
**Marquis** | *San Jose, CA*


**Station Park Green** | *San Mateo, CA*

# ESSEX

PROPERTY TRUST, INC.

## INVESTOR PRESENTATION

## JUNE 2022

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ESSEX
PROPERTY TRUST, INC.




"We are Essex—the proven leader in West Coast apartments. We are a fully integrated real estate investment trust (REIT) that acquires, develops, redevelops, and manages multifamily apartment communities located in supply-constrained markets. With a commitment to the vibrant coastal economies in which we operate, we continually push to innovate, improve, and add value to the lives of our residents, associates, and shareholders."

**~ Michael J. Schall, President & CEO**


Arbors at Parc Rose
*Oxnard, CA*

ESSEX
PROPERTY TRUST, INC.

# EXECUTIVE SUMMARY

# EXECUTIVE SUMMARY – KEY HIGHLIGHTS

ESSEX
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## GUIDANCE UPDATE

- Essex has raised the midpoint for Core FFO to $14.16, up from $13.95 (page 16)
- Same store revenues and NOI guidance increased to 9.6%, and 12.1% at the midpoint respectively (Page 16)

## OPERATIONS UPDATE

- Year-over-year new lease spreads have achieved 21.4% growth for preliminary April and May (Page 13)
- Essex has raised its full-year 2022 MSA level economic rent forecast from 7.7% to 11.1% (Page 14)

## DEMAND UPDATE

- Essex job growth continues to outpace the U.S. through April 2022 as technology companies returned to office (Page 19)
- California and Washington account for 59% *(vs. 55% in 2021)* of total corporate job openings at the top 10 tech companies (Page 21)
- Meta, Microsoft, Google and Apple are prioritizing in-office work in their hybrid return-to-office strategy (Page 22)
- California has two of the largest Life Science clusters and is a key employment driver in the Bay Area and San Diego (Page 23)
- Higher interest rates have made it increasingly difficult for renters to transition to homeownership in Essex markets, it is now 2.2x more expensive to buy versus rent (Page 24)

## SUPPLY UPDATE

- Housing permits rose significantly in low-barrier markets throughout the pandemic, while permits in Essex markets are below long-term averages (Page 28)
- The Essex portfolio, and Northern California specifically, are expected to have year-over-year declines in multifamily supply deliveries in 2023 of 15% and 54%, respectively (Page 29)
- Essex needs minimal job growth in 2023 to absorb expected 2023 supply deliveries (Page 29)

## TECHNOLOGY UPDATE

- Essex has successfully rolled out a significant portion of their top-3 technology and platform initiatives (page 32)
- Essex is developing a fully integrated platform projected to create 200 bps of additional margin improvement over the next 2-3 years (page 33)


**Avenue 64**
*Emeryville, CA*

ESSEX
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# TRACK RECORD & COMPANY HIGHLIGHTS

# CORPORATE HIGHLIGHTS

ESSEX
PROPERTY TRUST, INC.

Established in 1971

Focused in the coastal markets of California and Washington with superior long-term compound annual growth rate

Long track record of success with one of the **highest total returns of all public U.S. REITs since IPO in 1994**

S&P Dividend Aristocrat; A 28-year history of **increasing cash dividends**

CORPORATE HIGHLIGHTS

Top executives share an **average tenure of approximately 17 years**

Investment Grade Rated

$29.4 Billion Total Market Cap[1]

S&P 500 Company

1) As of 3/31/2022

# PORTFOLIO OVERVIEW



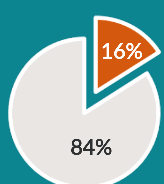
- The only public multifamily REIT dedicated to the ***West Coast***
- Together, California and Washington represent the ***5th highest GDP in the world***

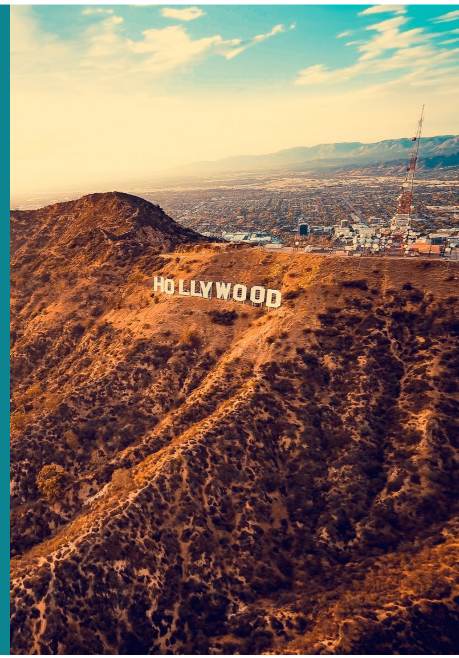
8 Major Markets

253 Apartment Communities

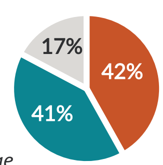
~62,000 Apartment Homes

### Portfolio Composition[1]




### % of Portfolio NOI[5]




% of NOI[5]

### Southern California

| | |
|---|---|
| West / Other LA | 15% |
| Orange | 11% |
| San Diego | 9% |
| Ventura | 5% |
| DTLA | 2% |

### Northern California[2]

| | |
|---|---|
| Santa Clara | 20% |
| Oakland[3] | 13% |
| San Mateo | 5% |
| SF CBD | 2% |

### Seattle

| | |
|---|---|
| Eastside[4] | 10% |
| Other Seattle | 4% |
| Seattle CBD | 3% |

*Source: Essex, RealPage*

1) Defined by RealPage based on geographical location and density.
2) Excludes two properties in Marin county which account for 1.4% of ESS total NOI.
3) Oakland includes Alameda and Contra Costa counties.
4) Eastside includes the cities of Bellevue, Redmond, Issaquah, Kirkland, Bothell, and Newcastle.
5) As of 3/31/22

# CORE COMPETANCIES TO CREATE VALUE

ESSEX PROPERTY TRUST, INC.

