTHER INFORMATION
None.



PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

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

ITEMS 11, 12, 13 AND 14.

EXECUTIVE COMPENSATION, SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT, CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS AND PRINCIPAL ACCOUNTANT FEES AND SERVICES

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



PART IV

ITEM 15. EXHIBITS AND FINANCIAL STATEMENTS SCHEDULES

1. Financial Statements

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

2. Financial Statement Schedules

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

3. Exhibits:

| | |
|---|---|
| 2(a) | Admission Agreement between Equity Financial and Management Co., Manufactured Home Communities, Inc. and MHC Operating Partnership. |
| 3.1(g) | Amended and Restated Articles of Incorporation of Manufactured Home Communities, Inc. effective May 21, 1999. |
| 3.2(n) | Articles of Amendment of Articles of Incorporation of Manufactured Home Communities, Inc., effective May 13, 2003. |
| 3.3(m) | Articles of Amendment to Articles of Incorporation of Manufactured Home Communities, Inc., effective November 16, 2004. |
| 3.4(n) | Amended Bylaws of Manufactured Home Communities, Inc. dated December 31, 2003. |
| 4 | Not applicable |
| 9 | Not applicable |
| 10.1(a) | Agreement of Limited Partnership of MHC Financing Limited Partnership |
| 10.2(b) | Agreement of Limited Partnership of MHC Lending Limited Partnership |
| 10.3(c) | Agreement of Limited Partnership of MHC-Bay Indies Financing Limited Partnership |
| 10.4(c) | Agreement of Limited Partnership of MHC-De Anza Financing Limited Partnership |
| 10.5(d) | Second Amended and Restated MHC Operating Limited Partnership Agreement of Limited Partnership, dated March 15, 1996 |
| 10.6(f) | Agreement of Limited Partnership of MHC Financing Limited Partnership Two |
| 10.7(a) | Revolving Credit Note made by Realty Systems, Inc. to Equity Financial and Management Co. |
| 10.8(a) | Assignment to MHC Operating Limited Partnership of Revolving Credit Note made by Realty Systems, Inc. to Equity Financial and Management Co. |
| 10.9(a) | Loan and Security Agreement between Realty Systems, Inc. and MHC Operating Limited Partnership |
| 10.10(e) | Form of Manufactured Home Communities, Inc. 1997 Non-Qualified Employee Stock Purchase Plan. |
| 10.11(i) | Manufactured Home Communities, Inc. 1992 Stock Option and Stock Award Plan. |
| 10.12(g) | $265,000,000 Mortgage Note dated December 12,1997 |
| 10.13(h) | $110,000,000 Amended, Restated and Consolidated Promissory Note (DeAnza Mortgage) dated June 28, 2000 |

10.14(h) $15,750,000 Promissory Note Secured by Leasehold Deed of Trust (Date Palm Mortgage) dated July 13, 2000

10.15(j) $50,000,000 Promissory Note secured by Leasehold Deeds of Trust (Stagecoach Mortgage) dated December 2, 2001.

10.16(k) Loan Agreement dated October 17, 2003 between MHC Sunrise Heights, L.L.C., as Borrower, and Bank of America, N.A., as Lender.

10.16.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.16.

10.17(k) Form of Loan Agreement dated October 17, 2003 between MHC Countryside L.L.C., as Borrower, and Bank of America, N.A., as Lender.

10.17.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.17.

10.18(k) Form of Loan Agreement dated October 17, 2003 between MHC Creekside L.L.C., as Borrower, and Bank of America, N.A., as Lender.

10.18.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.18.

10.19(k) Form of Loan Agreement dated October 17, 2003 between MHC Golf Vista Estates L.L.C., as Borrowers, and Bank of America, N.A., as Lender.

10.19.1(k) Schedule identifying substantially identical agreements to Exhibit No. 10.19.

10.20(l) Agreement of Plan of Merger (Thousand Trails), dated August 2, 2004

10.21(l) Amendment No. 1 to Agreement of Plan of Merger (Thousand Trails), dated September 30, 2004





10.22(l) Amendment No. 2 to Agreement of Plan of Merger (Thousand Trails), dated November 9, 2004

10.23(l) Thousand Trails Lease Agreement, dated November 10, 2004

10.24(l) $120 million Term Loan Agreement dated November 10, 2004

10.25(l) Fifth Amended and Restated Credit Agreement ($110 million Revolving Facility) dated November 10, 2004

10.26(l) First Amended and Restated Loan Agreement dated November 10, 2004

11 Not applicable

12(n) Computation of Ratio of Earnings to Fixed Charges

13 Not applicable

14(n) Manufactured Home Communities, Inc. Business Ethics and Conduct Policy, dated March 2004

| | |
|---|---|
| 15 | Not applicable |
| 16 | Not applicable |
| 17 | Not applicable |
| 18 | Not applicable |
| 19 | Not applicable |
| 20 | Not applicable |
| 21(n) | Subsidiaries of the registrant |
| 22 | Not applicable |
| 23(n) | Consent of Independent Auditors |
| 24.1(n) | Power of Attorney for Joseph B. McAdams dated March 1, 2005 |
| 24.2(n) | Power of Attorney for Howard Walker dated February 28, 2005 |
| 24.3(n) | Power of Attorney for Thomas E. Dobrowski dated March 1, 2005 |
| 24.4(n) | Power of Attorney for Gary Waterman dated March 1, 2005 |
| 24.5(n) | Power of Attorney for Donald S. Chisholm dated March 1, 2005 |
| 24.6(n) | Power of Attorney for Sheli Z. Rosenberg dated March 1, 2005 |
| 25 | Not applicable |
| 26 | Not applicable |
| 31.1(n) | Certification of Chief Financial Officer Pursuant To Section 302 of the Sarbanes-Oxley Act Of 2002 |
| 31.2(n) | Certification of Chief Executive Officer Pursuant To Section 302 of the Sarbanes-Oxley Act Of 2002 |
| 32.1(n) | Certification of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350 |
| 32.2(n) | Certification of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350 |

The following documents are incorporated herein by reference.

(a) Included as an exhibit to the Company's Form S-11 Registration Statement, File No. 33-55994.

(b) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1993.

(c) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1994.

(d) Included as an exhibit to the Company's Report on Form 10-Q for the quarter ended June 30, 1996.

(e) Included as Exhibit A to the Company's definitive Proxy Statement dated March 28, 1997, relating to Annual Meeting of Stockholders held on May 13, 1997.

(f) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 1997.

(g) Included as an exhibit to the Company's Form S-3 Registration Statement, filed November 12, 1999 (SEC File No. 333-90813).

(h) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 2000.

(i) Included as Appendix A to the Company's Definitive Proxy Statement dated March 30, 2001

(j) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 2002.

(k) Included as an exhibit to the Company's Report on Form 10-K dated December 31, 2003.

(l) Included as an exhibit to the Company's Report on Form 8-K dated November 16, 2004

(m) Included as an exhibit to the Company's Report on Form 8-K dated November 22, 2004

(n) Filed herewith.



SIGNATURES

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

EQUITY LIFESTYLE PROPERTIES, INC.,
a Maryland corporation

Date: March 28, 2005

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

Date: March 28, 2005

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



EQUITY LIFESTYLE PROPERTIES, INC. - SIGNATURES

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

| Name | Title | Date |
|---|---|---|
| /s/ Thomas P. Heneghan | President, Chief Executive Officer and Director *Attorney-in-Fact | March 28, 2005 |

Thomas P. Heneghan

| | | |
|---|---|---|
| /s/ Michael B. Berman<br>------------------------------<br>Michael B. Berman | Vice President, Treasurer and Chief Financial Officer *Attorney-in-Fact | March 28, 2005 |
| /s/ Samuel Zell<br>------------------------------<br>Samuel Zell | Chairman of the Board | March 28, 2005 |
| *Sheli Z. Rosenberg<br>------------------------------<br>Sheli Z. Rosenberg | Director | March 28, 2005 |
| *Donald S. Chisholm<br>------------------------------<br>Donald S. Chisholm | Director | March 28, 2005 |
| *Thomas E. Dobrowski<br>------------------------------<br>Thomas E. Dobrowski | Director | March 28, 2005 |
| *Howard Walker<br>------------------------------<br>Howard Walker | Vice-Chairman of the Board | March 28, 2005 |
| *Joseph B. McAdams<br>------------------------------<br>Joseph B. McAdams | Director | March 28, 2005 |
| *Gary Waterman<br>------------------------------<br>Gary Waterman | Director | March 28, 2005 |



INDEX TO FINANCIAL STATEMENTS

EQUITY LIFESTYLE PROPERTIES, INC.

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



## Report of Independent Registered Public Accounting Firm on Internal Control Over Financial Reporting

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

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

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

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

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

A material weakness is a control deficiency, or combination of control deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim financial statements will not be prevented or detected. The following material weakness has been identified and included in management's assessment. As described in the notes to the Company's 2004 financial statements, Equity Lifestyle Properties restated previously issued financial statements to correct for errors related to the improper capitalization of certain costs associated with changing rent control restrictions. In connection with its assessment of internal control over financial reporting as of December 31, 2004, management determined that Equity Lifestyle Properties' procedures and controls over the interpretation and implementation of generally accepted accounting principles as they relate to the capitalization of these costs were inadequate, and concluded that this deficiency represented a material weakness in internal control over financial reporting. This material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the financial statements as of December 31, 2004 and 2003 and for each of the three years in the period ended December 31, 2004, and this report does not affect our report dated March 24, 2005 on those financial statements.

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

ERNST & YOUNG LLP
Chicago, Illinois
March 24, 2005



## Report of Independent Registered Public Accounting Firm

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

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

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

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

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

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

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

Chicago, Illinois
February 24, 2005



EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED BALANCE SHEETS
AS OF DECEMBER 31, 2004 AND 2003
(AMOUNTS IN THOUSANDS)

| | DECEMBER 31, 2004 | DECEMBER 31, 2003 (Restated) |
|---|---|---|
| ASSETS | | |
| Investment in real estate: | | |
| Land | $ 470,587 | $ 282,803 |
| Land improvements | 1,438,923 | 905,785 |
| Buildings and other depreciable property | 126,280 | 121,117 |
| | 2,035,790 | 1,309,705 |
| Accumulated depreciation | (322,867) | (272,497) |
| Net investment in real estate | 1,712,923 | 1,037,208 |
| Cash and cash equivalents | 5,305 | 325,740 |
| Notes receivable | 13,290 | 11,551 |
| Investment in joint ventures | 43,583 | 10,770 |
| Rents receivable, net | 1,469 | 2,385 |
| Deferred financing costs, net | 16,162 | 14,164 |
| Inventory | 50,654 | 31,604 |
| Prepaid expenses and other assets | 42,903 | 30,085 |
| TOTAL ASSETS | $1,886,289 | $1,463,507 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Liabilities: | | |
| Mortgage notes payable | $1,417,251 | $1,076,183 |
| Unsecured line of credit | 115,800 | -- |
| Unsecured term loan | 120,000 | -- |
| Accounts payable and accrued expenses | 36,146 | 27,928 |
| Accrued interest payable | 8,894 | 5,978 |
| Rents received in advance and security deposits | 21,135 | 6,616 |
| Distributions payable | 448 | 224,696 |
| TOTAL LIABILITIES | 1,719,674 | 1,341,401 |

| | | |
|---|---|---|
| Commitments and contingencies | | |
| Minority interest - Common OP Units and other | 9,771 | (366) |
| Minority interest - Perpetual Preferred OP Units | 125,000 | 125,000 |
| STOCKHOLDERS' EQUITY: | | |
| Preferred stock, $.01 par value 10,000,000 shares authorized; none issued | -- | -- |
| Common stock, $.01 par value 50,000,000 shares authorized; 22,937,192 and 22,563,348 shares issued and outstanding for 2004 and 2003, respectively | 224 | 222 |
| Paid-in capital | 294,304 | 263,066 |
| Deferred compensation | (166) | (494) |
| Distributions in excess of accumulated earnings | (262,518) | (265,322) |
| Total stockholders' equity (deficit) | 31,844 | (2,528) |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | $1,886,289 | $1,463,507 |

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



EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

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

| | | | |
|---|---|---|---|
| Gain on sale of properties and other | 638 | -- | -- |
| Income from continuing operations | 4,032 | 15,542 | 19,148 |
| DISCONTINUED OPERATIONS: | | | |
| Discontinued operations | 26 | 1,043 | 3,287 |
| Depreciation on discontinued operations | (32) | (135) | (484) |
| Gain on sale of properties and other | -- | 10,826 | 13,014 |
| Minority interests on discontinued operations | -- | (2,144) | (3,078) |
| Income (loss) from discontinued operations | (6) | 9,590 | 12,739 |
| NET INCOME AVAILABLE FOR COMMON SHARES | $ 4,026 | $ 25,132 | $ 31,887 |

The accompanying notes are an integral part of the financial statements



EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002
(AMOUNTS IN THOUSANDS, EXCEPT PER SHARE DATA)

| | 2004 | 2003 (Restated) | 2002 (Restated) |
|---|---|---|---|
| EARNINGS PER COMMON SHARE - BASIC: | | | |
| Income from continuing operations | $ 0.18 | $ 0.71 | $ 0.89 |
| Income from discontinued operations | $ 0.00 | $ 0.43 | $ 0.59 |
| Net income available for Common Shares | $ 0.18 | $ 1.14 | $ 1.48 |
| EARNINGS PER COMMON SHARE - FULLY DILUTED: | | | |
| Income from continuing operations | $ 0.17 | $ 0.69 | $ 0.87 |
| Income from discontinued operations | $ 0.00 | $ 0.42 | $ 0.57 |
| Net income available for Common Shares | $ 0.17 | $ 1.11 | $ 1.44 |
| Distributions declared per Common Share outstanding | $ 0.05 | $ 9.485 | $ 1.90 |
| Tax status of Common Shares distributions paid during the year: | | | |
| Ordinary income | $ 1.05 | $ 0.68 | $ 1.50 |
| Long-term capital gain | $ 4.82 | $ 0.57 | $ -- |
| Unrecaptured section 1250 gain | $ 2.17 | $ 0.16 | $ -- |
| Return of capital | $ -- | $ 0.55 | $ 0.37 |
| Weighted average Common Shares outstanding - basic | 22,849 | 22,077 | 21,617 |
| Weighted average Common Shares outstanding - fully diluted | 29,465 | 28,002 | 27,632 |

EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF OTHER COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002
(AMOUNTS IN THOUSANDS)

| | 2004 | 2003 (Restated) | 2002 (Restated) |
|---|---|---|---|
| Net income available for Common Shares | $4,026 | $25,132 | $31,887 |
| Net unrealized holding gains (losses) on derivative instruments | -- | 4,498 | (4,987) |

| | | | |
|---|---|---|---|
| Net other comprehensive income available for Common Shares.... | $4,026 | $29,630 | $26,900 |

The accompanying notes are an integral part of the financial statements



EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002
(AMOUNTS IN THOUSANDS)

| | 2004 | 2003 (Restated) | 2002 (Restated) |
|---|---|---|---|
| PREFERRED STOCK, $.01 PAR VALUE | $ -- | $ -- | $ -- |
| COMMON STOCK, $.01 PAR VALUE | | | |
| Balance, beginning of year ........ | $ 222 | $ 218 | $ 215 |
| Issuance of Common Stock through restricted stock grants ........ | -- | -- | 1 |
| Exercise of options ........ | 2 | 4 | 2 |
| Balance, end of year ........ | $ 224 | $ 222 | $ 218 |
| PAID - IN CAPITAL | | | |
| Balance, beginning of year ........ | $ 263,066 | $ 256,394 | $245,827 |
| Issuance of Common Stock for employee notes ........ | -- | -- | -- |
| Conversion of OP Units to Common Stock ........ | 155 | 343 | 227 |
| Issuance of Common Stock through exercise of options ........ | 3,058 | 6,323 | 5,782 |
| Issuance of Common Stock through restricted stock grants ........ | -- | -- | 2,709 |
| Issuance of Common Stock through employee stock purchase plan ........ | 2,735 | 3,254 | 2,512 |
| Compensation expense related to stock options and restricted stock ... | 2,571 | 611 | -- |
| Transition adjustment - FAS 123 ........ | -- | (1,047) | -- |
| Adjustment for Common OP Unitholders in the Operating Partnership ........ | 22,719 | (2,812) | (663) |
| Balance, end of year ........ | $ 294,304 | $ 263,066 | $256,394 |
| DEFERRED COMPENSATION | | | |
| Balance, beginning of year ........ | $ (494) | $ (3,069) | $ (4,062) |
| Issuance of Common Stock through restricted stock grants ........ | -- | -- | (2,709) |
| Transition adjustment - FAS 123 ........ | -- | 1,047 | -- |
| Recognition of deferred compensation expense ........ | 328 | 1,528 | 3,702 |
| Balance, end of year ........ | $ (166) | $ (494) | $ (3,069) |
| EMPLOYEE NOTES | | | |
| Balance, beginning of year ........ | $ -- | $ (2,713) | $ (3,841) |
| Principal payments ........ | -- | 2,713 | 1,128 |
| Balance, end of year ........ | $ -- | $ -- | $ (2,713) |
| DISTRIBUTIONS IN EXCESS OF ACCUMULATED COMPREHENSIVE EARNINGS | | | |
| Balance, beginning of year ........ | $(265,322) | $ (79,655) | $(64,875) |
| Net income ........ | 4,026 | 25,132 | 31,887 |
| Other comprehensive income: | | | |
| Unrealized holding (losses) gains on derivative instruments ....... | -- | 4,498 | (4,987) |
| Comprehensive income ........ | 4,026 | 29,630 | 26,900 |
| Distributions ........ | (1,222) | 215,297 | (41,680) |
| Balance, end of year ........ | $(262,518) | $(265,322) | $(79,655) |

The accompanying notes are an integral part of the financial statements



EQUITY LIFESTYLE PROPERTIES, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2004, 2003 AND 2002
(AMOUNTS IN THOUSANDS)

| | 2004 | 2003 (Restated) | 2002 (Restated) |
|---|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Net income | $ 4,026 | $ 25,132 | $ 31,887 |
| Adjustments to reconcile net income to cash provided by operating activities: | | | |
| Income allocated to minority interests | 12,220 | 17,256 | 19,038 |
| Gain on sale of Properties and other | (638) | (10,826) | (13,014) |
| Depreciation expense | 51,703 | 39,403 | 37,094 |
| Amortization expense | 2,203 | 5,031 | 963 |
| Debt premium amortization expense | (1,317) | -- | -- |
| Equity in income of affiliates and joint ventures | (4,969) | (1,042) | (957) |
| Amortization of deferred compensation and other | 2,899 | 2,139 | 3,930 |
| Increase in provision for uncollectable rents receivable | 1,182 | 821 | 941 |
| Changes in assets and liabilities: | | | |
| Change in rents receivable | 281 | (1,469) | (1,186) |
| Change in inventory | (17,855) | 1,846 | 1,887 |
| Change in prepaid expenses and other assets | (9,772) | (43) | (2,113) |
| Change in accounts payable and accrued expenses | 5,963 | (3,055) | 1,471 |
| Change in rents received in advance and security deposits | 807 | (30) | 235 |
| Net cash provided by operating activities | 46,733 | 75,163 | 80,176 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Acquisition of rental properties | (310,893) | (6,836) | (56,531) |
| Proceeds from dispositions of assets | 671 | 27,170 | 14,171 |
| Distributions from (investment in) joint ventures and other | (27,642) | 1,535 | (7,149) |
| Proceeds from restructuring of College Heights venture, net | -- | -- | 4,647 |
| Purchase of RSI | -- | -- | (675) |
| Cash received in acquisition of RSI | -- | -- | 839 |
| Collections (funding) of notes receivable | (1,708) | (1,507) | (3,784) |
| Improvements: | | | |
| Improvements - corporate | (444) | (72) | (681) |
| Improvements - rental properties | (13,663) | (11,912) | (13,377) |
| Site development costs | (12,975) | (8,976) | (10,433) |
| Net cash (used in) investing activities | (366,654) | (598) | (72,973) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Net proceeds from stock options and employee stock purchase plan | 6,221 | 9,581 | 8,296 |
| Distributions to Common Stockholders, Common OP Unitholders and Perpetual Preferred OP Unitholders | (237,074) | (65,687) | (58,314) |
| Collection of principal payments on employee notes | -- | 2,713 | 1,128 |
| Line of credit: | | | |
| Proceeds | 135,800 | 53,000 | 82,000 |
| Repayments | (20,000) | (137,750) | (13,500) |
| Acquisition Financing | 124,300 | -- | -- |
| Repayment of term loan | -- | (100,000) | -- |
| Refinancing - net proceeds (repayments) | 3,288 | 501,057 | (16,096) |
| Principal payments | (8,848) | (4,844) | (4,217) |
| Debt issuance costs | (4,201) | (14,165) | (584) |
| Net cash provided by (used in) financing activities | (514) | 243,905 | (1,287) |
| Net increase (decrease) in cash and cash equivalents | (320,435) | 318,470 | 5,916 |
| Cash and cash equivalents, beginning of year | 325,740 | 7,270 | 1,354 |
| Cash and cash equivalents, end of year | $ 5,305 | $ 325,740 | $ 7,270 |
| SUPPLEMENTAL INFORMATION | | | |
| Cash paid during the year for interest | $ 88,883 | $ 52,396 | $ 46,097 |

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



## EQUITY LIFESTYLE PROPERTIES INC.
## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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

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

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

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

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

The limited partners of the Operating Partnership (the "Common OP Unitholders") receive an allocation of net income which is based on their respective ownership percentage of the Operating Partnership which is shown on the Consolidated Financial Statements as Minority Interests - Common OP Units. As of December 31, 2004, the Minority Interests - Common OP Units represented 6,340,805 units of limited partnership interest ("OP Units") which are convertible into an equivalent number of shares of the Company's common stock. The issuance of additional shares of common stock or common OP Units changes the respective ownership of the Operating Partnership for both the Minority Interests and the Company.





