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UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF ILLINOIS

_____, Individually and on behalf of all others
similarly situated,

Plaintiff,

v.

EQUITY LIFESTYLE PROPERTIES INC.,
MARGUERITE NADER, and PAUL
SEAVEY,

Defendants.

Case No:

**CLASS ACTION COMPLAINT FOR
VIOLATIONS OF THE FEDERAL
SECURITIES LAWS**

JURY TRIAL DEMANDED

Plaintiff __ (“Plaintiff”), individually and on behalf of all other persons similarly situated, by Plaintiff’s undersigned attorneys, for Plaintiff’s complaint against Defendants (defined below), alleges the following based upon personal knowledge as to Plaintiff and Plaintiff’s own acts, and information and belief as to all other matters, based upon, among other things, the investigation conducted by and through his attorneys, which included, among other things, a review of the Defendants’ public documents, public filings, wire and press releases published by and regarding Equity LifeStyle Properties, Inc. (“Equity LifeStyle Properties” or the “Company”), and

information readily obtainable on the Internet. Plaintiff believes that substantial evidentiary support will exist for the allegations set forth herein after a reasonable opportunity for discovery.

NATURE OF THE ACTION

1. This is a class action on behalf of persons or entities who purchased or otherwise acquired publicly traded Equity LifeStyle Properties securities between February 23, 2021 and January 22, 2023, inclusive (the “Class Period”). Plaintiff seeks to recover compensable damages caused by Defendant’s violations of the federal securities laws under the Securities Exchange Act of 1934 (the “Exchange Act”)

JURISDICTION AND VENUE

2. The claims asserted herein arise under and pursuant to Sections 10(b) and 20(a) of the Exchange Act (15 U.S.C. §§ 78j(b) and 78t(a)) and Rule 10b-5 promulgated thereunder by the SEC (17 C.F.R. § 240.10b-5).

3. This Court has jurisdiction over the subject matter of this action pursuant to 28 U.S.C. § 1331, and Section 27 of the Exchange Act (15 U.S.C. §78aa).

4. Venue is proper in this judicial district pursuant to 28 U.S.C. § 1391(b) and Section 27 of the Exchange Act (15 U.S.C. § 78aa(c)) as the alleged misstatements entered and the subsequent damages took place in this judicial district.

5. In connection with the acts, conduct and other wrongs alleged in this complaint, Defendants, directly or indirectly, used the means and instrumentalities of interstate commerce, including but not limited to, the United States mails, interstate telephone communications and the facilities of the national securities exchange.

PARTIES

6. Plaintiff ___, as set forth in the accompanying certification, incorporated by reference herein, purchased Equity LifeStyle Properties securities during the Class Period and was economically damaged thereby.

7. Defendant Equity LifeStyle Properties is a “fully integrated owner of LifeStyle-oriented properties [. . .] consisting of property operations and home sales and rental operations primarily within manufactured home (“MH”) and recreational vehicle (“RV”) communities and marinas.” It is a real estate investment trust (“REIT”).

8. Equity LifeStyle is incorporated in Maryland and its head office is located at Two North Riverside Plaza, Suite 800. Equity LifeStyle Properties’ common stock trades on the New York Stock Exchange (the “NYSE”) under the ticker symbol “ELS”.

9. Defendant Marguerite Nader (“Nader”) served as the Company’s Chief Executive Officer (“CEO”) and President throughout the Class Period.

10. Defendant Paul Seavey (“Seavey”) served as the Company’s Chief Financial Officer (“CFO”) and Executive Vice President throughout the Class Period.

11. Defendants Nader and Seavey are collectively referred to herein as the “Individual Defendants.”

12. Each of the Individual Defendants:

- (a) directly participated in the management of the Company;
- (b) was directly involved in the day-to-day operations of the Company at the highest levels;
- (c) was privy to confidential proprietary information concerning the Company and its business and operations;

- (d) was directly or indirectly involved in drafting, producing, reviewing and/or disseminating the false and misleading statements and information alleged herein;
- (e) was directly or indirectly involved in the oversight or implementation of the Company's internal controls;
- (f) was aware of or recklessly disregarded the fact that the false and misleading statements were being issued concerning the Company; and/or
- (g) approved or ratified these statements in violation of the federal securities laws.