## ACQUISITIONS / DISPOSITIONS

Improve the NAV/share, cash flow/share and growth prospects of the company and willing to sell properties and shrink when accretive to NAV and FFO/sh

## DEVELOPMENT

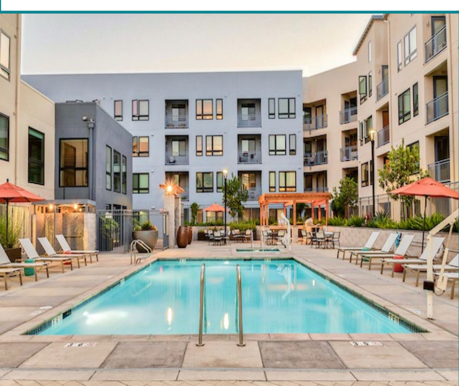
Develop high-quality, tenant-desired apartment homes near high-quality jobs

## REDEVELOPMENT & VALUE ADD

Rent justified improvements to new and existing properties to maximize NOI and value

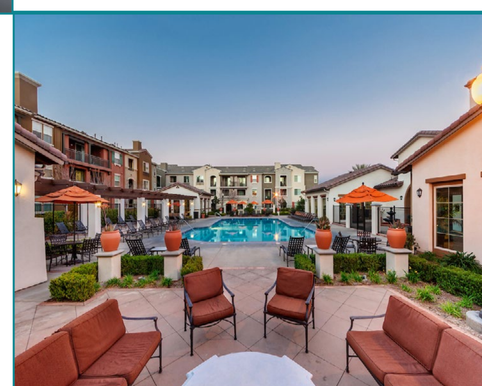
## CO-INVESTMENT PLATFORM

Facilitate growth via private capital and provide attractive risk adjusted returns



## STRUCTURED FINANCE

Invest in high-quality developments and stabilized properties within Essex footprint, yielding enhanced risk-adjusted returns compared to development at certain points during the cycle



## CAPITAL ALLOCATION

Arbitrage between public and private market values, using a variety of capital sources to create value for shareholders during any economic cycle

# WHY WEST COAST MARKETS?

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## STRONG DEMAND DRIVERS

**Economy**
Highest GDP in the U.S

**Jobs / Income**
Centers of innovation drive job creation and income growth leading to higher median household income

**Affordability**
Higher median home prices make purchasing a home 2.2x more expensive than renting in our markets

**Demographics**
Big tech clusters have led to higher paying jobs and income growth

## LIMITED SUPPLY

**New Supply**
New supply of multifamily and for-sale historically below 1% of existing stock for CA

**Cost**
High cost of homeownership makes transition from renter to homeowner difficult

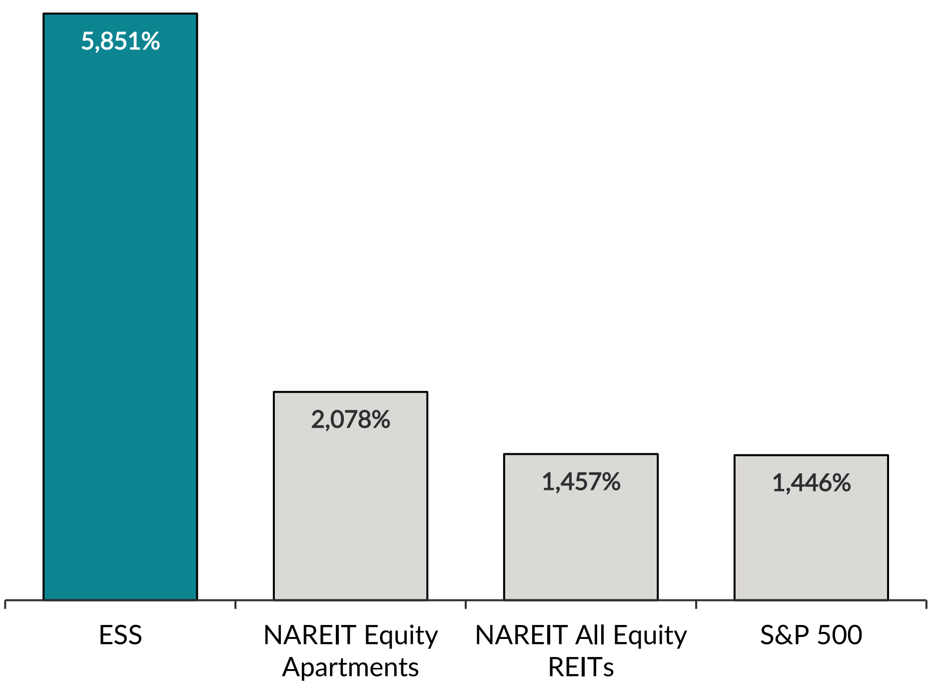
**Barriers to Entry**
Difficult and costly to build, restrictive and lengthy entitlement process

# TOTAL RETURNS OUTPERFORM

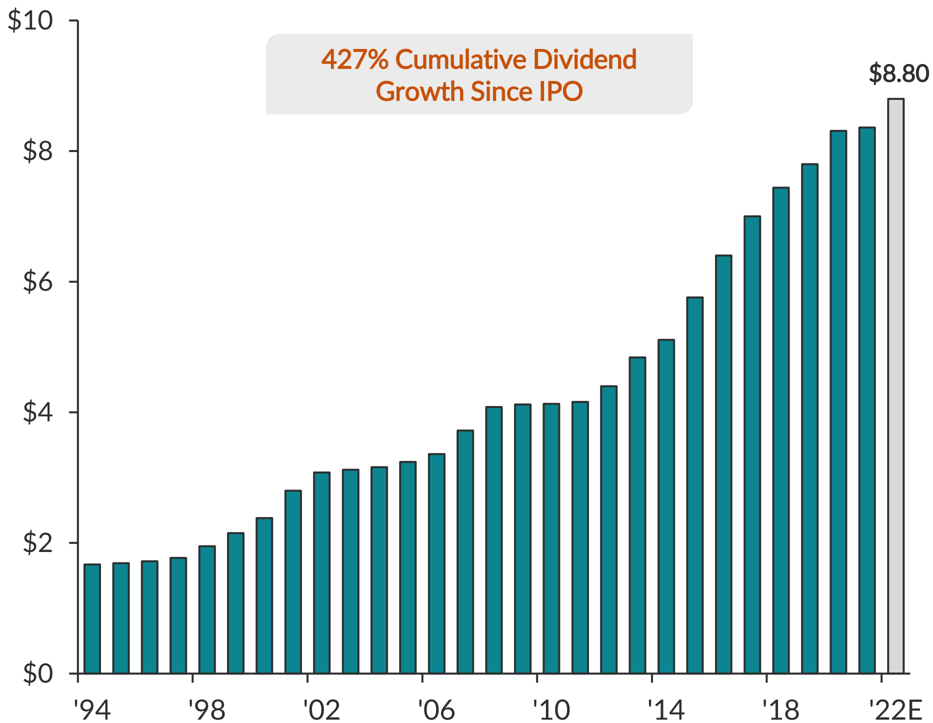
ESSEX
PROPERTY TRUST, INC.