NOTE 2 - RESTATEMENT OF FINANCIAL STATEMENTS

During 2004, the Company changed the way it accounted for costs incurred in pursuing certain rent control initiatives. As a result, the Company has restated its Consolidated Financial Statements for the years ended December 31, 2003, 2002, and 2001 to expense the costs of the initiatives in the year in which they were incurred because the previous method of accounting for the costs was determined to be incorrect. The Company had historically classified these costs, primarily legal, in other assets. To the extent the Company's efforts to effectively change the use and operations of the Properties were successful, the Company capitalized the costs to land improvements as an increase in the established value of the revised project and depreciated them over 30 years. To the extent these efforts were not successful, the costs would have been expensed.

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

| | Consolidated Balance Sheet | | |
|---|---|---|---|
| As of December 31, 2003 | As Previously Reported | Adjustments | As Restated |
| Land improvements | $911,176 | $(5,391) | $905,785 |
| Prepaid expenses and other assets | 35,102 | (5,017) | 30,085 |
| Minority interest - Common OP Units and other | 1,716 | (2,082) | (366) |
| Total stockholders' equity | 5,798 | (8,326) | (2,528) |
| **As of December 31, 2002** | | | |
| Land improvements | $893,839 | $ -- | $893,839 |
| Prepaid expenses and other assets | 35,884 | (8,056) | 27,828 |
| Minority interest - Common OP Units and other | 43,501 | (1,612) | 41,889 |
| Total stockholders' equity | 177,619 | (6,444) | 171,175 |
| **As of December 31, 2001** | | | |
| Land improvements | $855,296 | $ -- | $855,296 |
| Prepaid expenses and other assets | 18,612 | (2,358) | 16,254 |
| Minority interest - Common OP Units and other | 46,147 | (472) | 45,675 |
| Total stockholders' equity | 175,150 | (1,886) | 173,264 |

| | Consolidated Statements of Operations | | |
|---|---|---|---|
| Year ended December 31, 2003 | As Previously Reported | Adjustments | As Restated |
| Rent control initiatives | $ -- | $(2,352) | $(2,352) |
| Income allocated to Common OP Units | (4,330) | 470 | (3,860) |
| Net income available for Common Shares | 27,014 | (1,882) | 25,132 |
| Earnings per Common Share - Basic | 1.22 | (.08) | 1.14 |
| Earnings per Common Share - Fully Diluted | 1.20 | (.09) | 1.11 |
| **Year ended December 31, 2002** | | | |
| Rent control initiatives | $ -- | $(5,698) | $(5,698) |

| | | | |
|---|---|---|---|
| Income allocated to Common OP Units......... | (5,848) | 1,140 | (4,708) |
| Net income available for Common Shares...... | 36,445 | (4,558) | 31,887 |
| Earnings per Common Share - Basic........... | 1.69 | (.21) | 1.48 |
| Earnings per Common Share - Fully Diluted... | 1.64 | (.20) | 1.44 |

Year ended December 31, 2001

| | | | |
|---|---|---|---|
| Rent control initiatives.................... | $ -- | $(2,358) | $(2,358) |
| Income allocated to Common OP Units......... | (7,688) | 472 | (7,216) |
| Net income available for Common Shares...... | 32,083 | (1,886) | 30,197 |
| Earnings per Common Share - Basic........... | 1.53 | (.09) | 1.44 |
| Earnings per Common Share - Fully Diluted... | 1.49 | (.09) | 1.40 |





## NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

### (a) Basis of Consolidation

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

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

The Company will re-evaluate and apply the provisions of FIN 46R to existing entities if certain events occur which warrant re-evaluation of such entities. In addition, the Company will apply the provisions of FIN 46R to all new entities in the future. The Company also consolidates entities in which it has a controlling direct or indirect voting interest. The equity method of accounting is applied to entities in which the Company does not have a controlling direct or indirect voting interest, but can exercise influence over the entity with respect to its operations and major decisions. The cost method is applied when (i) the investment is minimal (typically less than 5%) and (ii) the Company's investment is passive.

### (b) Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

(c) Segments

We manage all our operations on a property-by-property basis. Since each Property has similar economic and operational characteristics the Company has one reportable segment, which is the operation of land lease Properties. The distribution of the Properties throughout the United States reflects our belief that geographic diversification helps insulate the portfolio from regional economic influences. We intend to target new acquisitions in or near markets where the Properties are located and will also consider acquisitions of Properties outside such markets. The following table identifies our five largest markets by number of sites and provides information regarding our Properties (excludes Properties owned through Joint Ventures).

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





NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(d) Inventory

Inventory consists of new and used Site Set homes, is stated at the lower of cost or market after consideration of the N.A.D.A. (National Automobile Dealers Association) Manufactured Housing Appraisal Guide and the current market value of each home included in the home inventory. Inventory sales revenues and resale revenues are recognized when the home sale is closed. Resale revenues are stated net of commissions paid to employees of $1,163,000 and $893,000 for the years ended December 31, 2004 and 2003, respectively.

(e) Real Estate

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

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

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

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

(f) Cash and Cash Equivalents

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





NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(g) Notes Receivable

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

(h) Investments in Joint Ventures

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

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

(i) Insurance Claims

The Properties are covered against fire, flood, property, earthquake, wind storm and business interruption by insurance policies containing various deductible requirements and coverage limits. Recoverable costs are classified in other assets as incurred. Proceeds are applied against the asset when received. Costs relating to capital items are treated in accordance with the Company's capitalization policy. The book value of the original capital item is written off in the replacement period. Insurance proceeds relating to the capital costs will be recorded as income in the period they are received.

(j) Fair Value of Financial Instruments

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

(k) Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain long-term financing. The costs are being amortized over the terms of the respective loans on a level yield basis. Unamortized deferred financing fees are written-off when debt is retired before the maturity date. Upon amendment of the Line of Credit, unamortized deferred financing fees are accounted for in accordance with EITF No. 98-14, "Debtor's Accounting for Changes in Line-of-Credit or Revolving-Debt Arrangements." Accumulated amortization for such costs was $4.9 million and $2.7 million at December 31, 2004 and 2003, respectively.





NOTE 3 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) Revenue Recognition

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

(m) Minority Interests

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

(n) Income Taxes

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

(o) Derivative Instruments and Hedging Activities

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

(p) Reclassifications

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

(q) Stock Compensation

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

NOTE 4 - EARNINGS PER COMMON SHARE

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

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

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





NOTE 5 - COMMON STOCK AND OTHER EQUITY RELATED TRANSACTIONS

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

| | 2004 | 2003 | 2002 |
|---|---|---|---|
| Shares outstanding at January 1, ............................ | 22,563,348 | 22,093,240 | 21,562,343 |
| Common Stock issued through conversion of OP Units ......... | 95,769 | 47,540 | 66,447 |

| | | | |
|---|---|---|---|
| Common Stock issued through exercise of options ............ | 196,834 | 302,526 | 282,959 |
| Common Stock issued through stock grants ................... | -- | 35,000 | 108,341 |
| Common Stock issued through Employee Stock Purchase Plan ... | 81,241 | 85,042 | 73,150 |
| Common Stock repurchased and retired ....................... | -- | -- | -- |
| Shares outstanding at December 31, ........................... | 22,937,192 | 22,563,348 | 22,093,240 |

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

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

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

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

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

In connection with the $501 million borrowing and subsequent special distribution, on February 27, 2004, the Company contributed all of its assets to MHC Trust, a newly formed Maryland real estate investment trust, including the Company's entire partnership interest in Operating Partnership. The Company determined that a taxable transaction in connection with the special distribution to stockholders would be in the Company's best interests. This was accomplished by the contribution of the Company's interest in the Operating Partnership to MHC Trust in exchange for all the common and preferred stock of MHC Trust. Due to the Company's tax basis in its interest in the Operating Partnership, the Company

NOTE 5 - COMMON STOCK AND OTHER EQUITY RELATED TRANSACTIONS (CONTINUED)

recognized $180 million of taxable income as a result of its contribution, as opposed to a nontaxable reduction of the Company's tax basis in its interest in the Operating Partnership. This restructuring resulted in a step-up in the Company's tax basis in its assets, generating future depreciation deductions, which in turn will reduce the Company's future distribution requirements. The Company intends to continue to qualify as a REIT under the Code, with its assets consisting of interests in MHC Trust. MHC Trust, in turn, intends to also qualify as a real estate investment trust under the Code and will be the general partner of the Operating Partnership. On May 1, 2004, in connection with the restructuring, MHC Trust sold cumulative preferred stock to a limited number of unaffiliated investors.

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

NOTE 6- INVESTMENT IN REAL ESTATE

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

All acquisitions have been accounted for utilizing the purchase method of accounting and, accordingly, the results of operations of acquired assets are included in the statements of operations from the dates of acquisition. We acquired all of these Properties from unaffiliated third parties. During the three years ended December 31, 2004, the Company acquired the following Properties (amounts in millions, except site information):

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

| 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 | 2,567 | 64.0 | 41.6 | 20.9 |
| February 17, 2004 | NHC Portfolio (a) | Various | 11,311 | 235.0 | 159.0 | 69.0 |
| May 3, 2004 | Viewpoint | Mesa, AZ | 1,928 | 81.3 | 44.0 | 37.3 |
| May 12, 2004 | Cactus Gardens | Yuma, AZ | 430 | 7.9 | 4.9 | 3.0 |
| May 13, 2004 | Monte Vista | Mesa, AZ | 832 | 45.8 | 23.0 | 22.8 |
| May 14, 2004 | GE Portfolio | Various | 1,155 | 52.9 | 37.7 | 15.2 |
| September 8, 2004 | Yukon Trails | Lyndon Station, WI | 214 | 2.2 | -- | 2.2 |
| November 10, 2004 | Thousand Trail Portfolio (b) | Various | 17,911 | 161.8 | 120.0 | 42.2 |
| November 4, 2004 | Caledonia | Caledonia, WI | 247 | 1.5 | -- | 1.5 |
| December 30, 2004 | Fremont | Fremont, WI | 325 | 5.7 | 4.3 | 1.4 |

a) On February 17, 2004, the Company acquired 93% of PAMI entities' interests in 28 Properties. On July 1, 2004, the Company acquired the remaining minority interest of the PAMI entities for a combination of $1.0 million in cash and common OP units. On December 20, 2004, the Company redeemed the common OP Units for $4.5 million.

EQUITY LIFESTYLE PROPERTIES, INC.
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NOTE 6 - INVESTMENT IN REAL ESTATE (CONTINUED)

b) On November 10, 2004 the Company provided a long-term lease of the real estate to Thousand Trails, which will continue to operate the Properties for its members. The lease will generate $16 million of income to the Company on an absolute triple net basis subject to annual escalations of 3.25%. The initial term of the lease is 15 years, with two five-year renewal options.

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

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

| CLOSING DATE | PROPERTY | LOCATION | TOTAL SITES | REAL ESTATE | DEBT | NET EQUITY |
|---|---|---|---|---|---|---|
| ACQUISITIONS: | | | | | | |
| December 3, 2003 | Toby's | Arcadia, FL | 379 | $4.3 | $ -- | $4.3 |
| December 15, 2003 | Araby Acres | Yuma, AZ | 337 | 5.7 | 3.2 | 2.5 |
| December 15, 2003 | Foothill | Yuma, AZ | 180 | 1.8 | 1.4 | 0.4 |

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

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

| CLOSING DATE | PROPERTY | LOCATION | TOTAL SITES | REAL ESTATE | DEBT | NET EQUITY |
|---|---|---|---|---|---|---|
| ACQUISITIONS: | | | | | | |
| March 12, 2002 | Mt. Hood Village | Welches, OR | 450 | $ 7.2 | $ -- | $ 7.2 |
| July 10, 2002 | Harbor View Village | New Port Richey, FL | 471 | 15.5 | 8.1 | 7.4 |
| July 31, 2002 | Golden Sun | Apache Junction, AZ | 329 | 6.3 | 3.1 | 3.2 |
| July 31, 2002 | Countryside | Apache Junction, AZ | 560 | 7.5 | -- | 7.5 |
| July 31, 2002 | Holiday Village | Ormond Beach, FL | 301 | 10.4 | 7.1 | 3.3 |
| July 31, 2002 | Breezy Hill | Pompano Beach, FL | 762 | 20.5 | 10.5 | 10.0 |
| August 14, 2002 | Highland Woods | Pompano Beach, FL | 148 | 3.9 | 2.5 | 1.4 |
| August 7, 2002 | Tropic Winds | Harlingen, TX | 531 | 4.9 | -- | 4.9 |
| October 1, 2002 | Silk Oak Lodge | Clearwater, FL | 180 | 6.2 | 3.9 | 2.3 |
| December 18, 2002 | Hacienda Village | New Port Richey, FL | 519 | 16.8 | 10.2 | 6.6 |
| December 31, 2002 | Glen Ellen | Clearwater, FL | 117 | 2.4 | 2.5 | -- |

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

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

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





NOTE 6 - INVESTMENT IN REAL ESTATE (CONTINUED)

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

| DATE DISPOSED | PROPERTY | LOCATION | TOTAL SITES | DISPOSITION PRICE | GAIN ON SALE |
|---|---|---|---|---|---|
| | | | | ($ millions) | ($ millions) |
| June 6, 2003 | Independence Hill | Morgantown, WV | 203 | $ 3.9 | $2.8 |
| June 6, 2003 | Brook Gardens | Hamburg, NY | 424 | 17.8 | 4.1 |
| June 30, 2003 | Pheasant Ridge | Mount Airy, MD | 101 | 5.4 | 3.9 |

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

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

| Pro Forma Information (unaudited): | FOR THE YEARS ENDED DECEMBER 31, 2004 | 2003 |
|---|---|---|
| Property operating revenues ................. | $307,477 | $297,845 |
| Income from continuing operations ........... | $ 7,088 | $ 20,381 |
| Net income available for Common Shares ...... | $ 7,114 | $ 30,166 |
| Earnings per Common Share - Basic: | | |
| Income from continuing operations ........ | $ 0.31 | $ 0.92 |
| Net income available for Common Shares.... | $ 0.31 | $ 1.36 |
| Earnings per Common Share - Fully Diluted: | | |

| | | |
|---|---|---|
| Income from continuing operations ........ | $ 0.30 | $ 0.92 |
| Net income available for Common Shares ... | $ 0.30 | $ 1.34 |

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





NOTE 7 - INVESTMENT IN JOINT VENTURES

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

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

The Company recorded approximately $3.7 million, $0.3 million, and $0.2 million of income from joint ventures, net of $1.2 million, $0.8 million and $0.7 million depreciation, in the years ended December 31, 2004, 2003 and 2002, respectively; and received approximately $5.2 million, $0.8 million and $0.6 million in distributions from joint ventures in the years ended December 31, 2004, 2003, and 2002 respectively. Due to the Company's inability to control the joint ventures, the Company accounts for its investment in the joint ventures using the equity method of accounting.

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

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

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





NOTE 7 - INVESTMENT IN JOINT VENTURES (CONTINUED)

UNCONSOLIDATED REAL ESTATE JOINT VENTURE FINANCIAL INFORMATION

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

BALANCE SHEETS AS OF DECEMBER 31,

| | 2004 (in thousands) | 2003 (in thousands) |
|---|---|---|
| ASSETS | | |
| Real estate, net | $183,480 | $49,899 |
| Other assets | 22,646 | 4,723 |
| TOTAL ASSETS | 206,126 | 54,622 |
| LIABILITIES | | |
| Mortgage debt & other loans | $152,682 | 39,253 |
| Other liabilities | 13,485 | 8,393 |
| Partner's equity | 39,959 | 6,976 |
| TOTAL LIABILITIES AND EQUITY | 206,126 | 54,622 |

STATEMENT OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 31,

| | 2004 (in thousands) | 2003 (in thousands) |
|---|---|---|
| Rentals | $ 27,941 | $ 9,632 |
| Other Income | 5,390 | 2,241 |
| TOTAL REVENUES | 33,331 | 11,873 |
| EXPENSES | | |
| Operating expenses | $ 16,454 | $ 6,709 |
| Interest | 7,558 | 2,852 |
| Other Income & Expenses | 2,672 | 203 |
| Depreciation & Amortization | 10,165 | 676 |
| TOTAL EXPENSES | 36,849 | 10,440 |
| NET (LOSS) INCOME | ($ 3,518) | $ 1,433 |

======== =======





NOTE 8 - NOTES RECEIVABLE

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

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

NOTE 9 - EMPLOYEE NOTES RECEIVABLE

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

NOTE 10 - LONG-TERM BORROWINGS

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

MORTGAGE DEBT OUTSTANDING

- Approximately $499.2 million of mortgage debt (the Recap) consisting of 49 loans collateralized by 51 Properties beneficially owned by separate legal entities that are Subsidiaries of the Company, which we closed on October 17, 2003. Of this Mortgage Debt, $166.1 million bears interest at 5.35% per annum and matures November 1, 2008; $80.6 million bears interest at 5.72% per annum and matures November 1, 2010; $79.1 million bears interest at 6.02% per annum and matures November 1, 2013; and $173.4 million bears interest at 6.33% per annum and matures November 1, 2015. The Mortgage Debt amortizes over 30 years.

- A $265.0 million mortgage note (the "$265 Million Mortgage") collateralized by 28 Properties beneficially owned by MHC Financing Limited Partnership. The $265 Million Mortgage has a maturity date of January 2, 2028 and bears interest at 7.015% per annum. There is no principal amortization until February 1, 2008, after which principal and interest are to be paid from available cash flow and the interest rate will be reset at a rate equal to the then 10-year U.S. Treasury obligations plus 2.0%. The $265 Million Mortgage is presented net of a settled hedge of $3.0 million (net of accumulated amortization of $466,969), which is being amortized into interest expense over the life of the loan.

- A $90.5 million mortgage note (the "DeAnza Mortgage") collateralized by 6 Properties beneficially owned by MHC-DeAnza Financing Limited

Partnership. The DeAnza Mortgage bears interest at a rate of 7.82% per annum, amortizes beginning August 1, 2000 over 30 years and matures July 1, 2010.

- A $48.4 million mortgage note (the "Stagecoach Mortgage") collateralized by 7 Properties beneficially owned by MHC Stagecoach L.L.C. The Stagecoach Mortgage bears interest at a rate of 6.98% per annum, amortizes beginning September 1, 2001 over 10 years and matures September 1, 2011.





NOTE 10 - LONG-TERM BORROWINGS (CONTINUED)

- A $43.7 million mortgage note (the "Bay Indies Mortgage") collateralized by one Property beneficially owned by MHC Bay Indies, L.L.C. The Bay Indies Mortgage bears interest at a rate of 5.69% per annum, amortizes beginning April 17, 2003 over 25 years and matures May 1, 2013.

- A $15.2 million mortgage note (the "Date Palm Mortgage") collateralized by one Property beneficially owned by MHC Date Palm, L.L.C. The Date Palm Mortgage bears interest at a rate of 7.96% per annum, amortizes beginning August 1, 2000 over 30 years and matures July 1, 2010

- Approximately $457.9 million of mortgage debt on 71 other Properties, which was recorded at fair market value with the related discount or premium being amortized over the life of the loan using the effective interest rate method. Scheduled maturities for the outstanding indebtedness are at various dates through November 1, 2027, and fixed interest rates range from 5.16% to 8.55% per annum. Included in this debt, the Company has a $2.4 million loan recorded to account for a direct financing lease entered into in May 1997. Approximately $157 million of debt was assumed in the acquisition of 28 Properties during the twelve months ended December 31, 2004.

UNSECURED TERM LOAN OUTSTANDING

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

UNSECURED LINES OF CREDIT OUTSTANDING

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

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

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

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

| YEAR | AMOUNT |
| --- | --- |
| 2005 | $ 18,742 |
| 2006 | 169,770 |
| 2007 | 432,350 |
| 2008 | 203,903 |
| 2009 | 70,558 |
| Thereafter | 748,349 |
| Net unamortized premiums and discounts | 9,379 |
| Total | $1,653,051 |





NOTE 11 - LEASE AGREEMENTS

The leases entered into between the customer and the Company for the rental of a site are generally month-to-month or for a period of one to ten years, renewable upon the consent of the parties or, in some instances, as provided by statute. Non-cancelable long-term leases are in effect at certain sites within approximately 37 of the Properties. Rental rate increases at these Properties are primarily a function of increases in the Consumer Price Index, taking into consideration certain floors and ceilings. Additionally, periodic market rate adjustments are made as deemed appropriate. Future minimum rents are scheduled to be received under non-cancelable tenant leases at December 31, 2004 as follows (amounts in thousands):

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

NOTE 12 - GROUND LEASES

The Company leases land under non-cancelable operating leases at certain of the Properties expiring in various years from 2022 to 2032 with terms which require 12 equal payments per year plus additional rents calculated as a percentage of gross revenues. For the years ended December 31, 2004, 2003 and 2002, ground lease rent was approximately $1.6 million per year. Minimum future rental payments under the ground leases are approximately $1.6 million for each of the next five years and approximately $23.5 million thereafter.

NOTE 13 - TRANSACTIONS WITH RELATED PARTIES

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

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

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

## NOTE 14 - STOCK OPTION PLAN AND STOCK GRANTS

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





## NOTE 14 - STOCK OPTION PLAN AND STOCK GRANTS (CONTINUED)

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

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

- The first type of award is a grant of Options or Restricted Stock Grants of Common Stock made to each member of the Board at the meeting held immediately after each annual meeting of the Company's stockholders. Generally, if the director elects to receive Options, the grant will cover 10,000 shares of Common Stock at an exercise price equal to the fair market value on the date of grant. If the director elects to receive a Restricted Stock Grant of Common Stock, he or she will receive an award of 2,000 shares of Common Stock.