13. Equity LifeStyle Properties is liable for the acts of the Individual Defendants and its employees under the doctrine of *respondeat superior* and common law principles of agency because all of the wrongful acts complained of herein were carried out within the scope of their employment.

14. The scienter of the Individual Defendants and other employees and agents of the Company is similarly imputed to the Company under *respondeat superior* and agency principles.

15. Equity LifeStyle Properties and the Individual Defendants are collectively referred to herein as "Defendants."

SUBSTANTIVE ALLEGATIONS

Materially False and Misleading Statements Issued During the Class Period

16. On February 23, 2021, the Company filed with the SEC its quarterly report on Form 10-K for the period ended December 31, 2020 (the "2020 Annual Report"). Attached to the 2020 Annual Report were certifications pursuant to the Sarbanes-Oxley Act of 2002 ("SOX") signed by Defendants Nader and Seavey attesting to the accuracy of financial reporting, the disclosure of any

material changes to the Company's internal control over financial reporting and the disclosure of all fraud.

17. The 2020 Annual Report contained the following statement regarding the Company's evaluation of its disclosure controls and procedures:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934. Our 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.

Based on management's assessment, we maintained, in all material respects, effective internal control over financial reporting as of December 31, 2020. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO") in "*Internal Control-Integrated Framework*" (2013 framework).

The effectiveness of our internal control over financial reporting as of December 31, 2020 has been audited by our independent registered public accounting firm, as stated in its report on Page F-4.

(Emphasis added).

18. This statement was materially false and misleading at the time it was made because the Company had an existing weakness in its internal controls.

19. The 2020 Annual Report included the following financial information:

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows
(amounts in thousands)

		Years
	2020	-
Cash Flows From Operating Activities:		
Consolidated net income	\$ 241,416	-
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Gain on sale of real estate, net	—	
Early debt retirement	10,786	
Depreciation and amortization	157,760	
Amortization of loan costs	3,473	
Debt premium amortization	(394)	
Equity in income of unconsolidated joint ventures	(5,399)	
Distributions of income from unconsolidated joint ventures	95	
Proceeds from insurance claims, net	(1,697)	
Compensation expense related to restricted stock and stock options	11,527	
Revenue recognized from membership upgrade sales upfront payments	(9,675)	
Commission expense recognized related to membership sales	3,673	
Long-term incentive plan compensation	1,531	
Changes in assets and liabilities:		
Notes receivable, net	(1,166)	
Deferred commission expense	(4,995)	
Other assets, net	34,048	
Accounts payable and other liabilities	3,386	
Deferred revenue – upfront payments from membership upgrade sales	21,739	
Deferred revenue – annual membership subscriptions	1,215	
Rents and other customer payments received in advance and security deposits	(786)	
Net cash provided by operating activities	466,537	-

20. This statement was materially false and misleading due to errors made when calculating net cash provided by operating activities and “other assets, net.”

21. On February 22, 2022, the Company filed with the SEC its annual report on Form 10-K for the period ended December 31, 2021 (the “2021 Annual Report”). Attached to the 2021 Annual Report were certifications pursuant to SOX signed by Defendants Nader and Seavey attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

22. The 2021 Annual Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

Our management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rules 13a-15(f) and 15d-15(f) under the Securities

Exchange Act of 1934. Our 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.

Based on management's assessment, we maintained, in all material respects, effective internal control over financial reporting as of December 31, 2021. In making this assessment, management used the criteria established by the Committee of Sponsoring Organizations of the Treadway Commission (“COSO”) in “*Internal Control-Integrated Framework*” (2013 framework).

The effectiveness of our internal control over financial reporting as of December 31, 2021, has been audited by our independent registered public accounting firm, as stated in its report on Page F-4.

(Emphasis added).

23. This statement was materially false and misleading at the time it was made because the Company had an existing weakness in its internal controls.