- Robust value creation for shareholders since IPO
- ***A S&P Dividend Aristocrat***, Essex has increased its cash dividend for 28 consecutive years, with ***427% cumulative dividend growth*** since the Company's IPO in 1994

**Total Shareholder Return Since ESS IPO**[1]
Through April 30, 2022




**Dividend Per Share Growth**
1994 - 2022E

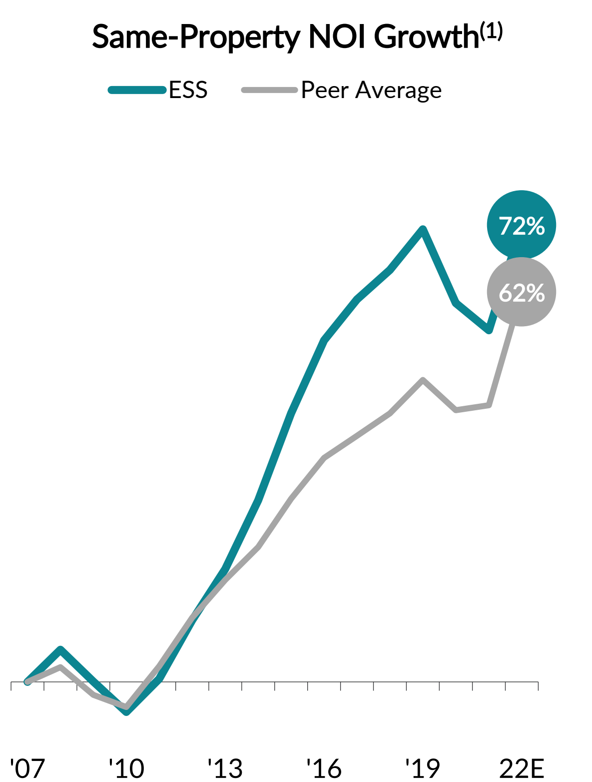


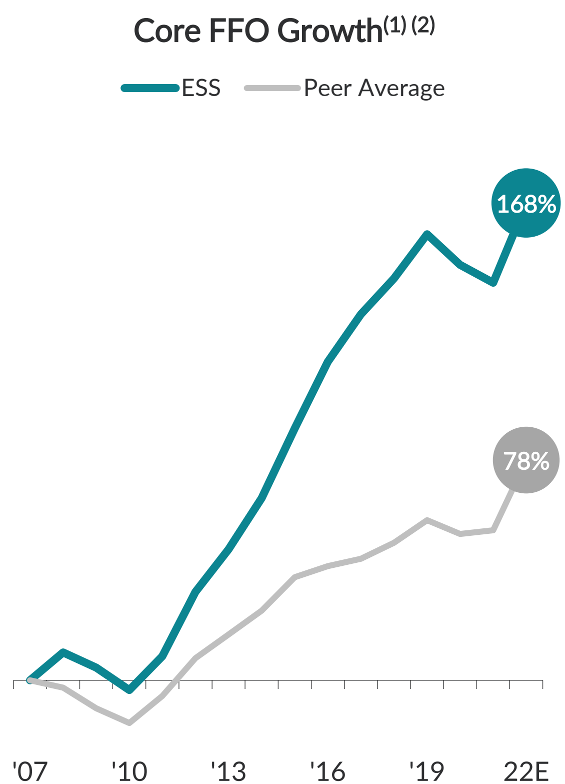

*Source: Company Disclosures, S&P Global Market Intelligence*
1) June 1994 – April 2022.

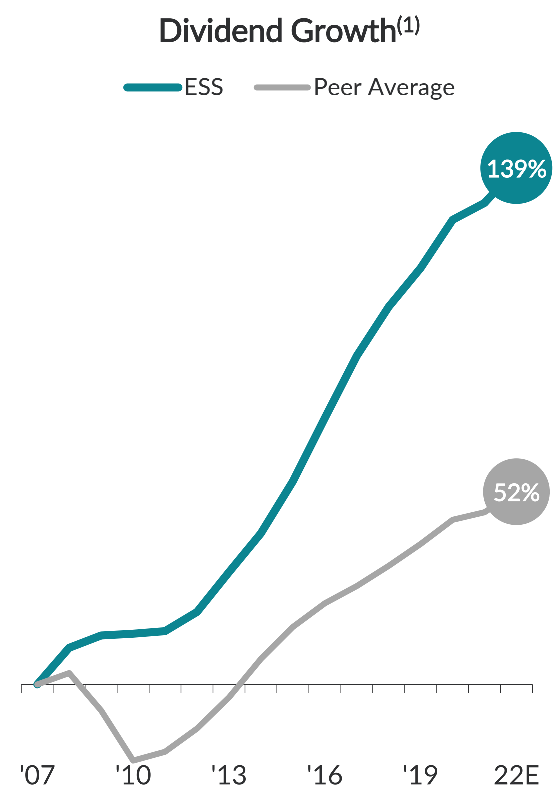
# CORE METRICS OUTPERFORM

ESSEX PROPERTY TRUST, INC.

‡ Essex drives core metric growth through ***disciplined capital allocation decisions*** and an unwavering focus on ***creating value for shareholders***. This process has led to relative outperformance in core FFO, same-property NOI, and dividend growth




Source: Company Disclosures

Peer average for same-property NOI, Core FFO, and dividend growth includes five multifamily REITs (EQR, AVB, UDR, MAA, and CPT)

1) '22E are the expected midpoints of external guidance

2) CPT reports total FFO and MAA reported total FFO prior to Q1'20


**8th & Republican**
*Seattle, WA*

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# OPERATING UPDATE & GUIDANCE