Exercisability or vesting with respect to either type of award will be with respect to one-third of the award after six months, two-thirds of the award after one year, and the full award after two years.

- The second type of award is a grant of Common Stock in lieu of 50% of their bonus otherwise payable to individuals with a title of Vice President or above. A recipient can request that the Compensation Committee pay a greater or lesser portion of the bonus in shares of Common Stock.

Prior to 2003, we accounted for our stock compensation in accordance with APB No. 25, "Accounting for Stock Issued to Employees", based upon the intrinsic value method. This method results in no compensation expense for Options issued with an exercise price equal to or exceeding the market value of the Common Stock on the date of grant. Effective January 1, 2003, we elected to account for our stock-based compensation in accordance with SFAS No. 123 and its amendment (SFAS No. 148), "Accounting for Stock Based Compensation", which will result in compensation expense being recorded based on the fair value of the Options and other equity awards issued. SFAS No. 148 provides three possible transition methods for changing to the fair value method. We have elected to use the modified-prospective method. This method requires that we recognize stock-based employee compensation cost from the beginning of the fiscal year in which the recognition provisions are first applied as if the fair value method had been used to account for all employee awards granted, or settled in fiscal years beginning after December 15, 1994. The following table illustrates the effect on net income and earnings per share as if the fair value method was applied to all outstanding and unvested awards in each period presented (amounts in thousands, except per share data):

| | 2004 | 2003 (Restated) | 2002 (Restated) |
|---|---|---|---|
| Net income available for Common Shares as reported | $ 4,026 | $25,132 | $31,887 |
| Add: Stock-based compensation expense included in net income as reported | 2,899 | 2,139 | 2,185 |
| Deduct: Stock-based compensation expense determined under the fair value based method for all awards | (2,899) | (2,139) | (2,086) |
| Pro forma net income available for Common Shares | $ 4,026 | $25,132 | $31,986 |
| Pro forma net income per Common Share - Basic | $ 0.18 | $ 1.14 | $ 1.48 |
| Pro forma net income per Common Share - Fully Diluted | $ 0.17 | $ 1.11 | $ 1.44 |





NOTE 14- STOCK OPTION PLAN AND STOCK GRANTS (CONTINUED)

Restricted Stock Grants

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

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

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

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

Stock Options

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

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





NOTE 14 - STOCK OPTION PLAN AND STOCK GRANTS (CONTINUED)

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

| | SHARES SUBJECT TO OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE PER SHARE |
|---|---|---|
| Balance at December 31, 2001 | 1,828,348 | 23.44 |
| Options granted | 20,000 | 33.55 |

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

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

| | OPTIONS OUTSTANDING | | | OPTIONS EXERCISABLE | |
|---|---|---|---|---|---|
| RANGE OF EXERCISE PRICES | OPTIONS | WEIGHTED AVERAGE OUTSTANDING CONTRACTUAL LIFE (IN YEARS) | WEIGHTED AVERAGE EXERCISE PRICE | OPTIONS | WEIGHTED AVERAGE EXERCISE PRICE |
| $7.62 to $14.00 | 169,467 | 1.6 | $11.88 | 169,467 | $11.88 |
| $15.69 to $18.99 | 680,475 | 4.4 | $17.38 | 680,475 | $17.38 |
| $22.65 to $31.53 | 196,054 | 7.4 | $24.06 | 176,052 | $23.47 |
| | 1,045,996 | 4.5 | $17.74 | 1,025,994 | $17.51 |

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

NOTE 15 - PREFERRED STOCK

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





NOTE 16 - SAVINGS PLAN

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

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

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

## NOTE 17 - COMMITMENTS AND CONTINGENCIES

### DEANZA SANTA CRUZ

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

### OTHER CALIFORNIA RENT CONTROL LITIGATION

As part of the Company's effort to realize the value of its Properties subject to rent control, the Company has initiated lawsuits against several municipalities in California. The Company's goal is to achieve a level of regulatory fairness in California's rent control jurisdictions, and in particular those jurisdictions that prohibit increasing rents to market upon turnover. This regulatory feature, called vacancy control, allows tenants to sell their homes for a premium representing the value of the future discounted rent-controlled rents. In the Company's view, such regulation results in a transfer of the value of the Company's stockholders' land, which would otherwise be reflected in market rents, to tenants upon the sales of their

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 17 - COMMITMENTS AND CONTINGENCIES (CONTINUED)

homes in the form of an inflated purchase price that cannot be attributed to the value of the home being sold. As a result, in the Company's view, the Company loses the value of its asset and the selling tenant leaves the Property with a windfall premium. The Company has discovered through the litigation process that certain municipalities considered condemning the Company's Properties at values well below the value of the underlying land. In the Company's view, a failure to articulate market rents for sites governed by restrictive rent control would put the Company at risk for condemnation or eminent domain proceedings based on artificially reduced rents. Such a physical taking, should it occur, could represent substantial lost value to stockholders. The Company is cognizant of the need for affordable housing in the jurisdictions, but asserts that restrictive rent regulation with vacancy control does not promote this purpose because the benefits of such regulation are fully capitalized into the prices of the homes sold. The Company estimates that the annual rent subsidy to tenants in these jurisdictions is approximately $15 million. In a more well balanced regulatory environment, the Company would receive market rents that would eliminate the subsidy and homes would trade at or near their intrinsic value.

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

The Company has filed two lawsuits in Federal court against the City of San Rafael, challenging its rent control ordinance on constitutional grounds. The Company believes that one of those lawsuits was settled by the City agreeing to amend the ordinance to permit adjustments to market rent upon turnover. The City subsequently rejected the settlement agreement. The Court initially found the settlement agreement was binding on the City, but then reconsidered and determined to submit the claim of breach of the settlement agreement to a jury. In October 2002, the first case against the City went to trial, based on both breach of the settlement agreement and the constitutional claims. A jury found no breach of the settlement agreement; the Company then filed motions asking the Court to rule in its favor on that claim, notwithstanding the jury verdict. The Court has postponed decision on those motions and on the constitutional claims, pending a ruling on some property rights issues by the United States Supreme Court. In the event that the Court does not rule in favor of the Company on either the settlement agreement or the constitutional claims, then the Company has pending claims seeking a declaration that it can close the Property and convert it to another use.

The Company's efforts to achieve a balanced regulatory environment incentivize tenant groups to file lawsuits against the Company seeking large damage awards. The homeowners association at Contempo Marin ("CMHOA"), a 396 site Property in San Rafael, California, sued the Company in December 2000 over a prior settlement agreement on a capital expenditure pass-through after the Company sued the City of San Rafael in October 2000 alleging its rent control ordinance is unconstitutional. In the Contempo Marin case, the CMHOA prevailed on a motion for summary judgment on an issue that permits the Company to collect only $3.72 out of a monthly pass-through amount of $7.50 that the Company believes had been agreed to by the CMHOA in a settlement agreement. On May 23, 2004, the California Court of Appeal affirmed the trial court's order dismissing the Company's claims against the City of San Rafael. The trial court has set a trial date in the second quarter of 2005 on the CMHOA's remaining claims for damages. The Company intends to vigorously defend this matter. The Company believes that such lawsuits will be a consequence of the Company's efforts to change rent control since tenant groups actively desire to preserve the premium value of their homes in addition to the discounted rents provided by rent control. The Company has determined that its efforts to rebalance the regulatory environment despite the risk of litigation from tenant groups are necessary not only because of the $15 million annual subsidy to tenants, but also because of the condemnation risk.

Similarly, in June 2003, the Company won a judgment against the City of Santee in California Superior Court (case no. 777094). The effect of the judgment was to invalidate, on state law grounds, two (2) rent control ordinances the City of Santee had enforced against the Company and other property owners. However, the Court allowed the City to continue to enforce a rent control ordinance that predated the two invalid ordinances (the "prior ordinance"). As a result of the judgment the Company was entitled to collect a one-time rent increase based upon the difference in annual adjustments between the invalid ordinance(s) and the prior ordinances and to adjust its base rents to reflect what the Company could have charged had the prior ordinance been continually in effect. The City of Santee appealed the judgment. The court of appeal and California Supreme Court refused to stay enforcement of these rent adjustments pending appeal. After the City was unable to obtain a





stay, the City and the tenant association each sued the Company in separate actions alleging the rent adjustments pursuant to the judgment violate the prior ordinance (Case Nos. GIE 020887 and GIE 020524). They seek to rescind the rent adjustments, refunds of amounts paid, and penalties and damages in these separate actions. On January 25, 2005, the California Court of Appeal reversed the judgment in part and affirmed it in part with a remand. The Court of Appeal affirmed that one ordinance was unlawfully adopted and therefore void and that the second ordinance contained unconstitutional provisions. However, the Court ruled the City had the authority to cure the issues with the first ordinance retroactively. On remand the trial court is directed to decide the issue of damages to the Company which the Company believes is consistent with the Company receiving the economic benefit of invalidating one of the ordinances and also consistent with the Company's position that it is entitled to market rent and not merely a higher amount of regulated rent. The Company will petition the Supreme Court of California for review of certain aspects of this decision. The Company intends to vigorously defend the two new lawsuits. In addition, the Company has sued the City of Santee in Federal court alleging all three of the ordinances are unconstitutional under the Fifth Amendment to the United States Constitution because they fail to substantially advance a legitimate state interest. Thus, it is the Company's position that the ordinances are subject to invalidation as a matter of law in the Federal court action. Separately, the Federal District Court granted the City's Motion for Summary Judgment in the Company's Federal Court lawsuit. This decision was based not on the merits, but on procedural grounds, including that the Company's claims were moot given its success in the state court case. The Company intends to appeal this ruling and believes the outcome will be affected by the cases currently before the Ninth Circuit and United States Supreme Court.

Moreover, in July 2004, the Ninth Circuit Court of Appeal decided the case of Cashman v. City of Cotati, a Property owner's challenge to the City's rent control ordinance, and stated that a rent control ordinance that does not on its face provide for a mechanism to prevent the capture of a premium is unconstitutional, as a matter of law, absent sufficient externalities rendering a premium unavailable. This reasoning supports the legal position the Company has put forth in its opposition to rent control in general and vacancy control in particular. The City of Cotati has petitioned the Ninth Circuit for rehearing and that petition is pending. In addition, in October 2004, the United States

Supreme Court granted certiorari in State of Hawaii vs. Chevron USA, Inc., a Ninth Circuit Court of Appeal case that upholds the standard that a regulation must substantially advance a legitimate state purpose in order to be constitutionally viable. The case was argued before the United States Supreme Court on February 22, 2005. The ultimate outcome of these cases will guide the Company's continued efforts to realize the value of its Properties which are subject to rent control and the Company's efforts to achieve a level of regulatory fairness in rent control jurisdictions.

OTHER

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





NOTE 18 - QUARTERLY FINANCIAL DATA (UNAUDITED)

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

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

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

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

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



SCHEDULE II
EQUITY LIFESTYLE PROPERTIES, INC.
VALUATION AND QUALIFYING ACCOUNTS
DECEMBER 31, 2004

| | | ADDITIONS | | | |
|---|---|---|---|---|---|
| | BALANCE AT BEGINNING OF PERIOD | CHARGED TO INCOME | CHARGED TO OTHER ACCOUNTS | DEDUCTIONS(1) | BALANCE AT END OF PERIOD |
| For the year ended December 31, 2002: | | | | | |
| Allowance for doubtful accounts...... | $300,000 | $ 940,565 | $ -- | ($540,565) | $ 700,000 |
| For the year ended December 31, 2003: | | | | | |
| Allowance for doubtful accounts...... | $700,000 | $ 820,822 | $ -- | ($693,822) | $ 827,000 |
| For the year ended December 31, 2004: | | | | | |
| Allowance for doubtful accounts...... | $827,000 | $1,182,000 | ($145,000) | ($834,000) | $1,030,000 |

(1) Deductions represent tenant receivables deemed uncollectible.



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

| | | | | Initial Cost to Company | | Costs Capitalized Subsequent to Acquisition (Improvements) | |
|---|---|---|---|---|---|---|---|
| Real Estate | Location | | Encumbrances | Land | Depreciable Property | Land | Depreciable Property |
| Apollo Village | Phoenix | AZ | 3,997 | 932 | 3,219 | 0 | 578 |
| Araby Acres | Yuma | AZ | 3,222 | 1,440 | 4,345 | 0 | 12 |
| The Highlands at Brentwood | Mesa | AZ | 10,910 | 1,997 | 6,024 | 0 | 738 |
| Cactus Gardens | Yuma | AZ | 4,849 | 1,992 | 5,984 | 0 | 12 |
| Carefree Manor | Phoenix | AZ | 3,394 | 706 | 3,040 | 0 | 222 |
| Casa del Sol #1 | Peoria | AZ | 10,629 | 2,215 | 6,467 | 0 | 1,235 |
| Casa del Sol #2 | Glendale | AZ | 9,983 | 2,103 | 6,283 | 0 | 928 |
| Casa del Sol #3 | Glendale | AZ | 11,015 | 2,450 | 7,452 | 0 | 375 |
| Central Park | Phoenix | AZ | 5,103 | 1,612 | 3,784 | 0 | 641 |
| Countryside | Phoenix | AZ | 3,737 | 2,056 | 6,241 | 0 | 206 |
| Desert Paradise | Yuma | AZ | 1,452 | 666 | 2,011 | 0 | 4 |
| Desert Skies | Phoenix | AZ | 5,046 | 792 | 3,126 | 0 | 296 |
| Fairview Manor | Tucson | AZ | 5,048 | 1,674 | 4,708 | 0 | 1,113 |
| Foothill | Yuma | AZ | 1,350 | 459 | 1,402 | 0 | 16 |
| Golden Sun | Scottsdale | AZ | 2,976 | 1,678 | 5,049 | 0 | 48 |
| Hacienda De Valencia | Mesa | AZ | 6,063 | 833 | 2,701 | 0 | 2,123 |
| Monte Vista | Mesa | AZ | 22,844 | 11,402 | 34,355 | 0 | 157 |
| Palm Shadows | Glendale | AZ | 8,471 | 1,400 | 4,218 | 0 | 391 |
| Paradise | Sun City | AZ | 19,813 | 6,414 | 19,263 | 0 | 56 |
| Sedona Shadows | Sedona | AZ | 2,465 | 1,096 | 3,431 | 0 | 538 |
| Suni Sands | Yuma | AZ | 3,172 | 1,249 | 3,759 | 0 | 7 |
| Sunrise Heights | Phoenix | AZ | 5,636 | 1,000 | 3,016 | 0 | 413 |
| The Mark | Mesa | AZ | 8,826 | 1,354 | 4,660 | 6 | 846 |
| The Meadows | Tempe | AZ | 12,436 | 2,613 | 7,887 | 0 | 1,103 |
| Viewpoint | Mesa | AZ | 43,703 | 24,890 | 56,340 | 0 | 99 |
| Whispering Palms | Phoenix | AZ | 3,219 | 670 | 2,141 | 0 | 182 |
| California Hawaiian | San Jose | CA | 26,968 | 5,825 | 17,755 | 0 | 1,581 |
| Colony Park | Ceres | CA | 5,826 | 890 | 2,837 | 0 | 319 |
| Concord Cascade | Pacheco | CA | 5,411 | 985 | 3,016 | 0 | 1,047 |
| Contempo Marin | San Rafael | CA | 25,233 | 4,787 | 16,379 | 0 | 2,376 |
| Coralwood | Modesto | CA | 6,200 | 0 | 5,047 | 0 | 276 |
| Date Palm Country Club | Cathedral City | CA | 15,194 | 4,138 | 14,064 | -23 | 3,416 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Date Palm | Cathedral City | CA | 0 | 0 | 216 | 0 | 47 |
| Four Seasons | Fresno | CA | 0 | 756 | 2,348 | 0 | 245 |
| Laguna Lake | San Luis Obispo | CA | 4,916 | 2,845 | 6,520 | 0 | 252 |

| Real Estate | Location | | Gross Amount Carried at Close of Period 12/31/04 Land | Depreciable Property | Total | Accumulated Depreciation | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| Apollo Village | Phoenix | AZ | 932 | 3,797 | 4,729 | (1,302) | 1994 |
| Araby Acres | Yuma | AZ | 1,440 | 4,357 | 5,797 | (158) | 2003 |
| The Highlands at Brentwood | Mesa | AZ | 1,997 | 6,762 | 8,759 | (2,566) | 1993 |
| Cactus Gardens | Yuma | AZ | 1,992 | 5,996 | 7,988 | (102) | 2004 |
| Carefree Manor | Phoenix | AZ | 706 | 3,262 | 3,968 | (803) | 1998 |
| Casa del Sol #1 | Peoria | AZ | 2,215 | 7,702 | 9,917 | (1,587) | 1996 |
| Casa del Sol #2 | Glendale | AZ | 2,103 | 7,211 | 9,314 | (1,458) | 1996 |
| Casa del Sol #3 | Glendale | AZ | 2,450 | 7,827 | 10,277 | (1,722) | 1998 |
| Central Park | Phoenix | AZ | 1,612 | 4,425 | 6,037 | (2,947) | 1983 |
| Countryside | Phoenix | AZ | 2,056 | 6,447 | 8,503 | (510) | 2002 |
| Desert Paradise | Yuma | AZ | 666 | 2,015 | 2,681 | (63) | 2004 |
| Desert Skies | Phoenix | AZ | 792 | 3,422 | 4,214 | (809) | 1998 |
| Fairview Manor | Tucson | AZ | 1,674 | 5,821 | 7,495 | (1,352) | 1998 |
| Foothill | Yuma | AZ | 459 | 1,418 | 1,877 | (52) | 2003 |
| Golden Sun | Scottsdale | AZ | 1,678 | 5,097 | 6,775 | (407) | 2002 |
| Hacienda De Valencia | Mesa | AZ | 833 | 4,824 | 5,657 | (2,475) | 1984 |
| Monte Vista | Mesa | AZ | 11,402 | 34,512 | 45,914 | (766) | 2004 |
| Palm Shadows | Glendale | AZ | 1,400 | 4,609 | 6,009 | (1,837) | 1993 |
| Paradise | Sun City | AZ | 6,414 | 19,319 | 25,733 | (592) | 2004 |
| Sedona Shadows | Sedona | AZ | 1,096 | 3,969 | 5,065 | (979) | 1997 |
| Suni Sands | Yuma | AZ | 1,249 | 3,766 | 5,015 | (116) | 2004 |
| Sunrise Heights | Phoenix | AZ | 1,000 | 3,429 | 4,429 | (1,227) | 1994 |
| The Mark | Mesa | AZ | 1,360 | 5,506 | 6,866 | (1,892) | 1994 |
| The Meadows | Tempe | AZ | 2,613 | 8,990 | 11,603 | (3,091) | 1994 |
| Viewpoint | Mesa | AZ | 24,890 | 56,439 | 81,329 | (1,096) | 2004 |
| Whispering Palms | Phoenix | AZ | 670 | 2,323 | 2,993 | (580) | 1998 |
| California Hawaiian | San Jose | CA | 5,825 | 19,336 | 25,161 | (4,884) | 1997 |
| Colony Park | Ceres | CA | 890 | 3,156 | 4,046 | (899) | 1998 |
| Concord Cascade | Pacheco | CA | 985 | 4,063 | 5,048 | (2,467) | 1983 |
| Contempo Marin | San Rafael | CA | 4,787 | 18,755 | 23,542 | (6,419) | 1994 |
| Coralwood | Modesto | CA | 0 | 5,323 | 5,323 | (1,350) | 1997 |
| Date Palm Country Club | Cathedral City | CA | 4,115 | 17,480 | 21,595 | (5,722) | 1994 |
| Date Palm | Cathedral City | CA | 0 | 263 | 263 | (100) | 1994 |
| Four Seasons | Fresno | CA | 756 | 2,593 | 3,349 | (665) | 1997 |
| Laguna Lake | San Luis Obispo | CA | 2,845 | 6,772 | 9,617 | (1,693) | 1998 |