24. The 2021 Annual Report included the following financial information:

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows
(amounts in thousands)

	Year
	2021
Cash Flows From Operating Activities:	
Consolidated net income	\$ 276,000
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Loss/(Gain) on sale of real estate, net	59
Early debt retirement	2,784
Depreciation and amortization	191,432
Amortization of loan costs	4,671
Debt premium amortization	(325)
Equity in income of unconsolidated joint ventures	(3,881)
Distributions of income from unconsolidated joint ventures	52
Proceeds from insurance claims, net	(875)
Compensation expense related to incentive plans	12,694
Revenue recognized from membership upgrade sales upfront payments	(11,191)
Commission expense recognized related to membership sales	3,779
Long-term incentive plan compensation	—
Changes in assets and liabilities:	
Notes receivable, net	(4,191)
Deferred commission expense	(8,657)
Other assets, net	53,913
Accounts payable and other liabilities	30,009
Deferred membership revenue	36,935
Rents and other customer payments received in advance and security deposits	11,844
Net cash provided by operating activities	595,052

25. This statement was materially false and misleading due to errors made when calculating net cash provided by operating activities and “other assets, net.”

26. On February 21, 2023, the Company filed with the SEC its annual report on Form 10-K for the period ended December 31, 2022 (the “2022 Annual Report”). Attached to the 2022 Report were certifications pursuant to SOX signed by Defendants Nader and Seavey attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

27. The 2022 Annual Report contained the following report on internal control over financial reporting. It stated, in pertinent part:

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), maintains a system of disclosure controls and procedures, designed to provide reasonable assurance that information we are required to disclose in the reports that we file 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. Notwithstanding the foregoing, a control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance that we will detect or uncover failures to disclose material information otherwise required to be set forth in our periodic reports.

Our management, with the participation of the Chief Executive Officer and the Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures as of December 31, 2022. ***Based on that evaluation as of the end of the period covered by this annual report, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and our disclosure of information that would potentially be subject to disclosure under the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder as of December 31, 2022.***

(Emphasis added).

28. This statement was materially false and misleading at the time it was made because the Company had an existing material weakness in its internal controls.

29. The 2022 Annual Report included the following financial information:

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows
(amounts in thousands)

	Years F
	2022
Cash Flows From Operating Activities:	
Consolidated net income	\$ 298,825
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Loss on sale of real estate and impairment, net	5,423
Early debt retirement	1,156
Depreciation and amortization	207,050
Amortization of loan costs	4,839
Debt premium amortization	(181)
Equity in income of unconsolidated joint ventures	(3,363)
Distributions of income from unconsolidated joint ventures	4,567
Proceeds from insurance claims, net	(42,001)
Compensation expense related to incentive plans	8,760
Revenue recognized from membership upgrade sales upfront payments	(12,958)
Commission expense recognized related to membership sales	4,101
Long-term incentive plan compensation	—
Changes in assets and liabilities:	
Notes receivable, net	(4,647)
Deferred commission expense	(7,193)
Other assets, net	92,458
Accounts payable and other liabilities	5,833
Deferred membership revenue	33,946
Rents and other customer payments received in advance and security deposits	2,721
Net cash provided by operating activities	599,336

30. This statement was materially false and misleading due, in pertinent part, to errors made when calculating net cash provided by operating activities and “other assets, net.”

31. On April 25, 2023, the Company filed with the SEC its quarterly on Form 10-Q for the period ended March 31, 2023 (the “1Q23 Report”). Attached to the 1Q23 Report were certifications pursuant to SOX signed by Defendants Nader and Seavey attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

32. The 1Q23 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures as of March 31, 2023. ***Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to us that would potentially be subject to disclosure under the Securities and Exchange Act of***

1934, as amended (the “Exchange Act”), and the rules and regulations promulgated thereunder as of March 31, 2023. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

(Emphasis added).

33. This statement was materially false and misleading at the time it was made because the Company had an existing material weakness in its internal controls.

34. The 1Q23 Report included the following financial information:

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows
(amounts in thousands)
(unaudited)