# SAME-PROPERTY OPERATIONS UPDATE

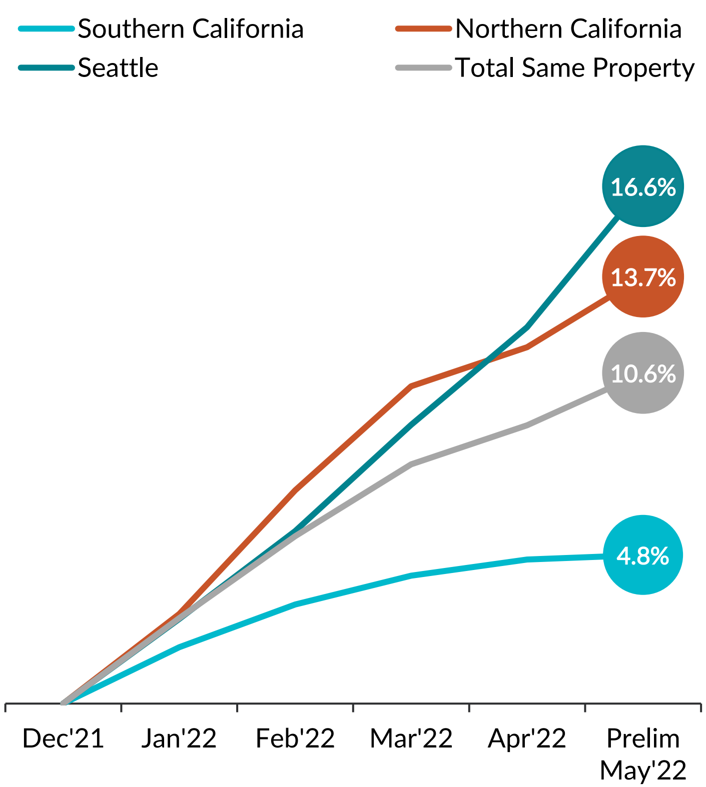
ESSEX PROPERTY TRUST, INC.

- Preliminary April-May ***2022 same-property revenue growth is trending ahead of plan due to higher net effective rent growth*** and ***lower net delinquencies***
- As a result, the ***Company is raising its full-year midpoint for same-property revenue and NOI growth to 9.6% and 12.1%, respectively.*** This represents a 100 bps and 140 bps increase from the Company's prior guidance provided in its Q1'22 earnings release (see page 16 for further details)

| Same-Property Revenue Growth[1] | Actuals Q1'22 | Preliminary Apr-May'22 | Preliminary YTD through May'22 |
|---|---|---|---|
| Southern California | 8.8% | **14.2%** | **11.0%** |
| Northern California | 3.4% | **10.5%** | **6.2%** |
| Seattle | 8.5% | **12.9%** | **10.3%** |
| **Total Same-Property** | **6.5%** | **12.5%** | **8.9%** |

| Same-Property Operating Statistics | Actuals Q1'22 | Preliminary Apr-May'22 |
|---|---|---|
| Cash delinquencies as a % of scheduled rent[2][3] | 2.2% | **0.1%** |
| New lease rates[4] | 20.0% | **21.4%** |
| Renewal rates[5] | 11.7% | **10.1%** |
| **Blended rates** | **16.1%** | **16.2%** |
| Gain/(Loss)-to-Lease | -8.2% | **-9.8%** |
| Financial Occupancy | 96.3% | **95.9%** |

**Cumulative Sequential Net Effective Rent Growth**
*(Since Dec'21)*




1) Reflects same-property year-over-year growth, with concessions on a cash-basis.
2) Represents total same-property portfolio net cash delinquencies as a percentage of scheduled rent reflected in the financial statements of the reporting period.
3) Year-to-Date through preliminary May'22, the Company has received $21 million from Emergency Rental Assistance payments. Gross delinquency as a % of scheduled rent in preliminary May'22 was ~5%, consistent with Apr'22.
4) Represents the YOY % change on a net-effective basis, including the impact of leasing incentives. The significant growth is primarily attributable to concessions in the prior comparable period.
5) Represents the YOY % change in similar term lease tradeouts, including the impact of leasing incentives.

# 2022 MSA LEVEL FORECAST *(REVISED FROM Q1 EARNINGS)*

ESSEX
PROPERTY TRUST, INC.

‡ ***Economic Rent Growth has increased to 11.1%, a 340 basis point improvement*** from the prior projection due to better operating fundamentals

**Forecast Summary:**

2022 GDP Growth = +2.7%

2022 U.S. job growth = +3.0%; Dec-22 unemployment rate = 3.5%

2022 Multifamily supply in ESS markets remains below 1% growth

**Forecast Assumptions:**

Hybrid return-to-office continues gradually through year-end

Economic growth moderates due to higher interest rates and energy prices

Rent growth leadership transitions from SoCal to NorCal/Seattle in 2H22

| | Residential Supply (1) | | | | | Job Forecast (2) | | Rent Forecast (3) |
|---|---|---|---|---|---|---|---|---|
| Market | New MF Supply | New SF Supply | Total Supply | MF Supply as % of MF Stock | % of Total Supply to Total Stock | Est. New Jobs | % Growth | Economic Rent Growth |
| Los Angeles | 8,600 | 6,600 | 15,200 | 0.5% | 0.4% | 205,000 | 4.7% | 10.0% |
| Orange | 3,500 | 3,900 | 7,400 | 0.8% | 0.7% | 53,000 | 3.3% | 13.2% |
| San Diego | 4,700 | 3,350 | 8,050 | 1.0% | 0.7% | 58,000 | 4.0% | 12.9% |
| Ventura | 800 | 300 | 1,100 | 1.2% | 0.4% | 7,000 | 2.3% | 10.1% |
| **So. Cal.** | **17,600** | **14,150** | **31,750** | **0.7%** | **0.5%** | **323,000** | **4.2%** | **11.4%** |
| San Francisco | 3,200 | 450 | 3,650 | 0.8% | 0.5% | 74,000 | 6.7% | 10.6% |
| Oakland | 4,200 | 3,700 | 7,900 | 1.2% | 0.8% | 44,000 | 3.9% | 7.9% |
| San Jose | 4,300 | 2,400 | 6,700 | 1.7% | 1.0% | 51,000 | 4.5% | 12.1% |
| **No. Cal.** | **11,700** | **6,550** | **18,250** | **1.2%** | **0.8%** | **169,000** | **5.0%** | **10.5%** |
| **Seattle** | **8,500** | **6,300** | **14,800** | **1.7%** | **1.1%** | **76,000** | **4.4%** | **11.6%** |
| **Total/Weighted Avg. (4)** | **37,800** | **27,000** | **64,800** | **0.9%** | **0.6%** | **568,000** | **4.4%** | **11.1%** |

All data are based on Essex Property Trust, Inc. forecasts.