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

| Real Estate | Location | | Encumbrances | Initial Cost to Company Land | Depreciable Property | Costs Capitalized Subsequent to Acquisition (Improvements) Land | Depreciable Property |
|---|---|---|---|---|---|---|---|
| Lamplighter | Spring Valley | CA | 3,761 | 633 | 2,201 | 0 | 675 |
| Las Palmas | Rialto | CA | 3,807 | 1,295 | 3,866 | 0 | 20 |
| Meadowbrook | Santee | CA | 0 | 4,345 | 12,528 | 0 | 1,522 |
| Monte del Lago | Castroville | CA | 7,673 | 3,150 | 9,469 | 0 | 1,464 |
| Quail Meadows | Riverbank | CA | 5,280 | 1,155 | 3,469 | 0 | 293 |
| Nicholson Plaza | San Jose | CA | 0 | 0 | 4,512 | 0 | 72 |
| Pacific Dunes Ranch | California Central Coast | CA | 6,025 | 1,940 | 5,632 | 0 | 27 |
| Parque La Quinta | Rialto | CA | 5,105 | 1,799 | 5,450 | 0 | -45 |
| Rancho Mesa | El Cajon | CA | 9,600 | 2,130 | 6,389 | 0 | 249 |
| Rancho Valley | El Cajon | CA | 3,624 | 685 | 1,902 | 0 | 794 |
| Royal Holiday | Hemet | CA | 0 | 778 | 2,643 | 0 | 374 |
| Royal Oaks | Visalia | CA | 0 | 602 | 1,921 | 0 | 281 |
| DeAnza Santa Cruz | Santa Cruz | CA | 6,871 | 2,103 | 7,201 | 0 | 317 |
| Santiago Estates | Sylmar | CA | 16,205 | 3,562 | 10,767 | 0 | 769 |
| Sea Oaks | Los Osos | CA | 0 | 871 | 2,703 | 0 | 267 |
| Sunshadow | San Jose | CA | 0 | 0 | 5,707 | 0 | 137 |
| Tahoe Valley Campground | Lake Tahoe | CA | 2,246 | 1,357 | 4,071 | 0 | 12 |
| Village of Four Seasons | San Jose | CA | 15,332 | 5,229 | 15,714 | 0 | 18 |
| Westwinds (4 properties) | San Jose | CA | 0 | 0 | 17,616 | 0 | 5,116 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Bear Creek | Sheridan | CO | 4,880 | 1,100 | 3,359 | 0 | 248 |
| Cimarron | Broomfield | CO | 4,541 | 863 | 2,790 | 0 | 584 |
| Golden Terrace | Golden | CO | 4,246 | 826 | 2,415 | 0 | 720 |
| Golden Terrace South | Golden | CO | 2,400 | 750 | 2,265 | 0 | 617 |
| Golden Terrace West | Golden | CO | 8,328 | 1,694 | 5,065 | 0 | 1,011 |
| Hillcrest Village | Aurora | CO | 10,504 | 1,912 | 5,202 | 289 | 2,397 |
| Holiday Hills | Denver | CO | 14,746 | 2,159 | 7,780 | 0 | 3,819 |
| Holiday Village CO | Co. Springs | CO | 3,471 | 567 | 1,759 | 0 | 912 |
| Pueblo Grande | Pueblo | CO | 1,867 | 241 | 1,069 | 0 | 432 |
| Woodland Hills | Denver | CO | 7,390 | 1,928 | 4,408 | 0 | 2,407 |
| Aspen Meadows | Rehoboth Beach | DE | 5,620 | 1,148 | 3,460 | 0 | 338 |
| Camelot Meadows | Rehoboth Beach | DE | 7,304 | 527 | 2,058 | 1,251 | 3,719 |
| Mariners Cove | Millsboro | DE | 16,452 | 990 | 2,971 | 0 | 3,909 |
| McNicol | Rehoboth Beach | DE | 2,710 | 563 | 1,710 | 0 | 72 |
| Sweetbriar | Rehoboth Beach | DE | 3,040 | 498 | 1,527 | 0 | 377 |
| Waterford Estates | Bear | DE | 30,954 | 5,250 | 16,202 | 0 | 614 |
| Whispering Pines | Lewes | DE | 9,871 | 1,536 | 4,609 | 0 | 1,005 |

| | | | Gross Amount Carried at Close of Period 12/31/04 | | | | |
|---|---|---|---|---|---|---|---|
| Real Estate | Location | | Land | Depreciable Property | Total | Accumulated Depreciation | Date of Acquisition |
| Lamplighter | Spring Valley | CA | 633 | 2,876 | 3,509 | (1,853) | 1983 |
| Las Palmas | Rialto | CA | | 3,886 | 5,181 | (76) | 2004 |
| Meadowbrook | Santee | CA | 4,345 | 14,050 | 18,395 | (3,073) | 1998 |
| Monte del Lago | Castroville | CA | 3,150 | 10,933 | 14,083 | (2,612) | 1997 |
| Quail Meadows | Riverbank | CA | 1,155 | 3,762 | 4,917 | (844) | 1998 |
| Nicholson Plaza | San Jose | CA | 0 | 4,584 | 4,584 | (1,126) | 1997 |
| Pacific Dunes Ranch | California Central Coast | CA | 1,940 | 5,659 | 7,599 | (178) | 2004 |
| Parque La Quinta | Rialto | CA | 1,799 | 5,405 | 7,204 | (197) | 2004 |
| Rancho Mesa | El Cajon | CA | 2,130 | 6,638 | 8,768 | (1,453) | 1998 |
| Rancho Valley | El Cajon | CA | 685 | 2,696 | 3,381 | (1,633) | 1983 |
| Royal Holiday | Hemet | CA | 778 | 3,017 | 3,795 | (606) | 1998 |
| Royal Oaks | Visalia | CA | 602 | 2,202 | 2,804 | (554) | 1997 |
| DeAnza Santa Cruz | Santa Cruz | CA | 2,103 | 7,518 | 15,012 | (2,553) | 1994 |
| Santiago Estates | Sylmar | CA | 3,562 | 11,536 | 15,098 | (2,710) | 1998 |
| Sea Oaks | Los Osos | CA | 871 | 2,970 | 3,841 | (720) | 1997 |
| Sunshadow | San Jose | CA | 0 | 5,844 | 5,844 | (1,464) | 1997 |
| Tahoe Valley Campground | Lake Tahoe | CA | 1,357 | 4,083 | 5,440 | (124) | 2004 |
| Village of Four Seasons | San Jose | CA | 5,229 | 15,732 | 20,961 | (349) | 2004 |
| Westwinds (4 properties) | San Jose | CA | 0 | 22,732 | 22,732 | (5,844) | 1997 |
| Bear Creek | Sheridan | CO | 1,100 | 3,607 | 4,707 | (833) | 1998 |
| Cimarron | Broomfield | CO | 863 | 3,374 | 4,237 | (2,227) | 1983 |
| Golden Terrace | Golden | CO | 826 | 3,135 | 3,961 | (1,868) | 1983 |
| Golden Terrace South | Golden | CO | 750 | 2,882 | 3,632 | (717) | 1997 |
| Golden Terrace West | Golden | CO | 1,694 | 6,076 | 7,770 | (3,399) | 1986 |
| Hillcrest Village | Aurora | CO | 2,201 | 7,599 | 9,800 | (4,843) | 1983 |
| Holiday Hills | Denver | CO | 2,159 | 11,599 | 13,758 | (7,158) | 1983 |
| Holiday Village CO | Co. Springs | CO | 567 | 2,671 | 3,238 | (1,583) | 1983 |
| Pueblo Grande | Pueblo | CO | 241 | 1,501 | 1,742 | (968) | 1983 |
| Woodland Hills | Denver | CO | 1,928 | 6,815 | 8,743 | (2,522) | 1994 |
| Aspen Meadows | Rehoboth Beach | DE | 1,148 | 3,798 | 4,946 | (894) | 1998 |
| Camelot Meadows | Rehoboth Beach | DE | 1,778 | 5,777 | 7,555 | (1,318) | 1998 |
| Mariners Cove | Millsboro | DE | 990 | 6,880 | 7,870 | (2,868) | 1987 |
| McNicol | Rehoboth Beach | DE | 563 | 1,782 | 2,345 | (410) | 1998 |
| Sweetbriar | Rehoboth Beach | DE | 498 | 1,904 | 2,402 | (496) | 1998 |
| Waterford Estates | Bear | DE | 5,250 | 16,816 | 22,066 | (3,037) | 1996 |
| Whispering Pines | Lewes | DE | 1,536 | 5,614 | 7,150 | (2,844) | 1998 |



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

| | | | Initial Cost to Company | | Costs Capitalized Subsequent to Acquisition (Improvements) | |
|---|---|---|---|---|---|---|
| Real Estate | Location | Encumbrances | Land | Depreciable Property | Land | Depreciable Property |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Maralago Cay | Lantana | FL | 21,600 | 5,325 | 15,420 | 0 | 3,073 |
| Barrington Hills | Port Richey | FL | 3,220 | 1,145 | 3,437 | 0 | 0 |
| Bay Indies | Venice | FL | 43,662 | 10,483 | 31,559 | 10 | 3,482 |
| Bay Lake Estates | Nokomis | FL | 3,807 | 990 | 3,390 | 0 | 951 |
| Breezy Hill | Pompano Beach | FL | 10,065 | 5,510 | 16,555 | 0 | 112 |
| Buccaneer | N. Ft. Myers | FL | 14,140 | 4,207 | 14,410 | 0 | 1,183 |
| Bulow Village Resort | Flagler Beach | FL | 0 | 0 | 228 | 0 | 56 |
| Bulow Village | Flagler Beach | FL | 10,268 | 3,637 | 949 | 0 | 5,458 |
| Carefree Cove | Fort Lauderdale | FL | 4,777 | 1,741 | 5,170 | 0 | 79 |
| Carriage Cove | Daytona Beach | FL | 8,010 | 2,914 | 8,682 | 0 | 788 |
| Coachwood | Leesburg | FL | 4,238 | 1,607 | 4,822 | 0 | 19 |
| Coral Cay | Margate | FL | 20,874 | 5,890 | 20,211 | 0 | 3,129 |
| Coquina | St Augustine | FL | 0 | 5,286 | 5,545 | 0 | 8,856 |
| Meadows at Countrywood | Plant City | FL | 18,273 | 4,514 | 13,175 | 0 | 3,869 |
| Country Place | New Port Richey | FL | 8,346 | 663 | 0 | 18 | 7,106 |
| Country Side North | Vero Beach | FL | 17,328 | 3,711 | 11,133 | 0 | 1,663 |
| Crystal Isles | Crystal River | FL | 2,832 | 926 | 2,787 | 0 | 5 |
| Down Yonder | Largo | FL | 7,707 | 2,652 | 7,981 | 0 | 69 |
| East Bay Oaks | Largo | FL | 5,493 | 1,240 | 3,322 | 0 | 563 |
| Eldorado Village | Largo | FL | 3,946 | 778 | 2,341 | 0 | 563 |
| Fort Myers Beach Resort | Fort Myers Beach | FL | 4,428 | 1,493 | 4,480 | 0 | 1 |
| Glen Ellen | Clearwater | FL | 2,395 | 627 | 1,882 | 0 | 26 |
| Grand Island | Grand Island | FL | 0 | 1,723 | 5,208 | 125 | 2,606 |
| Gulf Air Resort | Fort Myers Beach | FL | 4,021 | 1,609 | 4,830 | 0 | 13 |
| Gulf View | Punta Gorda | FL | 1,698 | 717 | 2,158 | 0 | 3 |
| Hacienda Village | New Port Richey | FL | 9,842 | 4,362 | 13,088 | 0 | 454 |
| Harbor Lakes | Port Charlotte | FL | 8,997 | 3,384 | 10,154 | 0 | 17 |
| Harbor View | New Port Richey | FL | 7,932 | 4,045 | 12,146 | 0 | 54 |
| Heritage Village | Vero Beach | FL | 13,520 | 2,403 | 7,259 | 0 | 690 |
| Highland Wood | Pompano Beach | FL | 2,358 | 1,043 | 3,130 | 0 | 10 |
| Hillcrest | Clearwater | FL | 4,236 | 1,278 | 3,928 | 0 | 750 |
| Holiday Ranch | Largo | FL | 3,785 | 925 | 2,866 | 0 | 227 |
| Holiday Village FL | Vero Beach | FL | 0 | 350 | 1,374 | 0 | 139 |
| Holiday Village | Ormond Beach | FL | 6,972 | 2,610 | 7,837 | 0 | 121 |
| Indian Oaks | Rockledge | FL | 4,389 | 1,089 | 3,376 | 0 | 728 |
| Lake Fairways | N. Ft. Myers | FL | 30,460 | 6,075 | 18,134 | 35 | 1,443 |

| | | | Gross Amount Carried at Close of Period 12/31/04 | | | | |
|---|---|---|---|---|---|---|---|
| Real Estate | Location | | Land | Depreciable Property | Total | Accumulated Depreciation | Date of Acquisition |
| Maralago Cay | Lantana | FL | 5,325 | 18,493 | 23,818 | (4,258) | 1997 |
| Barrington Hills - Sunburst | Port Richey | FL | 1,145 | 3,437 | 4,582 | (105) | 2004 |
| Bay Indies | Venice | FL | 10,493 | 35,041 | 45,534 | (12,148) | 1994 |
| Bay Lake Estates | Nokomis | FL | 990 | 4,341 | 5,331 | (1,455) | 1994 |
| Breezy Hill | Pompano Beach | FL | 5,510 | 16,667 | 22,177 | (1,294) | 2002 |
| Buccaneer | N. Ft. Myers | FL | 4,207 | 15,593 | 19,800 | (5,350) | 1994 |
| Bulow Village Resort | Flagler Beach | FL | 0 | 284 | 284 | (51) | 2001 |
| Bulow Village | Flagler Beach | FL | 3,637 | 6,407 | 10,044 | (1,391) | 1994 |
| Carefree Cove | Fort Lauderdale | FL | 1,741 | 5,249 | 6,990 | (119) | 2004 |
| Carriage Cove | Daytona Beach | FL | 2,914 | 9,470 | 12,384 | (2,292) | 1998 |
| Coachwood | Leesburg | FL | 1,607 | 4,841 | 6,448 | (148) | 2004 |
| Coral Cay | Margate | FL | 5,890 | 23,340 | 29,230 | (7,538) | 1994 |
| Coquina | St Augustine | FL | 5,286 | 14,401 | 19,687 | (1,571) | 1999 |
| Meadows at Countrywood | Plant City | FL | 4,514 | 17,044 | 21,558 | (3,540) | 1998 |
| Country Place | New Port Richey | FL | 681 | 7,106 | 7,787 | (2,834) | 1986 |
| Country Side North | Vero Beach | FL | 3,711 | 12,796 | 16,507 | (3,154) | 1998 |
| Crystal Isles - Encore | Crystal River | FL | 926 | 2,792 | 3,718 | (85) | 2004 |
| Down Yonder | Largo | FL | 2,652 | 8,050 | 10,702 | (631) | 1998 |
| East Bay Oaks | Largo | FL | 1,240 | 3,885 | 5,125 | (2,579) | 1983 |
| Eldorado Village | Largo | FL | 778 | 2,904 | 3,682 | (1,850) | 1983 |
| Fort Myers Beach Resort | Fort Myers Beach | FL | 1,493 | 4,481 | 5,974 | (137) | 2004 |
| Glen Ellen | Clearwater | FL | 627 | 1,908 | 2,535 | (135) | 2002 |
| Grand Island | Grand Island | FL | 1,848 | 7,814 | 9,662 | (868) | 2001 |
| Gulf Air Resort - Sunburst | Fort Myers Beach | FL | 1,609 | 4,843 | 6,452 | (148) | 2004 |
| Gulf View - Encore | Punta Gorda | FL | 717 | 2,161 | 2,878 | (66) | 2004 |
| Hacienda Village | New Port Richey | FL | 4,362 | 13,542 | 17,904 | (922) | 2002 |
| Harbor Lakes - Encore | Port Charlotte | FL | 3,384 | 10,171 | 13,555 | (310) | 2004 |
| Harbor View | New Port Richey | FL | 4,045 | 12,200 | 16,245 | (954) | 2002 |
| Heritage Village | Vero Beach | FL | 2,403 | 7,949 | 10,352 | (2,769) | 1994 |
| Highland Wood | Pompano Beach | FL | 1,043 | 3,140 | 4,183 | (243) | 2002 |
| Hillcrest | Clearwater | FL | 1,278 | 4,678 | 5,956 | (1,195) | 1998 |
| Holiday Ranch | Largo | FL | 925 | 3,093 | 4,018 | (747) | 1998 |
| Holiday Village FL | Vero Beach | FL | 350 | 1,513 | 1,863 | (389) | 1998 |
| Holiday Village | Ormond Beach | FL | 2,610 | 7,958 | 10,568 | (621) | 2002 |
| Indian Oaks | Rockledge | FL | 1,089 | 4,104 | 5,193 | (1,051) | 1998 |
| Lake Fairways | N. Ft. Myers | FL | 6,110 | 19,577 | 25,687 | (6,537) | 1994 |



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

Costs

| Real Estate | Location | | Encumbrances | Initial Cost to Company: Land | Initial Cost to Company: Depreciable Property | Capitalized Subsequent to Acquisition (Improvements): Land | Capitalized Subsequent to Acquisition (Improvements): Depreciable Property |
|---|---|---|---|---|---|---|---|
| Lake Haven | Dunedin | FL | 8,109 | 1,135 | 4,047 | 0 | 2,384 |
| Lake Magic | Orlando | FL | 2,818 | 1,595 | 4,793 | 0 | 45 |
| Lakewood Village | Melbourne | FL | 9,818 | 1,862 | 5,627 | 0 | 716 |
| Lazy Lakes | Florida Keys | FL | 2,048 | 816 | 2,449 | 0 | 3 |
| Lighthouse Pointe | Port Orange | FL | 12,535 | 2,446 | 7,483 | 23 | 894 |
| Manatee | Sarasota North | FL | 5,244 | 2,300 | 6,903 | 0 | 20 |
| Mid-Florida Lakes | Leesburg | FL | 22,639 | 5,997 | 20,635 | 0 | 5,070 |
| Oak Bend | Ocala | FL | 5,772 | 850 | 2,572 | 0 | 866 |
| Park City West | Fort Lauderdale | FL | 7,613 | 4,187 | 12,561 | 0 | 11 |
| Pasco | Tampa North | FL | 3,072 | 1,494 | 4,484 | 0 | 2 |
| Pickwick | Port Orange | FL | 10,280 | 2,803 | 8,870 | 0 | 490 |
| Pine Lakes | N. Ft. Myers | FL | 31,055 | 6,306 | 14,579 | 21 | 5,447 |
| Pioneer Village | N. Ft. Myers | FL | 10,379 | 4,116 | 12,353 | 0 | 39 |
| Royal Coachman | Nokomis | FL | 15,140 | 5,321 | 15,978 | 0 | 19 |
| Shangri La | Largo | FL | 4,496 | 1,730 | 5,200 | 0 | 36 |
| Sherwood Forest | Kissimmee | FL | 27,103 | 4,852 | 14,596 | 0 | 3,775 |
| Sherwood Forest Resort | Kissimmee | FL | 0 | 2,870 | 3,621 | 568 | 1,409 |
| Silk Oak | Clearwater | FL | 3,771 | 1,670 | 5,028 | 0 | 65 |
| Silver Dollar | Odessa | FL | 9,171 | 4,107 | 12,431 | 0 | 67 |
| Sixth Ave | Zephryhills | FL | 2,260 | 839 | 2,518 | 0 | 8 |
| Southernaire | Mt. Dora | FL | 2,092 | 798 | 2,395 | 0 | 10 |
| Southern Palms | Eustis | FL | 5,652 | 2,169 | 5,884 | 0 | 1,531 |
| Spanish Oaks | Ocala | FL | 7,008 | 2,250 | 6,922 | 0 | 877 |
| Sunshine Key | Florida Keys | FL | 16,522 | 5,273 | 15,822 | 0 | 23 |
| Sunshine Holiday | Daytona Beach | FL | 6,667 | 2,001 | 6,004 | 0 | 15 |
| Sunshine Holiday RV & MHP | Fort Lauderdale | FL | 8,509 | 3,099 | 9,286 | 0 | 18 |
| Sunshine Travel | Vero Beach | FL | 4,404 | 1,603 | 4,813 | 0 | 31 |
| Oaks at Countrywood | Plant City | FL | 1,300 | 1,111 | 2,513 | -265 | 1,475 |
| Terra Ceia | Palmetto | FL | 2,528 | 967 | 2,905 | 0 | 15 |
| The Heritage | N. Ft. Myers | FL | 9,663 | 1,438 | 4,371 | 346 | 3,317 |
| The Lakes at Countrywood | Plant City | FL | 9,712 | 2,377 | 7,085 | 0 | 862 |
| The Meadows, FL | Palm Beach Gardens | FL | 6,049 | 3,229 | 9,870 | 0 | 1,145 |
| Toby's | Arcadia | FL | 3,391 | 1,093 | 3,280 | 0 | 17 |
| Topics RV | Spring Hill | FL | 2,235 | 853 | 2,568 | 0 | 2 |
| Tropical Palms | Kissimmee | FL | 19,595 | 5,677 | 17,071 | 0 | 127 |
| Vacation Village | St. Petersburg | FL | 2,528 | 1,315 | 3,946 | 0 | 3 |

| Real Estate | Location | | Gross Amount Carried at Close of Period 12/31/04: Land | Gross Amount Carried at Close of Period 12/31/04: Depreciable Property | Gross Amount Carried at Close of Period 12/31/04: Total | Accumulated Depreciation | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| Lake Haven | Dunedin | FL | 1,135 | 6,431 | 7,566 | (3,292) | 1983 |
| Lake Magic | Orlando | FL | 1,595 | 4,838 | 6,433 | (146) | 2004 |
| Lakewood Village | Melbourne | FL | 1,862 | 6,343 | 8,205 | (2,212) | 1994 |
| Lazy Lakes | Florida Keys | FL | 816 | 2,452 | 3,268 | (75) | 2004 |
| Lighthouse Pointe | Port Orange | FL | 2,469 | 8,377 | 10,846 | (2,033) | 1998 |
| Manatee | Sarasota North | FL | 2,300 | 6,923 | 9,223 | (211) | 2004 |
| Mid-Florida Lakes | Leesburg | FL | 5,997 | 25,705 | 31,702 | (8,117) | 1994 |
| Oak Bend | Ocala | FL | 850 | 3,438 | 4,288 | (1,243) | 1993 |
| Park City West | Fort Lauderdale | FL | 4,187 | 12,572 | 16,759 | (384) | 2004 |
| Pasco | Tampa North | FL | 1,494 | 4,486 | 5,980 | (137) | 2004 |
| Pickwick | Port Orange | FL | 2,803 | 9,360 | 12,163 | (2,160) | 1998 |
| Pine Lakes | N. Ft. Myers | FL | 6,327 | 20,026 | 26,353 | (6,580) | 1994 |
| Pioneer Village | N. Ft. Myers | FL | 4,116 | 12,392 | 16,508 | (377) | 2004 |
| Royal Coachman | Nokomis | FL | 5,321 | 15,997 | 21,318 | (488) | 2004 |
| Shangri La | Largo | FL | 1,730 | 5,236 | 6,966 | (159) | 2004 |
| Sherwood Forest | Kissimmee | FL | 4,852 | 18,371 | 23,223 | (4,055) | 1998 |
| Sherwood Forest Resort | Kissimmee | FL | 3,438 | 5,030 | 8,468 | (1,101) | 1998 |
| Silk Oak | Clearwater | FL | 1,670 | 5,093 | 6,763 | (355) | 2002 |
| Silver Dollar | Odessa | FL | 4,107 | 12,498 | 16,605 | (376) | 2004 |
| Sixth Ave | Zephryhills | FL | 839 | 2,526 | 3,365 | (91) | 2004 |
| Southernaire | Mt. Dora | FL | 798 | 2,405 | 3,203 | (74) | 2004 |
| Southern Palms | Eustis | FL | 2,169 | 7,415 | 9,584 | (1,690) | 1998 |
| Spanish Oaks | Ocala | FL | 2,250 | 7,799 | 10,049 | (2,834) | 1993 |
| Sunshine Key | Florida Keys | FL | 5,273 | 15,845 | 21,118 | (483) | 2004 |
| Sunshine Holiday | Daytona Beach | FL | 2,001 | 6,019 | 8,020 | (183) | 2004 |
| Sunshine Holiday RV & MHP | Fort Lauderdale | FL | 3,099 | 9,304 | 12,403 | (180) | 2004 |
| Sunshine Travel | Vero Beach | FL | 1,603 | 4,844 | 6,447 | (147) | 2004 |
| Oaks at Countrywood | Plant City | FL | 846 | 3,988 | 4,834 | (698) | 1998 |
| Terra Ceia | Palmetto | FL | 967 | 2,920 | 3,887 | (90) | 2004 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| The Heritage | N. Ft. Myers | FL | 1,784 | 7,688 | 9,472 | (2,475) | 1993 |
| The Lakes at Countrywood | Plant City | FL | 2,377 | 7,947 | 10,324 | (1,049) | 2001 |
| The Meadows, FL | Palm Beach Gardens | FL | 3,229 | 11,015 | 14,244 | (2,089) | 1999 |
| Toby's | Arcadia | FL | 1,093 | 3,297 | 4,390 | (120) | 2003 |
| Topics RV | Spring Hill | FL | 853 | 2,570 | 3,423 | (79) | 2004 |
| Tropical Palms | Kissimmee | FL | 5,677 | 17,198 | 22,875 | (500) | 2004 |
| Vacation Village | St. Petersburg | FL | 1,315 | 3,949 | 5,264 | (121) | 2004 |