	<u>Quarters Ended March 31,</u>	
	<u>2023</u>	<u>2022</u>
Cash Flows From Operating Activities:		
Consolidated net income	\$ 86,459	\$ 87,050
Adjustments to reconcile consolidated net income to net cash provided by operating activities:		
Loss on sale of real estate and impairment, net	2,632	—
Early debt retirement	—	516
Depreciation and amortization	51,860	50,237
Amortization of loan costs	1,208	1,213
Debt premium amortization	(32)	(60)
Equity in income of unconsolidated joint ventures	(524)	(171)
Distributions of income from unconsolidated joint ventures	174	—
Proceeds from insurance claims, net	5,795	59
Compensation expense related to incentive plans	3,330	(1,529)
Revenue recognized from membership upgrade sales upfront payments	(3,505)	(3,067)
Commission expense recognized related to membership sales	1,095	1,040
Changes in assets and liabilities:		
Notes receivable, net	(1,345)	189
Deferred commission expense	(1,744)	(1,550)
Other assets, net	21,763	23,168
Accounts payable and other liabilities	9,553	(1,923)
Deferred membership revenue	10,074	8,494
Rents and other customer payments received in advance and security deposits	7,668	13,665
Net cash provided by operating activities	<u>194,461</u>	<u>177,331</u>

35. This statement was materially false and misleading due to, in pertinent part, errors made when calculating net cash provided by operating activities and “other assets, net.”

36. On August 3, 2023, the Company filed with the SEC its quarterly on Form 10-Q for the period ended June 30, 2023 (the “2Q23 Report”). Attached to the 2Q23 Report were certifications pursuant to SOX signed by Defendants Nader and Seavey attesting to the accuracy of financial reporting, the disclosure of any material changes to the Company’s internal control over financial reporting and the disclosure of all fraud.

37. The 2Q23 Report contained the following statement regarding the Company’s evaluation of its disclosure controls and procedures:

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023. ***Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to us that would potentially be subject to disclosure under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”),*** and the rules and regulations promulgated thereunder as of June 30, 2023. Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives.

(Emphasis added).

38. statement was materially false and misleading at the time it was made because the Company had an existing material weakness in its internal controls.

39. The statements contained in ¶¶ 16, 17, 19, 21, 22, 24, 26, 27, 29, 31, 32, 34, 36, and 37 were materially false and/or misleading because they misrepresented and failed to disclose the following adverse facts pertaining to the Company’s business, operations, and prospects, which were known to Defendants or recklessly disregarded by them. Specifically, Defendants made false and/or misleading statements and/or failed to disclose that: (1) Equity LifeStyle Properties’ financial statements from February 23, 2021 to April 25, 2023 included certain errors; (2) as a

result, Equity LifeStyle Properties would need to provide restated figures for certain of its previously filed financial statements; (3) Equity LifeStyle Properties lacked adequate internal controls; and (4) as a result, Defendants' statements about its business, operations, and prospects, were materially false and misleading and/or lacked a reasonable basis at all times.

THE TRUTH EMERGES

40. On January 22, 2024, after the market closed, Equity LifeStyle Properties filed with the SEC a current report on Form 8-K announcing it would need to restate its consolidated financial statements for its 2022 Annual Report, and the first quarter of 2023 (the "Restatement Announcement").

41. The Restatement Announcement stated the following regarding the restatement:

The Company received from the SEC a Comment Letter issued in the ordinary course of the SEC's review of our disclosures. As a result of our research and consideration of a question (unrelated to the matter discussed above under Item 2.02) raised in the Comment Letter, *we previously disclosed in our Quarterly Reports on Form 10-Q for the quarters ended June 30, 2023 and September 30, 2023 the correction of an error, described below, which relates solely to the classification of cash outflows associated with the purchase of manufactured homes in the Consolidated Statements of Cash Flows.* Based on an analysis of quantitative and qualitative factors in accordance with SEC Staff Accounting Bulletins 99, *Materiality* and 108, *Considering the Effects of Prior Year Misstatements when Quantifying Misstatements in Current Year Financial Statements*, the Company and the Audit Committee of the Board of Directors (the "Audit Committee") previously concluded that this error was immaterial. *Following receipt of a further Comment Letter in which the Staff of the SEC informed the Company it disagreed with the materiality conclusion, the Company and the Audit Committee, on January 19, 2024, determined that the error was material to its previously issued financial statements, as included in the Annual Report on Form 10-K for the year ended December 31, 2022 and the Quarterly Report on Form 10-Q for the quarter ended March 31, 2023* (the "Prior Period Financial Statements"). During the period of time following receipt of the initial Comment Letter, the Company along with the Audit Committee has discussed with Ernst & Young LLP ("EY"), our independent registered public accounting firm, the matters described herein.