(1) **Residential Supply**: Total supply includes the Company's estimate of multifamily deliveries of properties with 50+ units and excludes student, senior and 100% affordable housing communities. Single-family estimates are based on trailing single-family permits. Multifamily estimates incorporate a methodological assumption ("delay-adjusted supply") to reflect the anticipated impact of continued construction delays in Essex markets, given on-going construction labor constraints and supply-chain delays.

(2) **Job Forecast:** Refers to the difference between total non-farm industry employment (not seasonally adjusted) projected 4Q22 over 4Q21, expressed as total new jobs and growth rates.

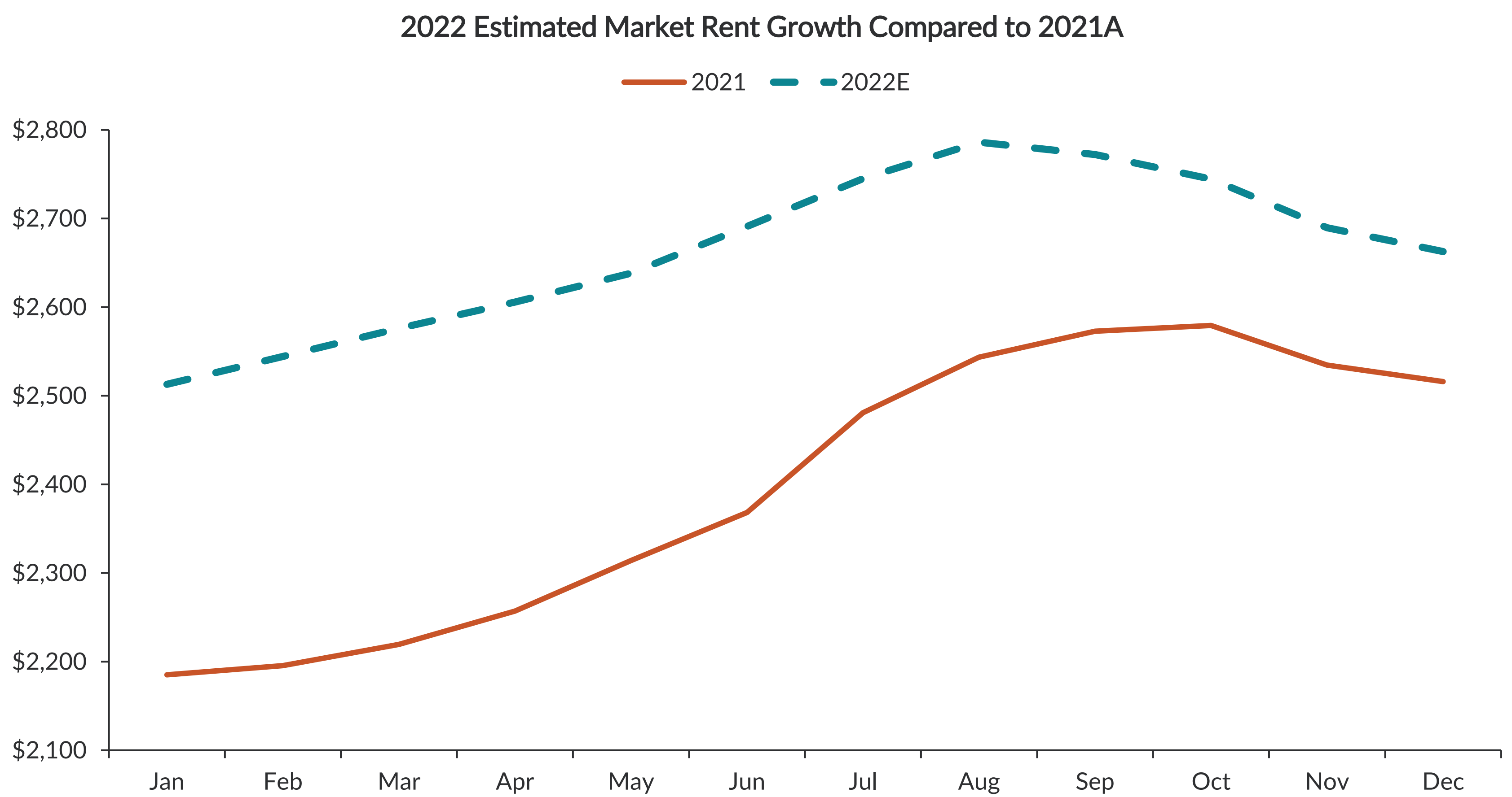
(3) **Rent Forecast:** The estimated rent growth represents the forecasted change in economic rents for full year 2022 vs 2021 (T4Q year-over-year average), and excludes submarkets not targeted by Essex.

(4) **Weighted Average:** Rent growth rates are weighted by scheduled rent in the Company's Portfolio.

# 2022 ECONOMIC RENT GROWTH

ESSEX
PROPERTY TRUST, INC.

- Essex **year-over-year rent spreads for the first half of 2022 have been robust due to a lower rental comp in 2021** as a result of pandemic-related shutdowns
- In the second half of 2022 ***we expect rent spreads to tighten, as our prior year comparable*** strengthened due to a re-opening of our markets in the second half of 2021




Source: Essex

# 2022 FULL-YEAR GUIDANCE *(REVISED FROM Q1 EARNINGS)*

ESSEX
PROPERTY TRUST, INC.

- Revised midpoints for all metrics are above the high-end of the prior guidance ranges

| Per Diluted Share[1] | Previous Range *(as of Q1'22)* | Revised Range | Revised Midpoint | Δ Midpoint |
|---|---|---|---|---|
| Net Income | $4.79 - $5.15 | **$5.01 - $5.33** | **$5.17** | $0.20 |
| Total FFO | $13.76 - $14.12 | **$13.99 - $14.31** | **$14.15** | $0.21 |
| Core FFO | $13.77 - $14.13 | **$14.00 - $14.32** | **$14.16** | $0.21 |
| Q2'22 Core FFO | $3.43 - $3.55 | **$3.55 - $3.61** | **$3.58** | $0.09 |
| Same Property Growth on a Cash-Basis[2] | | | | |
| Revenues | 8.1% to 9.1% | **9.1% to 10.1%** | **9.6%** | 1.0% |
| Operating Expenses | 3.5% to 4.5% | **3.5% to 4.5%** | **4.0%** | - |
| NOI | 9.7% to 11.6% | **11.1% to 13.1%** | **12.1%** | 1.4% |

| Key Assumptions | Low | High |
|---|---|---|
| Acquisitions | $500M | $700M |
| Dispositions | $100M | $300M |
| Structured Finance Commitments | $50M | $150M |

| Additional Assumptions | |
|---|---|
| Redemptions of Structured Finance Investments | Approximately $250 million in 2022 |
| Development Spending | For existing projects under construction $30 million at the Company's pro rata share; No new developments planned during 2022 |
| Revenue Generating Cap-Ex | Approximately $100 million at the Company's pro rata share. |

1) Core FFO excludes acquisitions costs and other non-routine items.
2) The revised midpoint of the Company's same-property revenues and NOI on a GAAP basis are 10.0% and 12.8%, respectively, representing a 90 and 120 basis point increase to the Company's original guidance midpoints.