SCHEDULE III
EQUITY LIFESTYLE PROPERTIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
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(AMOUNTS IN THOUSANDS)

| Real Estate | Location | | Encumbrances | Initial Cost to Company: Land | Initial Cost to Company: Depreciable Property | Costs Capitalized Subsequent to Acquisition (Improvements): Land | Costs Capitalized Subsequent to Acquisition (Improvements): Depreciable Property |
|---|---|---|---|---|---|---|---|
| Windmill Manor | Bradenton | FL | 7,958 | 2,153 | 6,125 | 0 | 1,137 |
| Windmill Village - Ft. Myers | N. Ft. Myers | FL | 8,700 | 1,417 | 5,440 | 0 | 1,260 |
| Winds of St. Armands North (fka Windmill North) | Sarasota | FL | 8,842 | 1,523 | 5,063 | 0 | 1,663 |
| Winds of St. Armands South (fka Windmill South) | Sarasota | FL | 5,464 | 1,106 | 3,162 | 0 | 830 |
| Five Seasons | Cedar Rapids | IA | 0 | 1,053 | 3,436 | 0 | 679 |
| Holiday Village, IA | Sioux City | IA | 0 | 313 | 3,744 | 0 | 520 |
| Golf Vistas | Monee | IL | 14,577 | 2,843 | 4,719 | 0 | 5,948 |
| O'Connell's | Amboy | IL | 4,955 | 1,658 | 4,974 | 0 | 148 |
| Willow Lake Estates | Elgin | IL | 22,129 | 6,138 | 21,033 | 0 | 3,816 |
| Forest Oaks (fka BurnsHarbor) | Chesterton | IN | 0 | 916 | 2,909 | 0 | 1,740 |
| Lakeside | New Carlisle | IN | 0 | 426 | 1,281 | 0 | 12 |
| Oak Tree Village | Portage | IN | 4,476 | 0 | 0 | 569 | 3,607 |
| Windsong | Indianapolis | IN | 0 | 1,482 | 4,480 | 0 | 192 |
| Creekside | Wyoming | MI | 3,760 | 1,109 | 3,646 | 0 | 113 |
| Casa Village | Billings | MT | 11,040 | 1,011 | 3,109 | 157 | 3,471 |
| Waterway RV Resort | Cedar Point | NC | 6,226 | 2,392 | 7,185 | 0 | 3 |
| Goose Creek Resort | Newport | NC | 12,491 | 4,612 | 13,848 | 0 | 814 |
| Twin Lakes | Chocowinity | NC | 3,739 | 1,719 | 3,361 | 0 | 19 |
| Del Rey | Albuquerque | NM | 0 | 1,926 | 5,800 | 0 | 727 |
| Bonanza | Las Vegas | NV | 4,861 | 908 | 2,643 | 0 | 984 |
| Boulder Cascade | Las Vegas | NV | 8,871 | 2,995 | 9,020 | 0 | 1,136 |
| Cabana | Las Vegas | NV | 9,245 | 2,648 | 7,989 | 0 | 301 |
| Flamingo West | Las Vegas | NV | 10,647 | 1,730 | 5,266 | 0 | 1,273 |
| Villa Borega | Las Vegas | NV | 7,011 | 2,896 | 8,774 | 0 | 592 |
| Greenwood Village | Manorville | NY | 17,468 | 3,667 | 9,414 | 484 | 3,542 |
| Falcon Wood Village | Eugene | OR | 5,200 | 1,112 | 3,426 | 0 | 213 |
| Quail Hollow | Fairview | OR | 0 | 0 | 3,249 | 0 | 226 |
| Shadowbrook | Clackamas | OR | 6,320 | 1,197 | 3,693 | 0 | 165 |
| Mt. Hood Village | Welches | OR | 0 | 1,817 | 5,733 | 0 | -302 |
| Green Acres | Breinigsville | PA | 13,908 | 2,680 | 7,479 | 0 | 2,817 |
| Spring Gulch | New Holland | PA | 4,819 | 1,593 | 4,795 | 0 | 6 |
| Country Sunshine | Weslaco | TX | 2,266 | 627 | 1,881 | 0 | 5 |
| Fun n Sun | San Benito | TX | 0 | 2,533 | 0 | 417 | 9,828 |
| Lakewood | Harlingen | TX | 1,227 | 325 | 979 | 0 | 2 |

| Real Estate | Location | | Gross Amount Carried at Close of Period 12/31/04: Land | Gross Amount Carried at Close of Period 12/31/04: Depreciable Property | Gross Amount Carried at Close of Period 12/31/04: Total | Accumulated Depreciation | Date of Acquisition |
|---|---|---|---|---|---|---|---|
| Windmill Manor | Bradenton | FL | 2,153 | 7,262 | 9,415 | (1,603) | 1998 |
| Windmill Village - Ft. Myers | N. Ft. Myers | FL | 1,417 | 6,700 | 8,117 | (4,379) | 1983 |
| Winds of St. Armands North (fka Windmill North) | Sarasota | FL | 1,523 | 6,726 | 8,249 | (3,936) | 1983 |
| Winds of St. Armands South | | | | | | | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| (fka Windmill South) | Sarasota | FL | 1,106 | 3,992 | 5,098 | (2,443) | | 1983 |
| Five Seasons | Cedar Rapids | IA | 1,053 | 4,115 | 5,168 | (1,222) | | 1998 |
| Holiday Village, IA | Sioux City | IA | 313 | 4,264 | 4,577 | (2,553) | | 1986 |
| Golf Vistas | Monee | IL | 2,843 | 10,667 | 13,510 | (2,126) | | 1997 |
| O'Connell's | Amboy | IL | 1,658 | 5,122 | 6,780 | (173) | | 2004 |
| Willow Lake Estates | Elgin | IL | 6,138 | 24,849 | 30,987 | (8,048) | | 1994 |
| Forest Oaks | | | | | | | | |
| (fka Burns Harbor) | Chesterton | IN | 916 | 4,649 | 5,565 | (1,912) | | 1993 |
| Lakeside | New Carlisle | IN | 426 | 1,293 | 1,719 | (40) | | 2004 |
| Oak Tree Village | Portage | IN | 569 | 3,607 | 4,176 | (1,772) | | 1987 |
| Windsong | Indianapolis | IN | 1,482 | 4,672 | 6,154 | (1,278) | | 1998 |
| Creekside | Wyoming | MI | 1,109 | 3,759 | 4,868 | (896) | | 1998 |
| Casa Village | Billings | MT | 1,168 | 6,580 | 7,748 | (3,130) | | 1983 |
| Waterway RV Resort | Cedar Point | NC | 2,392 | 7,188 | 9,580 | (221) | | 2004 |
| Goose Creek Resort | Newport | NC | 4,612 | 14,662 | 19,274 | (437) | | 2004 |
| Twin Lakes | Chocowinity | NC | 1,719 | 3,380 | 5,099 | (105) | | 2004 |
| Del Rey | Albuquerque | NM | 1,926 | 6,527 | 8,453 | (2,602) | | 1993 |
| Bonanza | Las Vegas | NV | 908 | 3,627 | 4,535 | (2,238) | | 1983 |
| Boulder Cascade | Las Vegas | NV | 2,995 | 10,156 | 13,151 | (2,315) | | 1998 |
| Cabana | Las Vegas | NV | 2,648 | 8,290 | 10,938 | (2,936) | | 1994 |
| Flamingo West | Las Vegas | NV | 1,730 | 6,539 | 8,269 | (2,092) | | 1994 |
| Villa Borega | Las Vegas | NV | 2,896 | 9,366 | 12,262 | (2,266) | | 1997 |
| Greenwood Village | Manorville | NY | 4,151 | 12,956 | 17,107 | (2,609) | | 1998 |
| Falcon Wood Village | Eugene | OR | 1,112 | 3,639 | 4,751 | (902) | | 1997 |
| Quail Hollow | Fairview | OR | 0 | 3,475 | 3,475 | (861) | | 1997 |
| Shadowbrook | Clackamas | OR | 1,197 | 3,858 | 5,055 | (1,004) | | 1997 |
| Mt. Hood Village | Welches | OR | 1,817 | 5,431 | 7,248 | (564) | | 2002 |
| Green Acres | Breinigsville | PA | 2,680 | 10,296 | 12,976 | (5,077) | | 1988 |
| Spring Gulch | New Holland | PA | 1,593 | 4,801 | 6,394 | (163) | | 2004 |
| Country Sunshine | Weslaco | TX | 627 | 1,886 | 2,513 | (57) | | 2004 |
| Fun n Sun | San Benito | TX | 2,950 | 9,828 | 12,778 | (2,123) | | 1998 |
| Lakewood | Harlingen | TX | 325 | 981 | 1,306 | (30) | | 2004 |



SCHEDULE III
EQUITY LIFESTYLE PROPERTIES, INC.
REAL ESTATE AND ACCUMULATED DEPRECIATION
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(AMOUNTS IN THOUSANDS)

| | | | | Initial Cost to Company | | Costs Capitalized Subsequent to Acquisition (Improvements) | |
|---|---|---|---|---|---|---|---|
| Real Estate | Location | | Encumbrances | Land | Depreciable Property | Land | Depreciable Property |
| Paradise Park | Rio Grande Valley | TX | 5,430 | 1,568 | 4,705 | 0 | 4 |
| Paradise South | Mercedes | TX | 1,619 | 448 | 1,345 | 0 | 5 |
| Southern Comfort | Weslaco | TX | 2,590 | 1,108 | 3,323 | 0 | 2 |
| Sunshine RV | Harlingen | TX | 4,792 | 1,494 | 4,484 | 0 | 3 |
| Tropic Winds | Harlingen | TX | 0 | 1,221 | 3,809 | 0 | 101 |
| All Seasons | Salt Lake City | UT | 3,491 | 510 | 1,623 | 0 | 211 |
| Westwood Village | Farr West | UT | 7,493 | 1,346 | 4,179 | 0 | 1,163 |
| Meadows of Chantilly | Chantilly | VA | 27,494 | 5,430 | 16,440 | 0 | 3,781 |
| Kloshe Illahee | Federal Way | WA | 6,084 | 2,408 | 7,286 | 0 | 277 |
| Caledonia | Caledonia | WI | 0 | 376 | 1,127 | 0 | 0 |
| Freemont | Freemont | WI | 4,300 | 1,432 | 4,296 | 0 | 0 |
| Yukon Trails | Lyndon Station | WI | 0 | 547 | 1,629 | 0 | 13 |
| Thousand Trails | | | 0 | 48,537 | 113,253 | 0 | 0 |
| Realty Systems, Inc. | | | 0 | 0 | 0 | 0 | 4,632 |
| Management Business | | | 0 | 0 | 436 | 0 | 9,424 |
| | | | 1,417,251 | $466,556 | $1,361,519 | $4,031 | $203,684 |

| | | | Gross Amount Carried at Close of Period 12/31/04 | | | | |
|---|---|---|---|---|---|---|---|
| Real Estate | Location | | Land | Depreciable Property | Total | Accumulated Depreciation | Date of Acquisition |
| Paradise Park | Rio Grande Valley | TX | 1,568 | 4,709 | 6,277 | (144) | 2004 |
| Paradise South - Encore | Mercedes | TX | 448 | 1,350 | 1,798 | (41) | 2004 |
| Southern Comfort | Weslaco | TX | 1,108 | 3,325 | 4,433 | (102) | 2004 |
| Sunshine RV - Encore | Harlingen | TX | 1,494 | 4,487 | 5,981 | (137) | 2004 |
| Tropic Winds | Harlingen | TX | 1,221 | 3,910 | 5,131 | (329) | 2002 |
| All Seasons | Salt Lake City | UT | 510 | 1,834 | 2,344 | (491) | 1997 |
| Westwood Village | Farr West | UT | 1,346 | 5,342 | 6,688 | (1,369) | 1997 |
| Meadows of Chantilly | Chantilly | VA | 5,430 | 20,221 | 25,651 | (6,764) | 1994 |
| Kloshe Illahee | Federal Way | WA | 2,408 | 7,563 | 9,971 | (1,846) | 1997 |
| Caledonia | Caledonia | WI | 376 | 1,127 | 1,503 | 0 | 2004 |

| | | | | | | | |
|---|---|---|---|---|---|---|---|
| Freemont | Freemont | WI | 1,432 | 4,296 | 5,728 | 0 | 2004 |
| Yukon Trails | Lyndon Station | WI | 547 | 1,642 | 2,189 | (10) | 2004 |
| Thousand Trails | | | 48,537 | 113,253 | 161,790 | (629) | 2004 |
| Realty Systems, Inc. | | | 0 | 4,632 | 4,632 | (2) | 2002 |
| Management Business | | | 0 | 9,860 | 9,860 | (10,359) | 1990 |
| | | | $470,587 | $1,565,203 | $2,035,790 | ($322,867) | |

NOTES:

(1) For depreciable property, the Company uses a 30-year estimated life for buildings acquired and structural and land improvements, a ten-to-fifteen year estimated life for building upgrades and a three-to-seven year estimated life for furniture and fixtures.

(2) The schedule excludes Properties in which the Company has a non-controlling joint venture interest and accounts for using the equity method of accounting.

(3) The balance of furniture and fixtures included in the total amounts was approximately $21.3 million as of December 31, 2004.

(4) The aggregate cost of land and depreciable property for Federal income tax purposes was approximately $2.0 billion, as of December 31, 2004.

(5) All Properties were acquired, except for Country Place Village, which was constructed.



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

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

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

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

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

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

| | | | |
|---|---|---|---|
| Balance, end of year ......... | $322,867 | $272,497 | $238,098 |

EXHIBIT 3.2

# MANUFACTURED HOME COMMUNITIES, INC.

## ARTICLES OF AMENDMENT

THIS IS TO CERTIFY THAT:

FIRST: The charter of Manufactured Home Communities, Inc., a Maryland corporation (the "Corporation"), is hereby amended by deleting Section 1 of Article VI in its entirety and substituting in lieu thereof the following:

> "SECTION 1. NUMBER AND TERM. The number of directors constituting the entire Board of Directors shall be established in the manner provided in the Bylaws of the Corporation; provided, however, that (a) if there is stock outstanding and so long as there are three or more stockholders, the number of directors shall never be less than three and (b) if there is stock outstanding and so long as there are less than three stockholders, the number of directors may be less than three but not less than the number of stockholders. The directors of the Corporation shall be elected by the stockholders entitled to vote thereon at each annual meeting of stockholders and shall hold office until the next annual meeting of stockholders and until their successors are elected and qualify. The term of the directors in office on May 14, 2003 shall expire at the annual meeting of stockholders next occurring after May 14, 2003 upon the election and qualification of their successors."

SECOND: The amendment to the charter of the Corporation as set forth above has been duly advised by the Board of Directors and approved by the stockholders of the Corporation as required by law.

IN WITNESS WHEREOF, the Corporation has caused these Articles of Amendment to be signed in its name and on its behalf by its Chief Executive Officer and attested to by its Secretary on this 13th day of May, 2003.

| ATTEST: | MANUFACTURED HOME COMMUNITIES, INC. |
|---|---|
| /s/ Ellen Kelleher | /s/ Howard Walker |
| Ellen Kelleher<br>Secretary | Howard Walker<br>Chief Executive Officer |

THE UNDERSIGNED, Chief Executive Officer of Manufactured Home Communities, Inc., who executed on behalf of said corporation the foregoing Articles of Amendment, of which this certificate is made a part, hereby acknowledges, in the name and on behalf of said corporation, the foregoing Articles of Amendment to be the corporate act of said corporation and further certifies that, to the best of his knowledge, information and belief, the matters and facts set forth therein with respect to the approval thereof are true in all material respects, under the penalties of perjury.

By /s/ Howard Walker

Howard Walker
Chief Executive Officer

Exhibit 3.4

MANUFACTURED HOME COMMUNITIES, INC.

AMENDED AND RESTATED BYLAWS

(INCLUDING AMENDMENTS THROUGH DECEMBER 31, 2003)

# ARTICLE I

## OFFICES

Section 1. PRINCIPAL OFFICE. The principal office of the Corporation shall be located at such place or places as the Board of Directors may designate.

Section 2. ADDITIONAL OFFICES. The Corporation may have additional offices at such places as the Board of Directors may from time to time determine or the business of the Corporation may require.

# ARTICLE II

## MEETINGS OF STOCKHOLDERS

Section 1. PLACE. All meetings of stockholders shall be held at the principal office of the Corporation or at such other place within the United States as shall be stated in the notice of the meeting.

Section 2. ANNUAL MEETING. An annual meeting of the stockholders for the election of directors and the transaction of any business within the powers of the Corporation shall be held on a date and at the time set by the Board of Directors during the month of February in 1993 and during the month of May in each year thereafter.

Section 3. SPECIAL MEETINGS. The president, chief, executive officer or Board of Directors may call special meetings of the stockholders. Special meetings of stockholders shall also be called by the secretary upon the written request of the holders of shares entitled to cast not less than ten percent of all the votes entitled to be cast at such meeting. Such request shall state the purpose of such meeting and the matters proposed to be acted on at such meeting. The secretary shall inform such stockholders of the reasonably estimated cost of preparing and mailing notice of the meeting and, upon payment to the Corporation of such costs, the secretary shall give notice to each stockholder entitled to notice of the meeting. Unless requested by the stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting, a special meeting need not be called to consider any matter which is substantially the same as a matter voted on at any special meeting of the stockholders held during the preceding twelve months.

Section 4. NOTICE. Not less than ten nor more than 90 days before each meeting of stockholders, the secretary shall give to each stockholder entitled to vote at such meeting and to each stockholder not entitled to vote who is entitled to notice of the meeting written or printed notice stating the time and place of the meeting and, in the case of a special meeting or as otherwise may be required by statute, the purpose for which the meeting is called, either by mail or by presenting it to such stockholder personally or by leaving it at his residence or usual place of business. If mailed, such notice shall be deemed to be given when deposited in the United States mail addressed to the stockholder at his post office address as it appears on the records of the Corporation, with postage thereon prepaid.

Section 5. SCOPE OF NOTICE. Any business of the Corporation may be transacted at an annual meeting of stockholders without being specifically designated in the notice, except such business as is required by statute to be stated in such notice. No business shall be transacted at a special meeting of stockholders except as specifically designated in the notice.

Section 6. QUORUM. At any meeting of stockholders, the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting shall constitute a quorum; but this section shall not affect any requirement under any statute or the Charter of Corporation for the vote necessary for the adoption of any measure. If, however, such quorum shall not be present at any meeting of the stockholders, the stockholders entitled to vote at such meeting, present in person or by proxy, shall have power to adjourn the meeting from time to time to a date not more than 120 days after the original record date without notice other than announcement at the meeting. At such adjourned meeting at which a quorum shall be present, any business may be transacted which might have been transacted at the meeting as originally notified.

Section 7. VOTING. A plurality of all the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to elect a director. Each share may be voted for as many individuals as there are directors to be elected and for whose election the share is entitled to be voted. A majority of the votes cast at a meeting of stockholders duly called and at which a quorum is present shall be sufficient to approve any other matter which may properly come before the meeting, unless more than a majority of the votes cast is required by statute or by the Charter of Corporation. Unless otherwise provided in the Charter, each outstanding share, regardless of class, shall be entitled to one vote on each matter submitted to a vote at a meeting of stockholders.



Section 8. PROXIES. A stockholder may vote the stock owned of record by him, either in person or by proxy executed, in writing by the stockholder or by his duly authorized attorney in fact. Such proxy shall be filed with the secretary of the Corporation before or at the time of the meeting. No proxy shall be valid after eleven months from the date of its execution, unless otherwise provided in the proxy.