Accordingly, solely as a result of the foregoing, the Company and the Audit Committee determined that the Prior Period Financial Statements, as well as, any reports, related earnings releases, investor presentations or similar communications of the Company's Prior Period Financial Statements, should no longer be relied upon.

The Company previously classified cash outflows associated with the purchase of manufactured homes within investing activities in the Consolidated Statements of Cash Flows. Based on the predominance principle in ASC 230-10-45-22, the Company determined that all of the cash flows associated with the purchase and sale of manufactured homes should be classified within operating activities in the Consolidated Statements of Cash Flows. The Company plans to correct the classification error by filing amendments of the Prior Period Financial Statements (“Amended Reports”) with the SEC concurrent with the filing of this Form 8-K. In addition, although not required by the correction of the material cash flow classification error, the non-GAAP financial measures referenced in Item 2.02 above and as included in the Amended Reports will no longer include adjustments in respect to membership upgrade sales.

There was no impact to Cash and restricted cash, the Consolidated Statements of Income and Comprehensive Income, Consolidated Balance Sheets, Consolidated Statements of Changes in Equity for any periods presented in the Prior Period Financial Statements, or our ability to maintain compliance with covenants contained in our debt facilities or other contractual requirements.

(Emphasis added).

42. Also on January 22, 2024, Equity LifeStyle Properties filed with the SEC an amended 2022 Annual Report on Form 10-K/A for the year ended December 31, 2022 (the “Amended 2022 Annual Report”, which provided the following:

*During the quarter ended June 30, 2023, the Company identified and corrected an error related to the classification of cash outflows associated with the purchase of manufactured homes in the Consolidated Statements of Cash Flows. Previously, the Company classified these cash outflows within investing activities in the Consolidated Statements of Cash Flows. Based on the predominance principle in ASC 230-10-45-22, the Company determined that all of the cash flows associated with the purchase and sale of manufactured homes should be classified within operating activities in the Consolidated Statements of Cash Flows. There was no impact to the Consolidated Statements of Income and Comprehensive Income, Consolidated Balance Sheets, or Consolidated Statements of Changes in Equity for any periods presented. **The Company is correcting this misclassification by restating its Consolidated Statements of Cash Flows through this Annual Report on Form 10-K/A.***

(Emphasis added).

43. The Amended 2022 Annual Report provided the following restated figures for “Other assets, net” and “Net cash provided by operating activities”, as originally reported in the

2020, 2021, and 2022 Annual Reports, and which the Company had previously considered to be immaterial:

Note 3—Restatement of Previously Issued Consolidated Financial Statements (continued)

	Year Ended December 31, 2022			Year Ended December 31, 2021			Year Ended December 31, 2020		
	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated	As Reported	Adjustment	As Restated
<i>Operating Activities</i>									
Manufactured homes, net	\$ —	(27,419)	\$ (27,419)	\$ —	(4,963)	\$ (4,963)	\$ —	(10,280)	\$ (10,280)
Other assets, net	\$ 92,458	(96,103)	\$ (3,645)	\$ 53,913	(81,062)	\$ (27,149)	\$ 34,048	(38,845)	\$ (4,797)
Net cash provided by operating activities	\$ 599,336	(123,522)	\$ 475,814	\$ 595,052	(86,025)	\$ 509,027	\$ 466,537	(49,125)	\$ 417,412

44. The Amended 2022 Annual Report contained the following disclosure regarding the evaluation of disclosure controls and procedures in the original 2022 Annual Report:

At the time our Original Report on Form 10-K for the year ended December 31, 2022 was filed on February 21, 2023, our Chief Executive Officer and Chief Financial Officer had concluded that, as of December 31, 2022, our disclosure controls and procedures were effective at the reasonable assurance level. ***Subsequent to that evaluation, our Chief Executive Officer and the Chief Financial Officer concluded that, as of December 31, 2022, our disclosure controls and procedures were not effective at the reasonable assurance level due to the material weakness in our internal control over financial reporting described in the “Report of Management on Internal Control over Financial Reporting”.*** In light of the material weakness, we performed additional analyses as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management concluded that the restated financial statements included in this Annual Report on Form 10-K/A present fairly in all material respects our financial position, results of operations and cash flows for each of the periods presented.

(Emphasis added).