Regency at Encino
*Encino, CA*

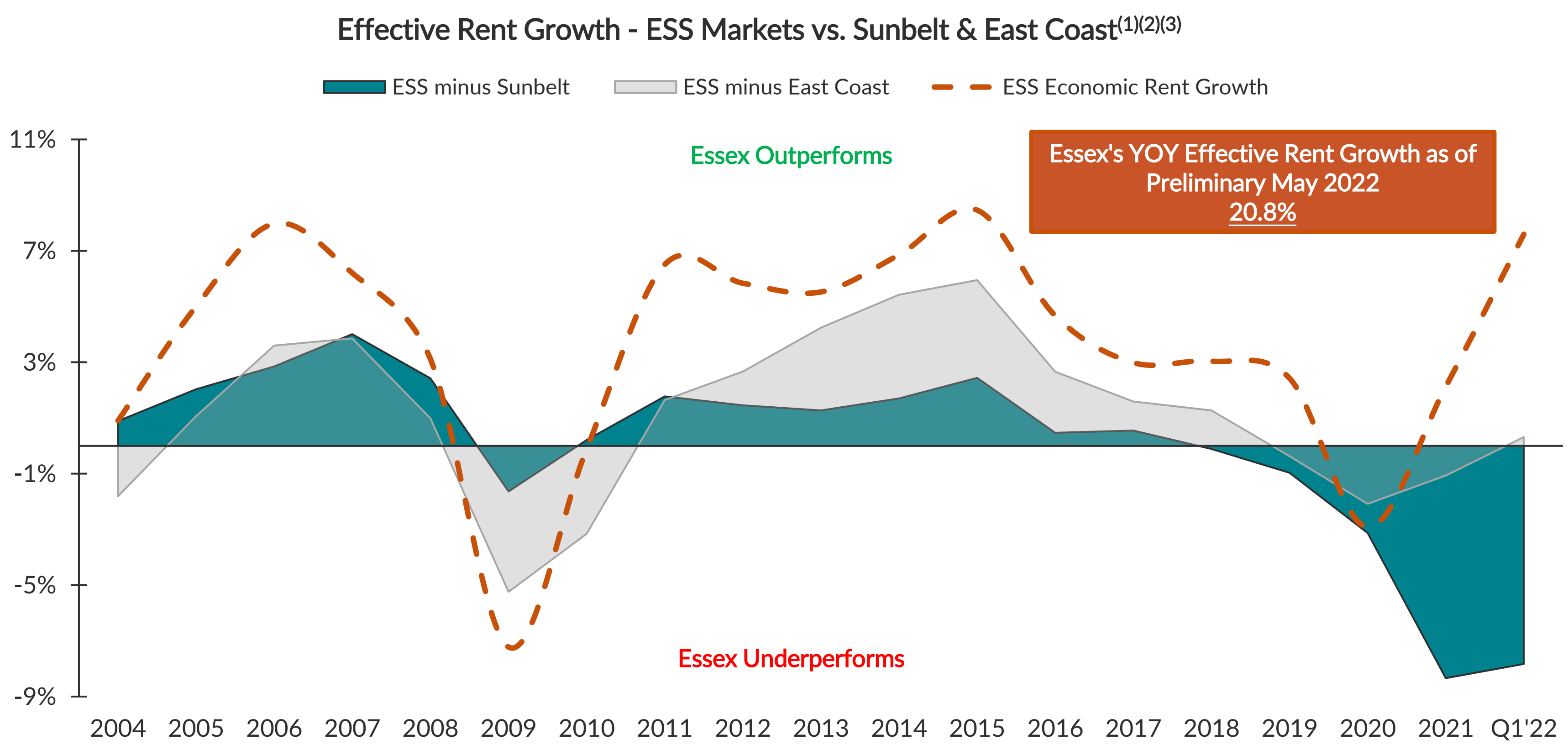
ESSEX
PROPERTY TRUST, INC.

# WEST COAST DEMAND FUNDAMENTALS

# INVESTMENT STRATEGY FOCUSES ON LONG-TERM RENT GROWTH

ESSEX
PROPERTY TRUST, INC.

- ***Rent growth in Essex markets outperforms over the broader economic cycle*** but is more volatile during downturns in the cycle
- ***West Coast fundamentals remain compelling with muted new supply*** and a large concentration of high-paying jobs, leading us to believe the West Coast will continue to outperform over the long-term