Section 9. VOTING OF STOCK BY CERTAIN HOLDERS. Stock registered in the name of a corporation, partnership, trust or other entity, if entitled to be voted, may be voted by the president or a vice president, a general partner or trustee thereof, as the case may be, or a proxy appointed by any of the foregoing individuals, unless some other person who has been appointed to vote such stock pursuant to a bylaw or a resolution of the board of directors of such corporation or other entity presents a certified copy of such bylaw or resolution, in which case such person may vote such stock. Any director or other fiduciary may vote stock registered in his name as such fiduciary, either in person or by proxy.

Shares of stock of the Corporation directly or indirectly owned by it shall not be voted at any meeting and shall not be counted in determining the total number of outstanding shares entitled to be voted at any given time, unless they are held by it in a fiduciary capacity, in which case they may be voted and shall be counted in determining the total number of outstanding shares at any given time.

The Board of Directors may adopt by resolution a procedure by which a stockholder may certify in writing to the Corporation that any shares of stock registered in the name of the stockholder are held for the account of a specified person other than the stockholder. The resolution shall set forth the class of stockholders who may make the certification, the purpose for which the certification may be made, the form of certification and the information to be contained in it; if the certification is with respect to a record date or closing of the stock transfer books, the time after the record date or closing of the stock transfer books within which the certification must be received by the Corporation; and any other provisions with respect to the procedure which the Board of Directors considers necessary or desirable. On receipt of such certification, the person specified in the certification shall be regarded as, for the purposes set forth in the certification, the stockholder of record of the specified stock in place of the stockholder who makes the certification.

Notwithstanding any other provision of the Charter of the Corporation or these Bylaws, Title 3, Subtitle 7 of the Corporations and Associations Article of the Annotated Code of Maryland (or any successor statute) shall not apply to any acquisition by any person of stock of the Corporation.

Section 10. INSPECTORS. At any meeting of stockholders, the chairman of the meeting may, or upon the request of any stockholder



shall, appoint one or more persons as inspectors for such meeting. Such inspectors shall ascertain and report the number of shares represented at the meeting based upon their determination of the validity and effect of proxies, count all votes, report the results and perform such other acts as are proper to conduct the election and voting with impartiality and fairness to all the stockholders.

Each report of an inspector shall be in writing and signed by him or by a majority of them if there is more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 11. NOMINATIONS AND STOCKHOLDER BUSINESS

(a) ANNUAL MEETINGS OF STOCKHOLDERS. (1) Nominations of persons for election to the Board of Directors and the proposal of business to be considered by the stockholders may be made at an annual meeting of stockholders (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) by any stockholder of the Corporation who was a stockholder of record at the time of giving of notice provided for in this Section 11(a), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11(a).

(2) For nominations or other business to be properly brought before an annual meeting by a stockholder pursuant to clause (iii) of paragraph (a)(1) of this Section 11, the stockholder must have given timely notice thereof in writing to the secretary of the Corporation. To be timely, a stockholder's notice shall be delivered to the secretary at the principal executive offices of the Corporation not less than 60 days nor more than 90 days prior to the first anniversary of the preceding year's annual meeting; provided, however, that in the event that the date of the annual meeting is advanced by more than 30 days or delayed by more than 60 days from such anniversary date, notice by the stockholder to be timely must be so delivered not earlier than the 90th day prior to such annual meeting and not later than the close of business on the later of the 60th day prior to such annual meeting or the tenth day following the day on which public announcement of the date of such meeting is first made. Such stockholder's notice shall set forth (i) as to each person whom the stockholder proposes to nominate for election or reelection as a director all information relating to such person that is required to be disclosed in solicitations of proxies for election of directors, or is otherwise required, in each case pursuant to Regulation 14A under the Securities Exchange Act of 1934, as amended (the "Exchange Act") (including such person's written consent to being named in the proxy statement as a nominee and to serving as a director if elected); (ii) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to



be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and of the beneficial owner, if any, on whose behalf the proposal is made; and (iii) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made, (x) the name and address of such stockholder, as they appear on the Corporation's books, and of such beneficial owner and (y) the class and number of shares of stock of the Corporation which are owned beneficially and of record by such stockholder and such beneficial owner.

(3) Notwithstanding anything in the second sentence of paragraph (a)(2) of this Section 11 to the contrary, in the event that the number of directors to be elected to the Board of Directors is increased and there is no public announcement naming all of the nominees for director or specifying the size of the increased Board of Directors made by the Corporation at least 70 days prior to the first anniversary of the preceding year's annual meeting, a stockholder's notice required by this Section 11(a) shall also be considered timely, but only with respect to nominees for any new positions created by such increase, if it shall be delivered to the secretary at the principal executive offices of the Corporation not later than the close of business on the tenth day following the day on which such public announcement is first made by the Corporation.

(b) SPECIAL MEETINGS OF STOCKHOLDERS. Only such business shall be conducted at a special meeting of stockholders as shall have been brought before the meeting pursuant to the Corporation's notice of meeting. Nominations of persons for election to the Board of Directors may be made at a special meeting of stockholders at which directors are to be elected (i) pursuant to the Corporation's notice of meeting, (ii) by or at the direction of the Board of Directors or (iii) provided that the Board of Directors has determined that directors shall be elected at such special meeting, by any stockholder of the Corporation who is a stockholder of record at the time of giving of notice provided for in this Section 11(b), who is entitled to vote at the meeting and who complied with the notice procedures set forth in this Section 11(b). In the event the Corporation calls a special meeting of stockholders for the purpose of electing one or more directors to the Board of Directors, any such stockholder may nominate a person or persons (as the case may be) for election to such position as specified in the Corporation's notice of meeting, if the stockholder's notice required by paragraph (a)(2) of this Section 11(b) shall be delivered to the secretary at the principal executive offices of the Corporation not earlier than the 90th day prior to such special meeting and not later than the close of business on the later of the 60th day prior to such special meeting or the tenth day following the day on which public announcement is first made of the date of the special meeting and of the nominees proposed by the Board of Directors to be elected at such meeting.



(c) GENERAL. (1) Only such persons who are nominated in accordance with the procedures set forth in this Section 11 shall be eligible to serve as directors and only such business shall be conducted at a meeting of stockholders as shall have been brought before the meeting in accordance with the procedures set forth in this Section 11. The presiding officer of the meeting shall have the power and duty to determine whether a nomination or, any business proposed to be brought before the meeting was made in accordance with the procedures set forth in this Section 11 and, if any proposed nomination or business is not in compliance with this Section 11, to declare that such defective nomination or proposal be disregarded.

(2) For purposes of this Section 11, "public announcement" shall mean disclosure in a press release reported by the Dow Jones New Service, Associated Press or comparable news service or in a document publicly filed by the Corporation with the Securities and Exchange Commission pursuant to Sections 13, 14 or 15(d) of the Exchange Act.

(3) Notwithstanding the foregoing provisions of this Section 11, a stockholder shall also comply with all applicable requirements of state law and of the Exchange Act and the rules and regulations thereunder with respect to the matters set forth in this Section 11. Nothing in this Section 11

shall be deemed to affect any rights of stockholders to request inclusion of proposals in the Corporation's proxy statement pursuant to Rule 14a-8 under the Exchange Act.

Section 12. INFORMAL ACTION BY STOCKHOLDERS. Any action required or permitted to be taken at a meeting of stockholders may be taken without a meeting if a consent in writing, setting forth such action, is signed by each stockholder entitled, to vote on the matter and any other stockholder entitled to notice of a meeting of stockholders (but not to vote thereat) has waived in writing any right to dissent from such action, and such consent and waiver are filed with the minutes of proceedings of the stockholders.

Section 13. VOTING BY BALLOT. Voting on any question or in any election may be viva voce unless the presiding officer shall order or any stockholder shall demand that voting be by ballot.

## ARTICLE III

## DIRECTORS

Section 1. GENERAL POWERS; QUALIFICATIONS. The business and affairs of the Corporation shall be managed under the direction of its Board of Directors.

Section 2. NUMBER, TENURE AND QUALIFICATIONS. At any regular meeting or at any special meeting called for that purpose, a majority of the entire Board of Directors may establish, increase or



decrease the number of directors, provided that the number thereof shall never be less than the minimum number required by the Maryland General Corporation Law, nor more than 15, and further provided that the tenure of office of a director shall not be affected by any decrease in the number of directors. The directors of the Corporation shall be elected by the stockholders entitled to vote thereon at each annual meeting of stockholders and shall hold office until the next annual meeting of stockholders and until their successors are elected and qualify.

Section 3. ANNUAL AND REGULAR MEETINGS. An annual meeting of the Board of Directors shall be held immediately after and at the same place as the annual meeting of stockholders, no notice other than this Bylaw being necessary. The Board of Directors may provide, by resolution, the time and place, either within or without the State of Maryland, for the holding of regular meetings of the Board of Directors without other notice than such resolution.

Section 4. SPECIAL MEETINGS. Special meetings of the Board of Directors may be called by or at the request of the chairman of the board (or any co-chairman of the board if more than one), president or by a majority of the directors then in office. The person or persons authorized to call special meetings of the Board of Directors may fix any place, either within or without the State of Maryland, as the place for holding any special meeting of the Board of Directors called by them.

Section 5. NOTICE. Notice of any special meeting shall be given by written notice delivered personally, transmitted by facsimile, telegraphed or mailed to each director at his business or residence address. Personally delivered, facsimile transmitted or telegraphed notices shall be given at least two days prior to the meeting. Notice by mail shall be given at least five days prior to the meeting. If mailed, such notice shall be deemed to be given when deposited in the United States mail properly addressed, with postage thereon prepaid. If given by telegram, such notice shall be deemed to be given when the telegram is delivered to the telegraph company. Neither the business to be transacted at, nor the purpose of, any annual, regular or special meeting of the Board of Directors need be stated in the notice, unless specifically required by statute or these Bylaws.

Section 6. QUORUM. A majority of the directors shall constitute a quorum for transaction of business at any meeting of the Board of Directors, provided that, if less than a majority of such directors are present at said meeting, a majority of the directors present may adjourn the meeting from time to time without further notice, and provided further that if, pursuant to the Charter of the Corporation or these Bylaws, the vote of a majority of a particular group of directors is required for action, a quorum must also include a majority of such group.

The Board of Directors present at a meeting which has been duly called and convened may continue to transact business



until adjournment, notwithstanding the withdrawal of enough directors to leave less than a quorum.

Section 7. VOTING. The action of the majority of the directors present at a meeting at which a quorum is present shall be the action of the Board of Directors, unless the concurrence of a greater proportion is required for such action by applicable statute.

Section 8. TELEPHONE MEETINGS. Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 9. INFORMAL ACTION BY DIRECTORS. Any action required or permitted to be taken at any meeting of the Board of Directors may be taken without a meeting, if a consent in writing to such action is signed by each director and such written consent is filed with the minutes of proceedings of the Board of Directors.

Section 10. VACANCIES. If for any reason any or all the directors cease to be directors, such event shall not terminate the Corporation or affect these Bylaws or the powers of the remaining directors hereunder (even if fewer than three directors remain). Any vacancy on the Board of Directors for any cause other than an increase in the number of directors shall be filled by a majority of the remaining directors, although such majority is less than a quorum. Any vacancy in the number of directors created by an increase in the number of directors may be filled by a majority vote of the entire Board of Directors. Any individual so elected as director shall hold office for the unexpired term of the director he is replacing.

Section 11. COMPENSATION. Directors shall not receive any stated salary for their services as directors but, by resolution of the Board of Directors, fixed sums per year and/or per meeting. Expenses of attendance, if any, may be allowed to directors for attendance at each annual, regular or special meeting of the Board of Directors or of any committee thereof; but nothing herein contained shall be construed to preclude any directors from serving the Corporation in any other capacity and receiving compensation therefor.

Section 12. REMOVAL OF DIRECTORS. The stockholders may remove any director for cause, in the manner provided in the Charter of Corporation.

Section 13. LOSS OF DEPOSITS. No director shall be liable for any loss which may occur by reason of the failure of the bank, trust company, savings and loan association, or other institution with whom moneys or stock have been deposited.



Section 14. SURETY BONDS. Unless required by law, no director shall be obligated to give any bond or surety or other security for the performance of any of his duties.

Section 15. RELIANCE. Each director, officer, employee and agent of the Corporation shall, in the performance of his duties with respect to the Corporation, be fully justified and protected with regard to any act or failure to act in reliance in good faith upon the books of account or other records of the Corporation, upon an opinion of counsel or upon reports made to the Corporation by any of its officers or employees or by the adviser, accountants, appraisers or other experts or consultants selected by the Board of Directors or officers of the Corporation, regardless of whether such counsel or expert may also be a director.

Section 16. CERTAIN RIGHTS OF DIRECTORS, OFFICERS, EMPLOYEES AND AGENTS. The directors shall have no responsibility to devote their full time to the affairs of the Corporation. Any director or officer, employee or agent of the Corporation, in his personal capacity or in a capacity as an affiliate, employee, or agent of any other person, or otherwise, may have business interests and engage in business activities similar to or in addition to those of or relating to the Corporation.

ARTICLE IV

COMMITTEES

Section 1. NUMBER, TENURE AND QUALIFICATIONS. The Board of Directors may appoint from among its members an Executive Committee, an Audit Committee and other committees, composed of two or more directors, to serve at the pleasure of the Board of Directors.

Section 2. POWERS. The Board of Directors may delegate to committees appointed under Section 1 of this Article any of the powers of the Board of Directors, except as prohibited by law.

Section 3. MEETINGS. In the absence of any member of any such committee, the members thereof present at any meeting, whether or not they constitute a quorum, may appoint another director to act in the place of such absent member.

Section 4. TELEPHONE MEETINGS. Members of a committee of the Board of Directors may participate in a meeting by means of a conference telephone or similar communications equipment if all persons participating in the meeting can hear each other at the same time. Participation in a meeting by these means shall constitute presence in person at the meeting.

Section 5. INFORMAL ACTION BY COMMITTEES. Any action required or permitted to be taken at any meeting of a committee of the Board of Directors may be taken without a meeting, if a consent in writing



to such action is signed by each member of the committee and such written consent is filed with the minutes of proceedings of such committee.

ARTICLE V

OFFICERS

Section 1. GENERAL PROVISIONS. The officers of the Corporation shall include a chief executive officer, a president, a secretary and a treasurer and may include a chairman of the board (or one or more co-chairmen of the board), a vice chairman of the board, one or more vice presidents, a chief operating officer, a chief financial officer, a treasurer, one or more assistant secretaries and one or more assistant treasurers. In addition, the Board of Directors may from time to time appoint such other officers with such powers and duties as they shall deem necessary or desirable. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of stockholders, except that the chief executive officer may appoint one or more vice presidents, assistant secretaries and assistant treasurers. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as may be convenient. Each officer shall hold office until his successor is elected and qualifies or until his death, resignation or removal in the manner hereinafter provided. Any two or more offices except president and vice president may be held by the same person. In its discretion, the Board of Directors may leave unfilled any office except that of president, treasurer and secretary. Election of an officer or agent shall not of itself create contract rights between the Corporation and such officer or agent.

Section 2. REMOVAL AND RESIGNATION. Any officer or agent of the Corporation may be removed by the Board of Directors if in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed. Any officer of the Corporation may resign at any time by giving written notice of his resignation to the Board of Directors, the chairman of the board (or any co-chairman of the board if more than one), the president or the secretary. Any resignation shall take effect at any time subsequent to the time specified therein or, if the time when it shall become effective is not specified therein, immediately upon its receipt. The acceptance of a resignation shall not be necessary to make it effective unless otherwise stated in the resignation.

Section 3. VACANCIES. A vacancy in any office may be filled by the Board of Directors for the balance of the term.

Section 4. CHIEF EXECUTIVE OFFICER. The Board of Directors shall designate a chief executive officer. In the absence of such designation, the chairman of the board (or, if more than one, the



co-chairmen of the board in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall be the chief executive officer of the Corporation. The chief executive officer shall have general responsibility for implementation of the policies of the Corporation, as determined by the Board of Directors, and for the management of the business and affairs of the Corporation.

Section 5. CHIEF OPERATING OFFICER. The Board of Directors may designate a chief operating officer. The chief operating officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 6. CHIEF FINANCIAL OFFICER. The Board of Directors may designate a chief financial officer. The chief financial officer shall have the responsibilities and duties as set forth by the Board of Directors or the chief executive officer.

Section 7. CHAIRMAN OF THE BOARD. The Board of Directors shall designate a chairman of the board (or one or more co-chairmen of the board). The chairman of the board shall preside over the meetings of the Board of Directors and of the stockholders at which he shall be present. If there be more than one, the co-chairmen designated by the Board of Directors will perform such duties. The chairman of the board shall perform such other duties as may be assigned to him or them by the Board of Directors.

Section 8. PRESIDENT. The president or chief executive officer, as the case may be, shall in general supervise and control all of the business and affairs of the Corporation. In the absence of a designation of a chief operating officer by the Board of Directors, the president shall be the chief operating officer. He may execute any deed, mortgage, bond, contract or other instrument, except in cases where the execution thereof shall be expressly delegated by the Board of Directors or by these Bylaws to some other officer or agent of the Corporation or shall be required by law to be otherwise executed; and in general shall perform all duties incident to the office of president and such other duties as may be prescribed by the Board of Directors from time to time.

Section 9. VICE PRESIDENTS. In the absence of the president or in the event of a vacancy in such office, the vice president (or in the event there be more than one vice president, the vice presidents in the order designated at the time of their election or, in the absence of any designation, then in the order of their election) shall perform the duties of the president and when so acting shall have all the powers of and be subject to all the restrictions upon the president; and shall perform such other duties as from time to time may be assigned to him by the president or by the Board of Directors. The Board of Directors may designate one or more vice presidents as executive vice president or as vice president for particular areas of responsibility.



Section 10. SECRETARY. The secretary shall (a) keep the minutes of the proceedings of the stockholders, the Board of Directors and committees of the Board of Directors in one or more books provided for that purpose; (b) see that all notices are duly given in accordance with the provisions of these Bylaws or as required by law; (c) be custodian of the trust records and of the seal of the Corporation; (d) keep a register of the post office address of each stockholder which shall be furnished to the secretary by such stockholder; (e) have general charge of the share transfer books of the Corporation; and (f) in general perform such other duties as from time to time may be assigned to him by the chief executive officer, the president or by the Board of Directors.

Section 11. TREASURER. The treasurer shall have the custody of the funds and securities of the Corporation and shall keep full and accurate accounts of receipts and disbursements in books belonging to the Corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the Corporation in such depositories as may be designated by the Board of Directors. In the absence of a designation of a chief financial officer by the Board of Directors, the treasurer shall be the chief financial officer of the Corporation.

The treasurer shall disburse the funds of the Corporation as may be ordered by the Board of Directors, taking proper vouchers for such disbursements, and shall render to the president and Board of Directors, at the regular meetings of the Board of Directors or whenever it may so require, an account of all his transactions as treasurer and of the financial condition of the Corporation.

If required by the Board of Directors, he shall give the Corporation a bond in such sum and with such surety or sureties as shall be satisfactory to the Board of Directors for the faithful performance of the duties of his office and for the restoration to the Corporation, in case of his death, resignation, retirement or removal from office, all books, papers, vouchers, moneys and other property of whatever kind in his possession or under his control belonging to the Corporation.

Section 12. ASSISTANT SECRETARIES AND ASSISTANT TREASURERS. The assistant secretaries and assistant treasurers, in general, shall perform such duties as shall be assigned to them by the secretary or treasurer, respectively, or by the president or the Board of Directors. The assistant treasurers shall, if required by the Board of Directors, give bonds for the faithful performance of their duties in such sums and with such surety or sureties as shall be satisfactory to the Board of Directors.

Section 13. SALARIES. The salaries of the officers shall be fixed from time to time by the Board of Directors and no officer shall be prevented from receiving such salary by reason of the fact that he is also a director.



## ARTICLE VI

## CONTRACTS, LOANS, CHECKS AND DEPOSITS

Section 1. CONTRACTS. The Board of Directors may authorize any officer or agent to enter into any contract or to execute and deliver any instrument in the name of and on behalf of the Corporation and such authority may be general or confined to specific instances. Any agreement, deed, mortgage, lease or other document executed by one or more of the directors or by an authorized person shall be valid and binding upon the Board of Directors and upon the Corporation when authorized or ratified by action of the Board of Directors.

Section 2. CHECKS AND DRAFTS. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation and in such manner as shall from time to time be determined by the Board of Directors.

Section 3. DEPOSITS. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositories as the Board of Directors may designate.

## ARTICLE VII

## STOCK

Section 1. CERTIFICATES. Each stockholder shall be entitled to a certificate or certificates which shall represent and certify the number of shares of each class of stock held by him in the Corporation. Each certificate shall be signed by the chief executive officer, the president or a vice president and countersigned by the secretary or an assistant secretary or the treasurer or an assistant treasurer and may be sealed with the seal, if any, of the Corporation. The signatures may be either manual or facsimile. Certificates shall be consecutively numbered; and if the Corporation shall, from time to time, issue several classes of stock, each class may have its own number series. A certificate is valid and may be issued whether or not an officer who signed it is still an officer when it is issued. Each certificate representing shares which are restricted as to their transferability or voting powers, which are preferred or limited as to their dividends or as to their allocable portion of the assets upon liquidation or which are redeemable at the option of the Corporation, shall have a statement of such restriction, limitation, preference or redemption provision, or a summary thereof, plainly stated on the certificate. In lieu of such statement or summary, the Corporation may set forth upon the face or back of the certificate a statement that the Corporation will



furnish to any stockholder, upon request and without charge, a full statement of such information.

Section 2. TRANSFERS. Upon surrender to the Corporation or the transfer agent of the Corporation of a stock certificate duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, the Corporation shall issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

The Corporation shall be entitled to treat the holder of record of any share of stock as the holder in fact thereof and, accordingly, shall not be bound to recognize any equitable or other claim to or interest in such share on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of the State of Maryland.

Notwithstanding the foregoing, transfers of shares of any class of stock will be subject in all respects to the Charter of the Corporation and all of the terms and conditions contained therein.