45. On January 22, 2023, Equity LifeStyle Properties filed its amended 10-Q on Form 10-Q/A for the quarter ended March 31, 2023 (the “Amended 1Q23 Report”). The Amended 1Q23 Report provided the following restated figures for, among other things, net cash provided by operating activities and “other assets, net”:

Equity LifeStyle Properties, Inc.
Consolidated Statements of Cash Flows
(amounts in thousands)
(unaudited)

	Quarters End
	2023
	As Restated
Cash Flows From Operating Activities:	
Consolidated net income	\$ 86,459
Adjustments to reconcile consolidated net income to net cash provided by operating activities:	
Loss on sale of real estate and impairment, net	2,632
Early debt retirement	—
Depreciation and amortization	51,860
Amortization of loan costs	1,208
Debt premium amortization	(32)
Equity in income of unconsolidated joint ventures	(524)
Distributions of income from unconsolidated joint ventures	174
Proceeds from insurance claims, net	5,795
Compensation expense related to incentive plans	3,330
Revenue recognized from membership upgrade sales upfront payments	(3,505)
Commission expense recognized related to membership sales	1,095
Changes in assets and liabilities:	
Manufactured homes, net	(19,574)
Notes receivable, net	(1,345)
Deferred commission expense	(1,744)
Other assets, net	5,856
Accounts payable and other liabilities	9,553
Deferred membership revenue	10,074
Rents and other customer payments received in advance and security deposits	7,668
Net cash provided by operating activities	158,980

46. The Amended 1Q23 Report contained the following disclosure regarding the evaluation of disclosure controls and procedures in the original 1Q23 Report:

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated

the effectiveness of our disclosure controls and procedures as of March 31, 2023. **Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to us that would potentially be subject to disclosure under the Securities and Exchange Act of 1934**, as amended (the “Exchange Act”), and the rules and regulations promulgated thereunder as of March 31, 2023 due to the material weakness in our internal control over financial reporting described below. In light of the material weakness, we performed additional analyses as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles. Accordingly, management concluded that the restated financial statements included in this Quarterly Report on Form 10-Q/A present fairly in all material respects our financial position, results of operations and cash flows for each of the periods presented.

(Emphasis added).

47. On January 22, 2023, Equity LifeStyle Properties filed its amended 10-Q on Form 10-Q/A for the quarter ended June 30, 2023 (the “Amended 2Q23 Report”). The Amended 2Q23 Report contained the following disclosure regarding the Company’s internal controls:

Our management, with the participation of our Chief Executive Officer (principal executive officer) and Chief Financial Officer (principal financial officer), has evaluated the effectiveness of our disclosure controls and procedures as of June 30, 2023. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were not effective to give reasonable assurances to the timely collection, evaluation and disclosure of information relating to us that would potentially be subject to disclosure under the Securities and Exchange Act of 1934, as amended (the “Exchange Act”), and the rules and regulations promulgated thereunder as of June 30, 2023 due to the material weakness in our internal control over financial reporting described below. **In light of the material weakness, we performed additional analyses as deemed necessary to ensure that our financial statements were prepared in accordance with U.S. generally accepted accounting principles.** Accordingly, management concluded that the restated financial statements included in this Quarterly Report on Form 10-Q/A present fairly in all material respects our financial position, results of operations and cash flows for each of the periods presented.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of our annual or interim financial statements will not be prevented or detected on a timely basis.

Management identified a material weakness related to a lack of an effectively designed control activity related to the evaluation of the classification of cash flows pursuant to the

predominance principle in ASC 230 associated with the purchase and sale of manufactured homes within the Consolidated Statements of Cash Flows.

(Emphasis added).

48. On this news, the price of Equity LifeStyle Properties stock fell \$1.96 per share, or 2.84%, to close at \$67 per share on January 23, 2024, damaging investors. The next day, it fell another \$1.45, or 2.16%, to close at \$65.55 per share.

49. As a result of Defendants' wrongful acts and omissions, and the precipitous decline in the market value of the Company's common shares, Plaintiff and the other Class members have suffered significant losses and damages.