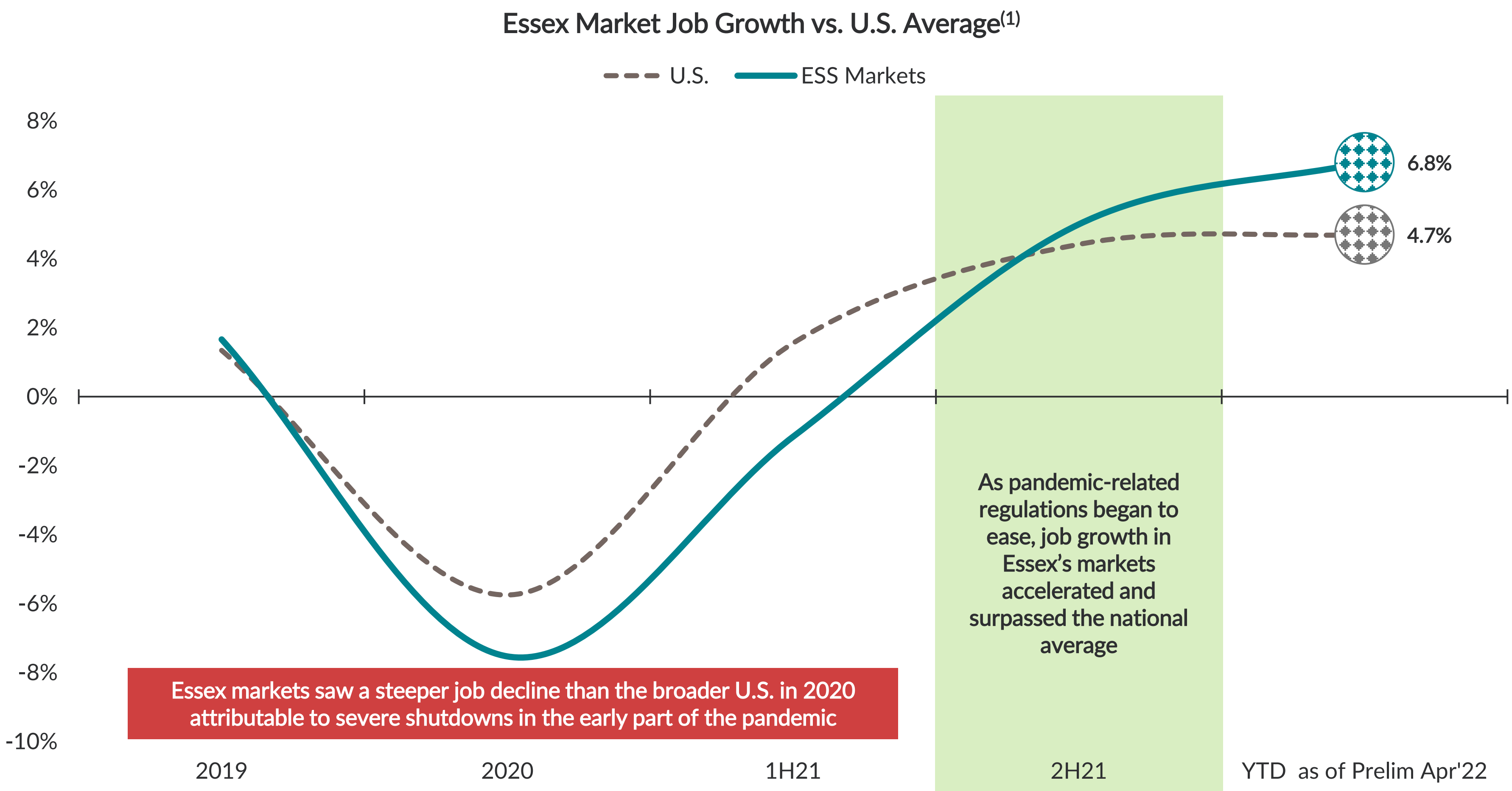

*Source: RealPage, Essex*

1) Reflects the difference in T4Q average YOY effective rent growth between Essex markets, key Sunbelt markets, and key East Coast markets and Essex's T4Q average YOY effective rent growth per RealPage
2) East Coast markets include: New York, Boston, Washington D.C., Philadelphia, Newark, NJ, and Baltimore. Sunbelt markets include: Atlanta, Austin, Charlotte, Dallas, Houston, Miami, Nashville, Orlando, Phoenix, Raleigh, and Tampa
3) Sunbelt and East Coast markets weighted by RealPage same-property unit count

# ESSEX JOB RECOVERY VS. U.S. AVERAGE

ESSEX
PROPERTY TRUST, INC.

- Job growth in Essex markets was significantly impacted by pandemic-related regulations in 2020. As regulations eased in the second half of 2021, ***job growth in Essex markets accelerated and has since outpaced the national average***, a trend that has continued in 2022
- Essex markets have now recovered 88% of the jobs lost during the pandemic compared to the U.S. having fully recovered




*Source: BLS.gov*

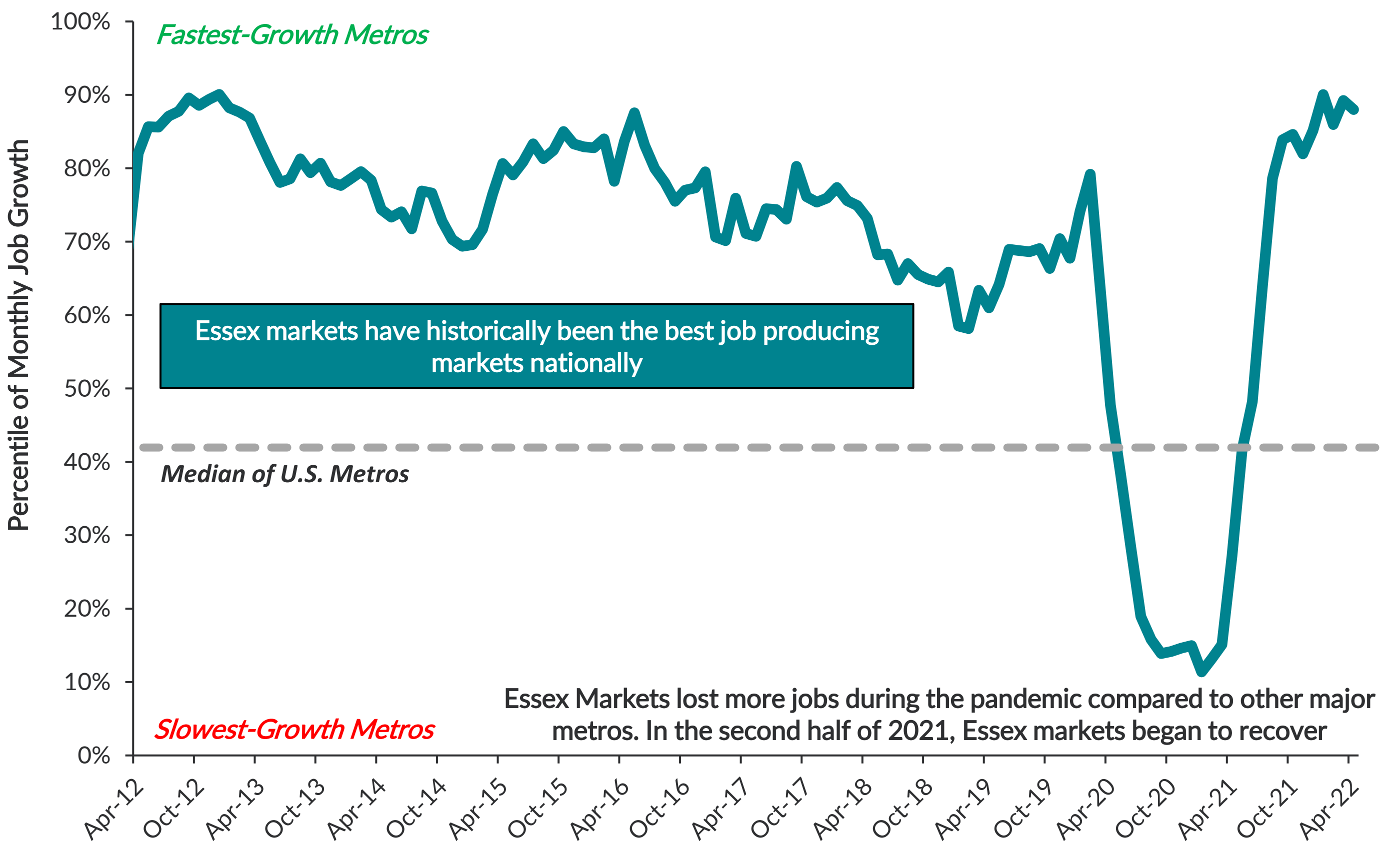
1) Represents YOY job growth in Essex markets vs. the U.S. average.