Section 3. LOST CERTIFICATE. The Board of Directors(or any officer designated by it) may direct a new certificate to be issued in place of any certificate previously issued by the Corporation alleged to have been lost, stolen or destroyed upon the making of an affidavit of that fact by the person claiming the certificate to be lost, stolen or destroyed. When authorizing the issuance of a new certificate, the Board of Directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or his legal representative to advertise the same in such manner as they shall require and/or to give bond, with sufficient surety, to the Corporation to indemnify it against any loss or claim which may arise as a result of the issuance of a new certificate.

Section 4. CLOSING OF TRANSFER BOOKS OR FIXING OF RECORD DATE. The Board of Directors may set, in advance, a record date for the purpose of determining stockholders entitled to notice of or to vote at any meeting of stockholders, or stockholders entitled to receive payment of any dividend or the allotment of any other rights, or in order to make a determination of stockholders for any other proper purpose. Such date, in any case, shall not be prior to the close of business on the day the record date is fixed and shall be not more than 90 days and, in the case of a meeting of stockholders, not less than ten days, before the date on which the meeting or particular action requiring such determination of stockholders is to be held or taken.

In lieu of fixing a record date, the Board of Directors may provide that the stock transfer books shall be closed for a stated period but not longer than 20 days. If the stock transfer books are closed for the purpose of determining stockholders entitled to notice of or to vote at a meeting of stockholders, such



books shall be closed for at least ten days before the date of such meeting.

If no record date is fixed and the stock transfer books are not closed for the determination of stockholders, (a) the record date for the determination of stockholders entitled to notice of or to vote at a meeting of stockholders shall be at the close of business on the day on which the notice of meeting is mailed or the 30th day before the meeting, whichever is the closer date to the meeting; and (b) the record date for the determination of stockholders entitled to receive payment of a dividend or an allotment of any other rights shall be the close of business on the day on which the resolution of the directors, declaring the dividend or allotment of rights, is adopted.

When a determination of stockholders entitled to vote at any meeting of stockholders has been made as provided in this section, such determination shall apply to any adjournment thereof, except where the determination has been made through the closing of the transfer books and the stated period of closing has expired.

Section 5. STOCK LEDGER. The Corporation shall maintain at its principal office or at the office of its counsel, accountants or transfer agent, an original or duplicate share ledger containing the name and address of each stockholder and the number of shares of each class held by such stockholder.

Section 6. FRACTIONAL STOCK; ISSUANCE OF UNITS. The Board of Directors may issue fractional stock or provide for the issuance of scrip, all on such terms and under such conditions as they may determine. Notwithstanding any other provision of the Charter or these Bylaws, the Board of Directors may issue units consisting of different securities of the Corporation. Any security issued in a unit shall have the same characteristics as any identical securities issued by the Corporation, except that the Board of Directors may provide that for a specified period securities of the Corporation issued in such unit may be transferred on the books of the Corporation only in such unit.

## ARTICLE VIII

## ACCOUNTING YEAR

The Board of Directors shall have the power, from time to time, to fix the fiscal year of the Corporation by a duly adopted resolution.

## ARTICLE IX

DIVIDENDS



Section 1. DECLARATION. Dividends upon the stock of the Corporation may be declared by the Board of Directors, subject to the provisions of law and the Charter of the Corporation. Dividends may be paid in cash, property or stock of the Corporation, subject to the provisions of law and the Charter.

Section 2. CONTINGENCIES. Before payment of any dividends, there may be set aside out of any funds of the Corporation available for dividends such sum or sums as the Board of Directors may from time to time, in its absolute discretion, think proper as a reserve fund for contingencies, for equalizing dividends, for repairing or maintaining any property of the Corporation or for such other purpose as the Board of Directors shall determine to be in the best interest of the Corporation, and the Board of Directors may modify or abolish any such reserve in the manner in which it was created.

ARTICLE X

INVESTMENT POLICY

Subject to the provisions of the Charter of the Corporation, the Board of Directors may from time to time adopt, amend, revise or terminate any policy or policies with respect to investments by the Corporation as it shall deem appropriate in its sole discretion.

ARTICLE XI

SEAL

Section 1. SEAL. The Board of Directors may authorize the adoption of a seal by the Corporation. The seal shall have inscribed thereon the name of the Corporation and the year of its organization. The Board of Directors may authorize one or more duplicate seals and provide for the custody thereof.

Section 2. AFFIXING SEAL. Whenever the Corporation is required to place its seal to a document, it shall be sufficient to meet the requirements of any law, rule or regulation relating to a seal to place the word "(SEAL)" adjacent to the signature of the person authorized to execute the document on behalf of the Corporation.

ARTICLE XII

INDEMNIFICATION OF OFFICERS AND DIRECTORS

Section 1. RIGHT TO INDEMNIFICATION. (a) Each person who is made a party to or is threatened to be made a party to or is otherwise involved in or called as a witness in any threatened, pending or completed action, suit, arbitration, alternative dispute



resolution mechanism, investigation, administrative hearing or any other proceeding, including appeals therefrom, whether civil, criminal, administrative or investigative (hereinafter, a "proceeding"), by reason of the fact that he or she is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, partner, trustee, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, whether conducted for profit or not for profit (hereinafter, an "indemnitee"), whether the basis of such proceeding is an alleged action or omission in an official capacity or in any other capacity by reason of the indemnitee's status as a director, officer, partner, trustee, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by the General Corporation Law of the State of Maryland and/or any other applicable law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than permitted prior thereto), against all liabilities, losses, reasonable expenses (which shall include all fees, retainers and disbursements of counsel, court costs, arbitrator costs, transcript costs, fees of experts, witness fees, travel expenses, duplicating costs, printing and binding costs, telephone charges, postage, delivery service fees, and all other disbursements or expenses of the types customarily incurred in connection with prosecuting, defending, preparing to prosecute or defend, investigating or being or preparing to be a witness in a proceeding (hereinafter, the "expenses")), judgments, penalties, fines, amounts paid in settlement and ERISA excise taxes and penalties, in each case actually incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, partner, trustee, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in Section 3 of this Article with respect to proceedings to enforce rights to indemnification, the Corporation shall be required to indemnify a person in connection with a proceeding (or part thereof) initiated by such person only if the proceeding (or part thereof) was authorized by the Board of Directors of the Corporation.

(b) The Corporation's obligation, if any, to indemnify any person who is or was serving at its request as a director, officer, partner, trustee, employee or agent of any other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise, whether conducted for profit or not for profit, shall be reduced by any amount such person has actually received as indemnification from such other corporation, partnership, joint venture, trust, employee benefit plan or other enterprise.

Section 2. RIGHT TO ADVANCEMENT OF EXPENSES. The right to indemnification conferred in Section 1 of this Article shall include the right to be paid by the Corporation the reasonable expenses (including attorneys' fees (which may be of counsel selected by the



indemnitee) and other expenses referred to in Section 1 of this Article) incurred by the indemnitee in connection with any proceeding for which such right to indemnification is applicable in advance of its final disposition, without requiring a preliminary determination of the ultimate entitlement to indemnification; provided, however, that the Corporation shall have first received a written affirmation by such indemnitee of the indemnitee's good faith belief that the standard of conduct necessary for indemnification by the Corporation as authorized by the General Corporation Law of the State of Maryland has been met, and a written undertaking by or on behalf of such indemnitee to repay any expenses advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal that such indemnitee did not meet the applicable standard of conduct. The advancement of expenses shall not be construed as a loan to the indemnitee, and the indemnitee shall not be obligated to repay any expenses advanced, until such time as it shall have ultimately been determined by final judicial determination from which there is no further right to appeal that the indemnitee did not meet the applicable standard of conduct.

Section 3. RIGHT OF INDEMNITEE TO BRING SUIT. The rights to indemnification and to the advancement of expenses conferred in Sections 1 and 2 of this Article shall be contract rights. If a claim under Sections 1 and 2 of this Article is not paid in full by the Corporation within sixty days after a written claim therefor has been received by the Corporation, except in case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense of the Corporation that, and (ii) any suit by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking the Corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met any applicable standard for indemnification set forth in the General Corporation Law of the State of Maryland. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper under the circumstances because the indemnitee has met the applicable standard of conduct set forth in the General Corporation Law of the State of Maryland, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit



brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the Corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Section or otherwise, shall be on he Corporation.

Section 4. NON-EXCLUSIVITY OF RIGHTS. The rights to indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, the Corporation's Articles of Incorporation, bylaw, agreement, vote of stockholders or disinterested directors or otherwise.

Section 5. INSURANCE. The Corporation may maintain insurance (including self-insurance), at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Maryland.

Section 6. INDEMNIFICATION OF EMPLOYEES AND AGENTS OF THE CORPORATION. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of expenses, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to indemnification and advancement of expenses of directors and officers of the Corporation.

Section 7. REPEALS AND MODIFICATIONS. Any repeal or modification of the foregoing provisions of this Article shall not adversely affect any right or protection hereunder of any person in respect of any act or omission occurring prior to the time of such repeal or modification.

## ARTICLE XIII

## WAIVER OF NOTICE

Whenever any notice is required to be given pursuant to the Charter of the Corporation or these Bylaws or pursuant to applicable law, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Neither the business to be transacted at nor the purpose of any meeting need be set forth in the waiver of notice, unless specifically required by statute. The attendance of any person at any meeting shall constitute a waiver of notice of such meeting, except where such person attends a meeting for the express purpose of objecting to the transaction of any business on the ground that the meeting is not lawfully called or convened.

## ARTICLE XIV

## AMENDMENT OF BYLAWS

The Board of Directors shall have the exclusive power to adopt, alter or repeal any provision of these Bylaws and to make new Bylaws.

EXHIBIT 12

# EQUITY LIFESTYLE PROPERTIES, INC.
## COMPUTATION OF RATIO OF EARNINGS TO FIXED CHARGES
(Dollar amounts in thousands)

| | 2004 | (restated) 2003 | (restated) 2002 | (restated) 2001 | 2000 |
|---|---|---|---|---|---|
| Income from continuing operations before allocation to minority interests | $ 16,252 | $ 30,654 | $ 35,108 | $ 46,648 | $ 49,268 |
| Fixed Charges | 103,170 | 69,654 | 61,981 | 62,557 | 64,532 |
| Earnings | $119,422 | $100,308 | $ 97,089 | $109,205 | $113,800 |
| Interest incurred | 89,719 | 53,371 | 49,718 | 50,197 | 52,317 |
| Amortization of deferred financing costs | 2,203 | 5,031 | 1,011 | 1,108 | 963 |
| Perpetual Preferred OP unit Distributions | 11,248 | 11,252 | 11,252 | 11,252 | 11,252 |
| Fixed Charges | $103,170 | $ 69,654 | $ 61,981 | $ 62,557 | $ 64,532 |
| Earnings/Fixed Charges | 1.16 | 1.44 | 1.57 | 1.75 | 1.76 |

Exhibit 14

MANUFACTURED HOME COMMUNITIES, INC. BUSINESS ETHICS AND CONDUCT POLICY

REVISED MARCH 2004

The enclosed Business Ethics and Conduct Policy sets forth certain guidelines Manufactured Home Communities, Inc. expects its officers, directors and employees to follow in the conduct of its business. Each officer, director and employee of Manufactured Home Communities, Inc. and its subsidiaries must complete and sign the acknowledgement card enclosed herein. This acknowledgement should be returned to the General Counsel's office in Chicago.



I. INTRODUCTION

This Policy sets forth the basic guidelines which Manufactured Home Communities, Inc. and its subsidiaries (collectively, the "Company") expects its officers, directors, management, and other employees to follow in conducting business on behalf of the Company with the Company's customers, the general public, creditors, suppliers and competitors, governmental entities and with fellow Company personnel. This Policy supplements and is in addition to the information contained in the Employee Handbook previously distributed to you. The Company reserves the right to modify this Policy from time to time.

No policy can be complete in all respects. Good judgment based upon an understanding of the laws, regulations, and canons of ethics is the best safeguard against improper or unethical conduct. Each employee is expected to attain a level of understanding of this Policy which will permit the proper exercise of such judgment, and to seek legal counsel in those circumstances where such judgments could be questioned.

The Company's internal auditors and legal staff will monitor compliance with this Policy to assure that the Company conducts itself in a manner consistent with its obligations to society and its stockholders. In addition, those with management responsibilities within any area covered by this Policy may periodically be required to complete the "Management Representation of Compliance with Company Policies" - a written assurance of compliance with the legal and ethical principles set forth in this Policy. The form of this questionnaire is set forth at the end of this Policy.

A. GENERAL POLICY

The Company and its personnel will at all times transact business in full compliance with the law and in accordance with the highest principles of honesty and ethical conduct. Each employee should endeavor to deal fairly with the Company's customers, suppliers, competitors and employees. No employee should take unfair advantage of anyone through manipulation, concealment, abuse of privileged information, misrepresentation of material facts, or any other unfair-dealing practice.

These Policy guidelines are to be strictly adhered to at all times and under all circumstances. Policy violations will result in disciplinary action, including, if appropriate, discharge from employment.

B. SCOPE

The guidelines set forth in this Policy apply to all Company personnel and all Company related transactions. Every director, officer and employee must be familiar with and comply with this Policy. Moreover, those with supervisory responsibilities must ensure that employees under their direction or control are acquainted with applicable portions of the Policy. Company officers and directors should also be aware that there are special legal requirements, not covered by this Policy, which apply to corporate fiduciaries.

The Company's commitment to full compliance applies to all applicable laws, regulations and judicial decrees of the United States (federal, state and local) and of other countries where the Company transacts its business. Portions of this Policy concentrate on laws and regulations which are particularly relevant to our business activities; however, this special emphasis on relevant areas of law does not limit the general policy requiring full compliance with all applicable laws and regulations.

In addition to compliance with all legal requirements, each officer, director and employee must adhere to the overriding ethical and professional standards generally governing the conduct of business. The Company's interests are not served by any unethical practice or activity even though not in technical violation of the law.

C. EFFECT OF POLICY VIOLATION

Any knowing violation of the laws, regulations, or principles of ethics set forth in this Policy will be grounds for disciplinary action or dismissal from employment, and may subject the employee or former employee to civil liability and/or criminal prosecution under appropriate law. Any employee who knowingly authorizes or permits another to engage in a violation will also be subject to disciplinary action, dismissal, and other penalties.

D. EMPLOYEE RESPONSIBILITIES AND RIGHTS UNDER POLICY

Every employee is obliged to strictly adhere to this Policy at all times and under all circumstances. Any employee who is aware of violations or potential violations of laws, rules, regulations or this Policy has a duty to advise his supervisor, or the General Counsel's office. Further, any uncertainties regarding legal or ethical issues involving Company affairs or doubts about the best course of action in a particular situation requires the employee to seek the advice of the General Counsel's office for clarification. An error in failing to secure advice or report policy violations could be costly to the individual and to the Company.

It is the right of every employee to report other persons' (individual or Company) violations or seek the advice of the General Counsel's office without risk to the employee's job status or position by reason of such report or inquiry. It is the policy of the Company not to allow retaliation for reports of misconduct by others made in good faith by employees. Employees are expected to cooperate in internal investigations of misconduct.



E. DEFINITIONS

The terms "personnel" and "employee" apply to all Company officers, directors, managers, and other employees. "General Counsel's office" refers to the internal legal counsel of the Company.

F. ADDITIONAL INFORMATION

Additional copies of this Policy are available from the Human Resources Department or the General Counsel's office. Any employee in doubt about whether this Policy applies to a particular transaction or uncertain about the proper course of conduct to follow, should contact the General Counsel's office which is available to answer questions and provide guidance.

II. CONFLICTS OF INTEREST, CORPORATE OPPORTUNITIES AND VIOLATIONS OF TRUST

A. GENERAL

The Company is determined to build and maintain a high standard of business ethics in the conduct of its affairs. Accordingly, this places a heavy responsibility on all employees of the Company on whose character and judgment the confidence of the public ultimately depends. The responsibility is shared by all employees, but obviously it rests in special measure on the directors and officers of the Company and on those management employees by whose decisions and advice the Company is guided.

This portion of the Policy deals with one aspect of that responsibility - the avoidance of circumstances which might, in fact or in appearance, cause an individual to place his or her own interest above his or her obligations to the Company. The words "in appearance" should be noted particularly since the appearance of an action might tend to impair confidence even though the individual may not actually do anything wrong. The requirements of this Policy Statement are in addition to any provisions of law pertaining to this subject.

For the purpose of this Policy, the interest of each director, officer or employee includes any interests of their immediate family: (a) spouse and children under the age of eighteen (18) and (b) children who are eighteen (18) years of age or older, parents, siblings, mothers and fathers-in-law, sons and daughters-in-law and brothers and sisters-in-law provided that the director, officer or employee has knowledge of such persons conflict of interest under this Policy.



1. FINANCIAL INTERESTS IN COMPANY TRANSACTIONS

It is the duty of each director, officer and employee to avoid having any financial interest in any transaction between the Company, any of its subsidiaries and a third party which might conflict with the proper performance of his or her corporate duties or responsibilities, or which might tend to adversely affect his or her independent judgment with respect to such transaction.

Accordingly, (a) unless, in the case of directors and officers, specifically approved by the Board of Directors after full disclosure of all relevant facts or (b) unless, in the case of other employees, specifically approved by appropriate supervisors (i.e. Regional Vice President and Executive Vice President-Operations) and the General Counsel, and if necessary as determined by such supervisors and General Counsel, approved by the Board of Directors of the Company after full disclosure of all relevant facts:

a. No director, officer or employee shall own a direct or indirect interest in any supplier, contractor, subcontractor, competitor, customer or other entity with which the Company does business.

This Policy is not intended to preclude ownership of publicly-traded securities of a corporation with which the Company or any of its subsidiaries has dealings; nor is it intended to preclude ownership of other security holdings which could not be used to exert any influence whether because of their relatively small size or because of the insignificance of the company's dealings with the Company. Accordingly, ownership of securities which are traded on a public stock exchange and ownership of securities where the aggregate amount owned by the director, officer or employee constitutes less than two and one half percent (2.5%) of the securities shall not be deemed to involve financial interest prohibited by this Policy.

The above exception notwithstanding, purchases and sales of securities and other property should be avoided which are so timed in relation to the Company's or any of its subsidiaries' operations that they might be regarded or viewed as attempting to profit by using improperly obtained special knowledge of the Company's investment intentions or other confidential information obtained by reason of official positions.

b. No director, officer or employee shall acquire property with the knowledge that its value is likely to be benefited by action that the individual is aware is being considered by the Company.

c. No director, officer or employee shall acquire any property where confidential or unpublished information, obtained through the Company or in course of performing duties for the Company, has in any way been utilized in such acquisition.



d. No director, officer or employee shall appropriate or divert to others any business opportunity in which it is known or could reasonably be anticipated that the Company would be interested.

No employee may use corporate property, information or position for improper personal gain, and no employee may compete with the Company directly or indirectly. Directors, officers and employees owe a duty to the Company to advance its legitimate interests when the opportunity to do so arises.

e. No officer or employee shall be employed by or hold any officership, directorship, partnership or other official position in a business or professional firm or corporation outside of the Company, without the consent of the Audit Committee of the Board of Directors of the Company.

f. All officers and full time employees should avoid outside business activities which may conflict with their ability to devote their efforts full-time to the business of the Company.

In many cases, a potential conflict of interest or violation of trust may be avoided by making a full disclosure of the facts prior to any transaction thereby permitting the Company to make an informed, independent decision regarding the transaction. Such disclosure should be made to the General Counsel's office via use of the Related Party Disclosure form or other direct communication with the General Counsel. The Company reserves the right to condition the approval of any specific transaction on such terms and conditions as the Company in its sole discretion may require including, but not limited to, specific financial reporting and audit requirements.

2. BENEFITS, FAVORS, GIFTS AND ENTERTAINMENT

It is the duty of each director, officer or employee to avoid receipt of benefits, favors, gifts and entertainment which might conflict with the proper performance of his or her corporate responsibilities, or which might tend to adversely affect his or her independent judgment on behalf of the Company or any of its subsidiaries.

If the benefit, favor or gift is more than a token gift of insubstantial value and is offered in return for or in expectation of corporate business, it should not be accepted. In regard to acceptance of business entertainment, it is recognized that entertainment often may be incidental to business relationships of value to the Company. But expensive hospitality should not be accepted unthinkingly. Before expensive hospitality is accepted, the individual should be satisfied that it is consistent with the best interests of the Company and consistent with this Policy.



3. DISCLOSURE

It is the duty of each director, officer or employee, when he or she finds that he or she has an interest or affiliation which might conflict with the proper performance of his or her corporate duties or responsibilities or which might tend to adversely affect his or her independent judgment on behalf of the Company, or when he or she finds himself or herself in doubt as to the proper application of this Policy, to report the facts to the General Counsel or Chairman of the Audit Committee and be guided by the instructions he or she receives from the General Counsel or Chairman. Except as otherwise directed by those instructions, he or she should refrain from participating in any matters which might reasonably be affected by his or her adverse interest. The Chairman of the Audit Committee will advise the auditors of the Company of any matters approved by the Board of Directors pursuant to this Policy.

B. SPECIFIC EXAMPLES OF CONFLICTS OR VIOLATIONS

It may be considered to be in conflict with the Company's interest, or a violation of trust for a director, officer or employee or any immediate member of their family:

1. to have an undisclosed interest in or involvement with any organization which has business dealings with the Company where there is an opportunity for preferential treatment to be given or received, except where such an interest comprises securities in widely-held corporations which are quoted and sold on the open market and the interest is not material (less than two and one half percent of the outstanding securities);

2. to buy, sell or lease any kind of property, facilities or equipment from or to the Company or to any company, firm or individual who is or is seeking to become a contractor, supplier or customer without disclosing (and obtaining permission) prior thereto;

3. to accept commissions, a share in profits (other than dividends or interest on securities of widely-held corporations) or other payments, loans (other than with established banking or financial institutions), services, excessive entertainment and travel, or gifts of more than nominal value, from any individual or organization doing or seeking to do business with the Company; or

4. to take advantage of any opportunity for personal gain that rightfully belongs to the Company. This would include business opportunities of which an employee becomes aware because of their employment by the Company. Such opportunities must be offered to the Company.