PLAINTIFF'S CLASS ACTION ALLEGATIONS

50. Plaintiff brings this action as a class action pursuant to Federal Rule of Civil Procedure 23(a) and (b)(3) on behalf of a class consisting of all persons other than defendants who acquired Equity LifeStyle securities publicly traded on the NYSE during the Class Period, and who were damaged thereby (the "Class"). Excluded from the Class are Defendants, the officers and directors of the Company, members of the Individual Defendants' immediate families and their legal representatives, heirs, successors or assigns and any entity in which Defendants have or had a controlling interest.

51. The members of the Class are so numerous that joinder of all members is impracticable. Throughout the Class Period, the Company's securities were actively traded on the NYSE American. While the exact number of Class members is unknown to Plaintiff at this time and can be ascertained only through appropriate discovery, Plaintiff believes that there are hundreds, if not thousands of members in the proposed Class.

52. Plaintiff's claims are typical of the claims of the members of the Class as all members of the Class are similarly affected by Defendants' wrongful conduct in violation of federal law that is complained of herein.

53. Plaintiff will fairly and adequately protect the interests of the members of the Class and has retained counsel competent and experienced in class and securities litigation. Plaintiff has no interests antagonistic to or in conflict with those of the Class.

54. Common questions of law and fact exist as to all members of the Class and predominate over any questions solely affecting individual members of the Class. Among the questions of law and fact common to the Class are:

- whether the Exchange Act was violated by Defendants' acts as alleged herein;
- whether statements made by Defendants to the investing public during the Class Period misrepresented material facts about the business and financial condition of the Company;
- whether Defendants' public statements to the investing public during the Class Period omitted material facts necessary to make the statements made, in light of the circumstances under which they were made, not misleading;
- whether the Defendants caused the Company to issue false and misleading filings during the Class Period;
- whether Defendants acted knowingly or recklessly in issuing false filings;
- whether the prices of the Company's securities during the Class Period were artificially inflated because of the Defendants' conduct complained of herein; and
- whether the members of the Class have sustained damages and, if so, what is the proper measure of damages.

55. A class action is superior to all other available methods for the fair and efficient adjudication of this controversy since joinder of all members is impracticable. Furthermore, as the damages suffered by individual Class members may be relatively small, the expense and burden of individual litigation make it impossible for members of the Class to individually redress the wrongs done to them. There will be no difficulty in the management of this action as a class action.

56. Plaintiff will rely, in part, upon the presumption of reliance established by the fraud-on-the-market doctrine in that:

- the Company's securities met the requirements for listing, and were listed and actively traded on the NYSE American, an efficient market;
- as a public issuer, the Company filed public reports;
- the Company communicated with public investors via established market communication mechanisms, including through the regular dissemination of press releases via major newswire services and through other wide-ranging public disclosures, such as communications with the financial press and other similar reporting services;
- the Company's securities were liquid and traded with moderate to heavy volume during the Class Period; and
- the Company was followed by a number of securities analysts employed by major brokerage firms who wrote reports that were widely distributed and publicly available.

57. Based on the foregoing, the market for the Company securities promptly digested current information regarding the Company from all publicly available sources and reflected such

information in the prices of the common units, and Plaintiff and the members of the Class are entitled to a presumption of reliance upon the integrity of the market.

58. Alternatively, Plaintiff and the members of the Class are entitled to the presumption of reliance established by the Supreme Court in *Affiliated Ute Citizens of the State of Utah v. United States*, 406 U.S. 128 (1972), as Defendants omitted material information in their Class Period statements in violation of a duty to disclose such information as detailed above.

COUNT I
For Violations of Section 10(b) And Rule 10b-5 Promulgated Thereunder
Against All Defendants

59. Plaintiff repeats and realleges each and every allegation contained above as if fully set forth herein.

60. This Count asserted against Defendants is based upon Section 10(b) of the Exchange Act, 15 U.S.C. § 78j(b), and Rule 10b-5 promulgated thereunder by the SEC.

61. During the Class Period, Defendants, individually and in concert, directly or indirectly, disseminated or approved the false statements specified above, which they knew or deliberately disregarded were misleading in that they contained misrepresentations and failed to disclose material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

62. Defendants violated §10(b) of the 1934 Act and Rule 10b-5 in that they:

- employed devices, schemes and artifices to defraud;
- made untrue statements of material facts or omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading; or

- engaged in acts, practices and a course of business that operated as a fraud or deceit upon plaintiff and others similarly situated in connection with their purchases of the Company's securities during the Class Period.

63. Defendants acted with scienter in that they knew that the public documents and statements issued or disseminated in the name of the Company were materially false and misleading; knew that such statements or documents would be issued or disseminated to the investing public; and knowingly and substantially participated, or acquiesced in the issuance or dissemination of such statements or documents as primary violations of the securities laws. These defendants by virtue of their receipt of information reflecting the true facts of the Company, their control over, and/or receipt and/or modification of the Company's allegedly materially misleading statements, and/or their associations with the Company which made them privy to confidential proprietary information concerning the Company, participated in the fraudulent scheme alleged herein.

64. Individual Defendants, who are or were senior executives and/or directors of the Company, had actual knowledge of the material omissions and/or the falsity of the material statements set forth above, and intended to deceive Plaintiff and the other members of the Class, or, in the alternative, acted with reckless disregard for the truth when they failed to ascertain and disclose the true facts in the statements made by them or other Company's personnel to members of the investing public, including Plaintiff and the Class.

65. As a result of the foregoing, the market price of the Company's securities was artificially inflated during the Class Period. In ignorance of the falsity of Defendants' statements, Plaintiff and the other members of the Class relied on the statements described above and/or the integrity of the market price of the Company's securities during the Class Period in purchasing

the Company's securities at prices that were artificially inflated as a result of Defendants' false and misleading statements.

66. Had Plaintiff and the other members of the Class been aware that the market price of the Company's securities had been artificially and falsely inflated by Defendants' misleading statements and by the material adverse information which Defendants did not disclose, they would not have purchased the Company's securities at the artificially inflated prices that they did, or at all.

67. As a result of the wrongful conduct alleged herein, Plaintiff and other members of the Class have suffered damages in an amount to be established at trial.

68. By reason of the foregoing, Defendants have violated Section 10(b) of the 1934 Act and Rule 10b-5 promulgated thereunder and are liable to the plaintiff and the other members of the Class for substantial damages which they suffered in connection with their purchase of the Company's securities during the Class Period.

COUNT II
Violations of Section 20(a) of the Exchange Act
Against the Individual Defendants

69. Plaintiff repeats and realleges each and every allegation contained in the foregoing paragraphs as if fully set forth herein.

70. During the Class Period, the Individual Defendants participated in the operation and management of the Company, and conducted and participated, directly and indirectly, in the conduct of the Company's business affairs. Because of their senior positions, they knew the adverse non-public information about the Company's misstatement of revenue and profit and false financial statements.

71. As officers of a public business, the Individual Defendants had a duty to disseminate accurate and truthful information with respect to the Company's financial condition and results of operations, and to correct promptly any public statements issued by the Company which had become materially false or misleading.

72. Because of their positions of control and authority as senior executives and/or directors, the Individual Defendants were able to, and did, control the contents of the various reports, press releases and public filings which the Company disseminated in the marketplace during the Class Period concerning the Company's results of operations. Throughout the Class Period, the Individual Defendants exercised their power and authority to cause the Company to engage in the wrongful acts complained of herein. The Individual Defendants therefore, were "controlling persons" of the Company within the meaning of Section 20(a) of the Exchange Act. In this capacity, they participated in the unlawful conduct alleged which artificially inflated the market price of Company securities.

73. By reason of the above conduct, the Individual Defendants are liable pursuant to Section 20(a) of the Exchange Act for the violations committed by the Company.

PRAYER FOR RELIEF

WHEREFORE, plaintiff, on behalf of himself and the Class, prays for judgment and relief as follows:

(a) declaring this action to be a proper class action, designating plaintiff as Lead Plaintiff and certifying plaintiff as a class representative under Rule 23 of the Federal Rules of Civil Procedure and designating plaintiff's counsel as Lead Counsel;

(b) awarding damages in favor of plaintiff and the other Class members against all defendants, jointly and severally, together with interest thereon;

(c) awarding plaintiff and the Class reasonable costs and expenses incurred in this action, including counsel fees and expert fees; and

(d) awarding plaintiff and other members of the Class such other and further relief as the Court may deem just and proper.

JURY TRIAL DEMANDED

Plaintiff hereby demands a trial by jury.

Dated:

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