C. EFFECT OF VIOLATIONS

As with any other violation of Policy, a violation of the above conflict of interest and corporate opportunity provisions will be grounds for disciplinary action including possible dismissal from employment, and may subject the director, officer or employee to civil liability and/or criminal prosecution under appropriate law. Even so, not every potential conflict of interest is a Policy violation - under some circumstances following a full disclosure by the director, officer or employee, the Board of Directors or senior management of the Company, as provided in this Policy, may determine to engage in a particular transaction which is beneficial to the Company notwithstanding the potential conflict or to permit the director, officer or employee to engage in such transaction. In such a case, the above conflict of interest provisions are not violated. Therefore, the effect of a particular conflict of interest will depend upon the nature of the conflict, its disclosure by the director, officer or employee, its effect upon the Company and the means available to recompense loss or prevent future injury.

III. COMPLIANCE WITH LAWS, RULES AND REGULATIONS

A. COMPLIANCE WITH GOVERNMENTAL AUTHORITY

The Company and its directors, officers and employees shall comply with the laws, regulations, decrees and orders of every governmental agency, regulatory authority, and judicial body having jurisdiction over the Company's operations. The Company holds information and training sessions to promote compliance with laws, rules and regulations, including insider trading laws. The Company shall cooperate with governmental agencies in the proper performance of their duties to the fullest extent possible. To ensure the Company's compliance and cooperation commitment is satisfied, the General Counsel's office should be immediately informed of any governmental request or inquiry.

B. ANTITRUST AND TRADE REGULATION

Every officer, director, and employee of the Company shall at all times abide by the antitrust laws and trade regulations of the United States. Violations of the antitrust laws or trade regulations may subject the Company to fines, injunctions and substantial monetary damages. Moreover, violations of certain antitrust laws are considered felonies, exposing an employee to the risk of fine and/or imprisonment.

C. RELATIONSHIPS WITH GOVERNMENTAL OFFICIALS

Payments (regardless of amount), entertainment (other than meals where Company-related work activities are conducted), or gifts (of more than nominal value) to government officials and other government personnel of the United States and other domestic or foreign jurisdictions, regardless of motive, are viewed by the Company as



improper and not permitted. The Company's relationship with public officials shall in all respects be of such a nature that the integrity and reputation of the officials and the Company will not be impugned in the event the full details of the relationship, including any gifts or entertainment, become a matter of public discussion.

IV. EMPLOYMENT AND PERSONNEL PRACTICES

A. GENERAL

Every officer, director, and employee of the Company shall at all times abide by the strict legal requirements governing employment practices and employee relations. In addition, every person coming in contact with the Company, as an employee, customer, supplier, candidate for employment, or other third party, shall be treated fairly, courteously and respectfully. The Company has previously published its policies on discrimination and harassment as well as on the employment relationship in the Human Resources Policies and Procedures Manual and this Policy is meant as a supplement to such previously published policies.

B. NON-DISCRIMINATION

The Company shall not discriminate against any person on the basis of race, religion, national origin, age, sex, disability or veteran's status or other characteristic or status protected by applicable law. This prohibition on discrimination applies to practices in recruiting, employment, training, promotion, working conditions, compensation, benefits, job rules, discipline, and all other aspects of employment and employee relations.

C. HARASSMENT

The Company is committed to maintaining a work environment that is free from intimidation and harassment. Company policy prohibits sexual, racial, and other unlawful harassment in the work place. The Company will not tolerate undue influence, offensive behavior, sexual harassment, intimidation, or other disrespectful conduct by one employee toward another or by an employee toward a customer or supplier. Neither shall any employment or employee relations matter be decided based upon the existence or non-existence of any personal non-business relationship between employees.

D. EMPLOYMENT CONTRACTS

The Company shall not enter into any contract of employment without the prior written approval of the Compensation Committee of the Board of Directors of the Company.

E. EMPLOYEE RECORD CONFIDENTIALITY

The personnel records of all Company employees shall be treated as the confidential information of the Company. No Company officer, director or employee shall copy or release any personnel or salary record to any third party, nor shall any private personal information contained in any personnel record be disclosed to any third party without the prior written approval of the General Counsel's office. Employees with authorized access to personnel or salary records shall institute measures to prevent the disclosure of any such records under their control.

V. TRANSACTIONS IN SECURITIES

A. TRADING IN COMPANY SECURITIES

Directors, officers and employees are prohibited from trading in Company securities when they have material information which is not publicly known. Information is considered material if it is important enough to affect a decision by anyone to buy, sell or hold securities. Even when a director, officer or employee lacks undisclosed material information, it is a prudent practice to trade only when it is unlikely there is any unannounced material information anywhere within the Company. Therefore, it is the Company's policy that each Company director, officer and employee contact either the General Counsel's office or corporate secretary for approval before making any trade in Company securities. The Company has previously published its policies on securities trading and this Policy is meant as a supplement to such previously published policies.

Directors, officers and employees should not engage in short-term speculation in Company securities, nor should they engage in any transaction where they profit if the value of Company securities falls.

B. TRADING IN THE SECURITIES OF OTHER COMPANIES

Directors, officers and employees should not trade in securities of a company which has been targeted for acquisition or is being reviewed or a property which is being reviewed or targeted as an acquisition candidate or a company which is being considered for or has just been awarded an important contract or relationship with the Company without first checking with the General Counsel's office.

C. TRANSACTIONS BY OTHERS

No director, officer or employee shall in any way encourage any third party to engage in any transaction in which the director, officer or employee himself cannot engage.



D. TRANSACTIONS BY OFFICERS AND DIRECTORS

Officers and directors of the Company are subject to additional statutory restrictions covering transactions in Company securities. These restrictions (a) prohibit officers and directors from profiting on transactions within a six month period, (b) prohibit them from selling the stock short, and (c) may restrict the amount of securities some of them can sell within a three month period. Officers and directors of the Company should review proposed transactions in Company securities with the General Counsel's office.

VI. FAIR AND ACCURATE REPORTING AND RECORDKEEPING

It is the policy of the Company to provide full, fair, accurate, timely and understandable disclosure in the reports that the Company files with, or submits to, the Securities and Exchange Commission ("SEC") and in other public communications made by the Company. All funds, assets and disbursements of the Company shall be properly recorded in the appropriate records and books of account. To assure the Company's financial statements are maintained in accordance with generally accepted accounting principles or such other standards as may be appropriate and to assure that reports filed by the Company with the SEC are accurate and complete, the following policies are specifically adopted:

1. Full Disclosure of Accounts. No secret or unrecorded fund of monies or other assets of the Company shall be established or maintained, and all payments and disbursements shall be properly recorded on the books and records of the Company.

2. Accurate Entries to Accounts. The making of false or fictitious entries on the books and records of the Company and the issuance of false or misleading reports pertaining to the Company and its operations are prohibited, and no employee or officer shall engage in any transaction that requires or contemplates such prohibited activities on the part of the Company.

3. Accurate Expense Accounts. All employees who seek reimbursement from the Company for expenses shall keep and submit to the Company complete and accurate records of such expenditures and their business purpose.

Business records and communications often become public, and employees should avoid exaggeration, derogatory remarks, guesswork or inappropriate characterizations of people and companies. This applies equally to email, internal memos and formal reports. Records should always be retained or destroyed according to the Company's record retention policies. In accordance with these policies, in the event of actual or possible litigation or governmental investigation, employees should consult with the General Counsel's office.



## VII. DISCLOSURE OR USE OF COMPANY INFORMATION

### A. GENERAL

Each employee shall safeguard and keep private all Company proprietary and confidential information, including without limitation, trade secrets, trademarks, trade names or other intellectual property, as well as all such information relating to the Company's customers and employees. The disclosure of such Company information shall be permitted only when required by law and the approval of the General Counsel's office shall be obtained prior to the release of such information. Absent such approval, it shall be considered a violation of trust for any director, officer or employee:

1. to use or release to a competitor, or any other third party any data on decisions, plans, or any other information concerning the Company which might be prejudicial to the interests of the Company;

2. to appropriate, for their own use or for the unauthorized use by a third party, any Company technology, software, trade secrets or written materials (whether or not copyrighted or patented), business information, including but not limited to contracts, sales or customer information, marketing or other plans, data relating to costs and suppliers, system design information, manuals, computer tapes, discs, data processing records, financial data, or any other confidential or proprietary matters of any nature whatsoever;

3. to copy, use, or release to a third party any employee data, personnel records, or any other private information concerning the Company's current or former employees; or

4. to use or release any undisclosed material information concerning the Company, its plans or its performance, or any unpublished facts bearing upon the Company's business, plans, or performance.

### B. OUTSIDE INQUIRIES AND REQUESTS FOR INFORMATION

If any third party makes contact with any Company personnel requesting an interview or seeking information concerning any Company-related matter, or if any media representative requests an interview or seeks information or opinions concerning any Company-related matter, whether or not the matter is confidential or proprietary, the requestor should be instructed to address its inquiry directly to the General Counsel's office so that questions can be answered with appropriate care by authorized personnel having unrestricted access to the Company's information resources. Employees with certain responsibilities will periodically be requested to complete a questionnaire similar to the one presented below.



VIII. PROTECTION AND PROPER USE OF COMPANY ASSETS

All employees should endeavor to protect the Company's assets and ensure their efficient use. Theft, carelessness and waste have a direct impact on the Company's profitability. Any suspected incident of fraud or theft should be immediately reported for investigation. Company equipment should not be used for non-Company business, although incidental personal use may be permitted.

The obligation of employees to protect the Company's assets includes its proprietary information. Proprietary information includes intellectual property such as trade secrets, patents, trademarks and copyrights, as well as business, marketing and service plans, databases, records, salary information and any unpublished financial data and reports. Unauthorized use or distribution of this information would violate Company policy. It could also be illegal and result in civil or criminal penalties.

IX. WAIVERS OF THE BUSINESS ETHICS AND CONDUCT POLICY

Any waiver of this Policy that applies to officers or directors may be made only by the Board of Directors or a committee of the Board of Directors and will be disclosed as required by law or stock exchange regulation.



MANUFACTURED HOME COMMUNITIES, INC.
Management Representation of
Compliance with Company Policies
March 2004

It is the responsibility of each Company officer, director, and employee to read and understand the MHC Business Ethics and Conduct Policy (the "Policy"), and to complete this questionnaire and promptly return it to the Company's General Counsel, Manufactured Home Communities, Inc., Two North Riverside Plaza, Suite 800, Chicago, Illinois 60606. If you have supervisory duties, it is also your responsibility to ensure that employees reporting to you have read and understand the Policy and comply with the Policy. In addition, if the answer to any of Questions 2(a) through 3 is "YES", you must attach a brief explanatory statement disclosing the facts supporting your answer.

| | YES | NO |
|---|---|---|
| 1. Have you read the MHC Business Ethics and Conduct Policy and do you understand its contents? | ------ | ------ |
| 2. Are you aware of any of the following practices relating to the Company's affairs: | | |
| (a) A situation or transaction described in the Conflicts of Interest, Corporate Opportunities and Violation of Trust guidelines set forth in the Policy regardless of whether or not that situation or transaction may have been disclosed or approved in accordance with the Policy? | ------ | ------ |

(b) A violation of federal, state or local law? ------ ------

(c) A fraud, embezzlement, unrecorded fund or account, or significant accounting error? ------ ------

(d) An activity in violation of the Antitrust and Trade Regulation guidelines set forth in the Policy? ------ ------

(e) A practice in violation of the Employment and Personnel Practices guidelines of the Policy? ------ ------



(f) A transaction in violation of the Transactions in Securities guidelines set forth in the Policy? ------ ------

(g) A payment or gift to governmental officials? ------ ------

(h) An unauthorized disclosure of information which is confidential or proprietary to the Company? ------ ------

(i) A practice in violation of the Protection and Proper Use of Company Assets guidelines set forth in The Policy: ------ ------

3. Are you aware of any other transaction, practice, activity, event or circumstance which you believe should be brought to the Company's attention? ------ ------

The foregoing answers and any attached explanatory statements are true and correct to the best of my knowledge and belief.

Name:_________________________________

Signature:____________________________

Date:_________________________________



MANUFACTURED HOME COMMUNITIES, INC.
Business Ethics and Conduct Policy
Acknowledgement

I have received, read, understand and will retain a copy of the Manufactured Home Communities, Inc. Business Ethics and Conduct Policy and comply with such Policy.

Name________________________ Signature___________________________

Position____________________ Date________________________________

Property____________________________

This acknowledgment is to be completed by all employees of Manufactured Home Communities, Inc. and its affiliates and returned to the Company's General Counsel.

Employees with certain responsibilities will periodically be required to complete an additional questionnaire which will be furnished to them separately.

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EXHIBIT 21

EQUITY LIFESTYLE PROPERTIES, INC.
SUBSIDIARIES OF THE REGISTRANT

| | State of Incorporated or Organization |
|---|---|
| MHC Operating Limited Partnership | Illinois |
| MHC Financial Limited Partnership | Illinois |
| MHC Financing Limited Partnership Two | Delaware |
| Blue Ribbon Communities Limited Partnership | Delaware |
| MHC Lending Limited Partnership | Illinois |
| MHC-DeAnza Financing Limited Partnership | Illinois |
| MHC Bay Indies, L.L.C. | Delaware |
| MHC Stagecoach, L.L.C. | Delaware |
| MHC Leasing Company, Inc. | Delaware |
| MHC TT, Inc. | Delaware |

EXHIBIT 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We consent to the incorporation by reference in the Registration Statements (Form S-8 No. 333-68473, No. 333-28469, No. 333-25295, and No. 33-76486, and Form S-3 No. 333-66550, No. 333-90813, No. 333-65515, No. 333-25297, No. 333-1710, No. 33-82902 and No. 33-97288) of Equity Lifestyle Properties, Inc., and in the related Prospectuses, of our reports dated March 24, 2005 with respect to the consolidated financial statements and schedules of Equity Lifestyle Properties, Inc., Equity Lifestyle Properties, Inc.'s management's assessment of the effectiveness of internal control over financial reporting, and the effectiveness of internal control over financing reporting of Equity Lifestyle Properties, Inc., included in this Annual Report (Form 10-K) for the year ended December 31, 2004.

Chicago, Illinois
March 24, 2005

POWER OF ATTORNEY

Exhibit 24.1

| | | |
|---|---|---|
| STATE OF | Illinois | ) |
| | | ) SS |
| COUNTY OF | Cook | ) |

KNOW ALL MEN BY THESE PRESENTS that Joseph B. McAdams, having an address at Hot Springs, Arkansas, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Michael B. Berman, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Joseph B. McAdams, has hereunto, set his hand this 1st day of March, 2005.

/s/ Joseph B. McAdams
--------------------------
Joseph B. McAdams

I, Jennifer L. Usher, a Notary Public in and for said County in the State aforesaid, do hereby certify that Joseph B. McAdams, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1st day of March, 2005.

/s/ Jennifer L. Usher
---------------------------
(Notary Public)

My Commission Expires:

01/06/07

POWER OF ATTORNEY

Exhibit 24.2

| | | | |
|---|---|---|---|
| STATE OF | Illinois | ) | |
| | | ) | SS |
| COUNTY OF | Cook | ) | |

KNOW ALL MEN BY THESE PRESENTS that Howard Walker, having an address at Chicago, Illinois, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Howard Walker, has hereunto, set his hand this 28th day of February, 2005.

/s/ Howard Walker

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

Howard Walker

I, Jennifer L. Usher, a Notary Public in and for said County in the State aforesaid, do hereby certify that Howard Walker, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1st day of March, 2005.

/s/ Jennifer L. Usher

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

(Notary Public)

My Commission Expires:

01/06/07

# POWER OF ATTORNEY

Exhibit 24.3

STATE OF New York )<br>
) SS<br>
COUNTY OF Westchester )

KNOW ALL MEN BY THESE PRESENTS that Thomas E. Dobrowski, having an address at 767 5th Ave., New York, New York, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Michael B. Berman, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Thomas E. Dobrowski, has hereunto, set his hand this 1st day of March, 2005.

/s/ Thomas E. Dobrowski<br>
-------------------------<br>
Thomas E. Dobrowski

I, Cynthia L. Morra, a Notary Public in and for said County in the State aforesaid, do hereby certify that Thomas E. Dobrowski, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1st day of March, 2005.

/s/ Cynthia L. Morra<br>
-------------------------<br>
(Notary Public)

My Commission Expires:

03/30/07

POWER OF ATTORNEY

Exhibit 24.4

STATE OF Illinois )<br>
) SS<br>
COUNTY OF Cook )

KNOW ALL MEN BY THESE PRESENTS that Gary L. Waterman, having an address at Bainbridge, Washington, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Michael B. Berman, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Gary L. Waterman, has hereunto, set his hand this 1st day of March, 2005.

/s/ Gary L. Waterman<br>
--------------------------<br>
Gary L. Waterman

I, Jennifer L. Usher, a Notary Public in and for said County in the State aforesaid, do hereby certify that Gary L. Waterman, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1st day of March, 2005.

/s/ Jennifer L. Usher<br>
--------------------------<br>
(Notary Public)

My Commission Expires:

01/06/07

# POWER OF ATTORNEY

Exhibit 24.5

| | | | |
|---|---|---|---|
| STATE OF | Illinois | ) | |
| | | ) | SS |
| COUNTY OF | Cook | ) | |

KNOW ALL MEN BY THESE PRESENTS that Donald S. Chisholm, having an address at Ann Arbor, Michigan, has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Michael B. Berman, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Donald S. Chisholm, has hereunto, set his hand this 1st day of March, 2005.

/s/ Donald S. Chisholm
---------------------------
Donald S. Chisholm

I, Jennifer L. Usher, a Notary Public in and for said County in the State aforesaid, do hereby certify that Donald S. Chisholm, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1st day of March, 2005.

/s/ Jennifer L. Usher
---------------------------
(Notary Public)

My Commission Expires:

01/06/07

POWER OF ATTORNEY

Exhibit 24.6

| | | | |
|---|---|---|---|
| STATE OF | Illinois | ) | |
| | | ) | SS |
| COUNTY OF | Cook | ) | |

KNOW ALL MEN BY THESE PRESENTS that Sheli Z. Rosenberg, having an address at Chicago, Illinois has made, constituted and appointed and BY THESE PRESENTS, does make, constitute and appoint Thomas P. Heneghan and Michael B. Berman, or either of them, having an address at Two North Riverside Plaza, Chicago, Illinois 60606, his true and lawful Attorney-in-Fact for him and in his name, place and stead to sign and execute in any and all capacities this Annual Report on Form 10-K and any or all amendments to this Annual Report on Form 10-K, and to file the same with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, giving and granting unto each of such, Attorney-in-Fact, full power and authority to do and perform each and every act and thing, requisite and necessary to be done in and about the premises, as fully, to all intents and purposes as he might or could do if personally present at the doing thereof, with full power of substitution and revocation, hereby ratifying and confirming all that each of such Attorney-in-Fact or his substitutes shall lawfully do or cause to be done by virtue hereof.

This power of Attorney shall remain in full force and effect until terminated by the undersigned through the instrumentality of a signed writing.

IN WITNESS WHEREOF, Sheli Z. Rosenberg, has hereunto, set his hand this 1st day of March, 2005.

/s/ Sheli Z. Rosenberg
--------------------------
Sheli Z. Rosenberg

I, Jennifer L. Usher, a Notary Public in and for said County in the State aforesaid, do hereby certify that Sheli Z. Rosenberg, personally know to me to be the same person whose name is subscribed to the foregoing instrument appeared before me this day in person and acknowledged that he signed and delivered said instrument as his own free voluntary act for the uses and purposes therein set forth.

Given under my hand and notarial seal this 1st day of March, 2005.

/s/ Jennifer L. Usher
--------------------------
(Notary Public)

My Commission Expires:

01/06/07

EXHIBIT 31.1

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

I, Michael B. Berman, certify that:

1. I have reviewed this annual report on Form 10-K of Equity Lifestyle Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

   d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2005

By: /s/ Michael B. Berman

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

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 annual report on Form 10-K of Equity Lifestyle Properties, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

    a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

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

    d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonable likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: March 28, 2005

By: /s/ Thomas P. Heneghan

Thomas P. Heneghan
President and Chief Executive Officer

EXHIBIT 32.1

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

In connection with the accompanying Annual Report on Form 10-K of Equity Lifestyle Properties, Inc. for the year ended December 31, 2004 (the "Annual Report"), I, Michael B. Berman, Vice President, Treasurer and Chief Financial Officer of Equity Lifestyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Annual Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of Equity Lifestyle Properties, Inc.

Date: March 28, 2005

By: /s/ Michael B. Berman
------------------------------------
Michael B. Berman
Vice President, Treasurer
and Chief Financial Officer

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

EXHIBIT 32.2

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

In connection with the accompanying Annual Report on Form 10-K of Equity Lifestyle Properties, Inc. for the year ended December 31, 2004 (the "Annual Report"), I, Thomas P. Heneghan, President and Chief Executive Officer of Equity Lifestyle Properties, Inc., hereby certify pursuant to 18 U.S.C. Section 1350, as adopted by Section 906 of the Sarbanes-Oxley Act of 2002, that to the best of my knowledge:

1. the Annual Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and

2. the information contained in the Annual Report fairly presents, in all material respects, the financial condition and results of operations of Equity Lifestyle Properties, Inc.

Date: March 28, 2005

By: /s/ Thomas P. Heneghan
------------------------------------
Thomas P. Heneghan
President and Chief Executive Officer

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