# ESSEX JOB GROWTH RELATIVE TO THE U.S.

ESSEX
PROPERTY TRUST, INC.

- Essex markets have historically added jobs at a faster rate than 80% of all other major markets in the U.S.
- After a significant slowdown during the pandemic, ***Essex markets have returned to a faster rate of job creation, outpacing over 88% of other major markets***

## Essex West Coast Metro[1] Performance vs. U.S. Median[2]




| Markets | Quantile % |
|---|---|
| San Francisco | 100% |
| San Diego | 95% |
| Los Angeles | 94% |
| Seattle | 94% |
| San Jose | 92% |
| ESS Portfolio | 88% |
| Orange County | 84% |
| Oakland | 70% |
| Ventura | 40% |

*Source: BLS.gov*

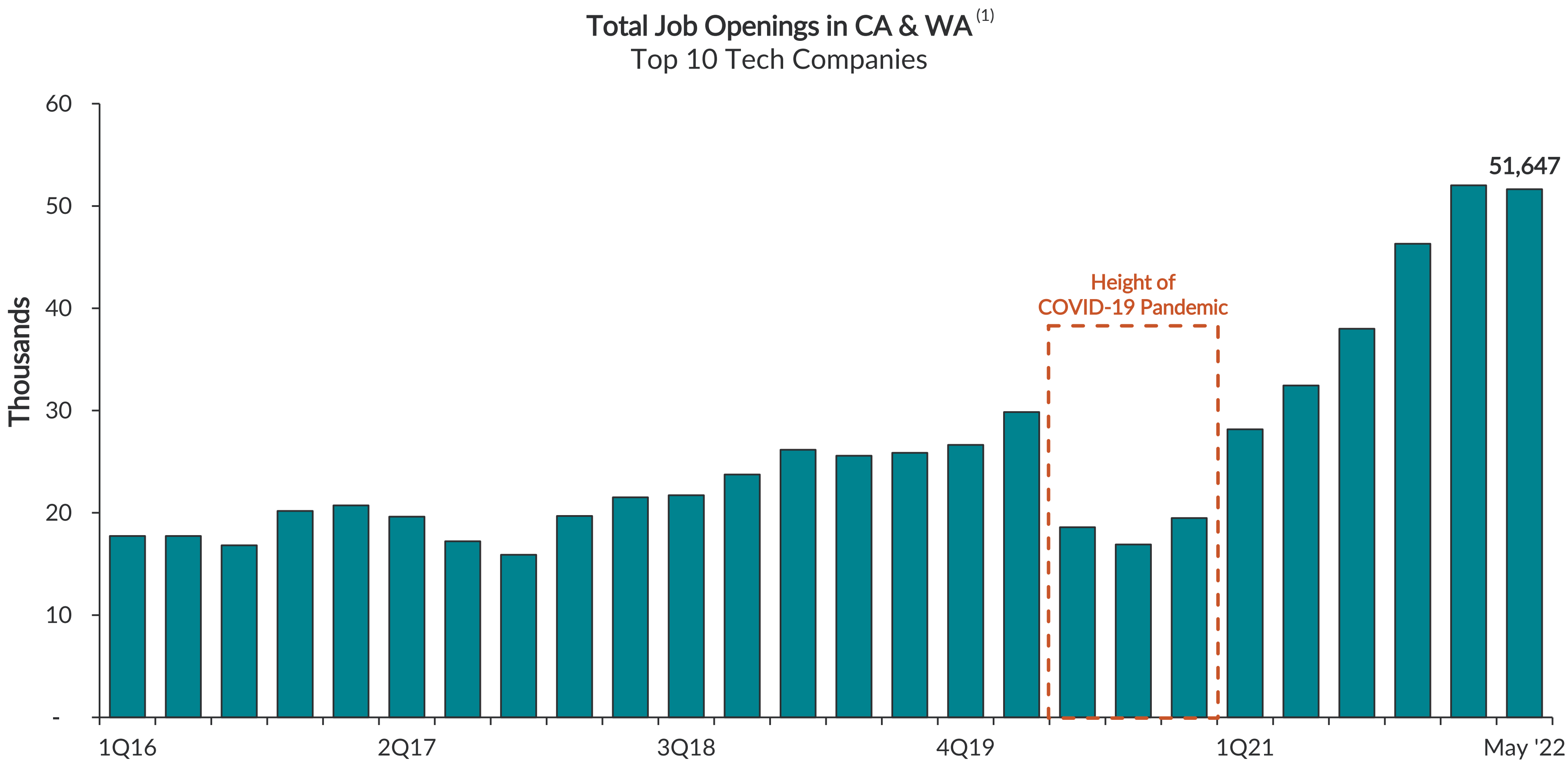
1) ESS weighted by same-property scheduled rent

2) Includes 433 U.S. Markets

# JOB OPENINGS AT THE TOP-10 TECHNOLOGY COMPANIES

ESSEX PROPERTY TRUST, INC.

- As of May 2022, job openings at the top-10 tech companies located in California and Washington have ***increased 77% since the prior peak in Q1'20***
- ***California and Washington account for 59%*** of total corporate job openings at the top 10 tech companies compared to 55% in 2021




*Source: Company Websites*

1) As of May 2022

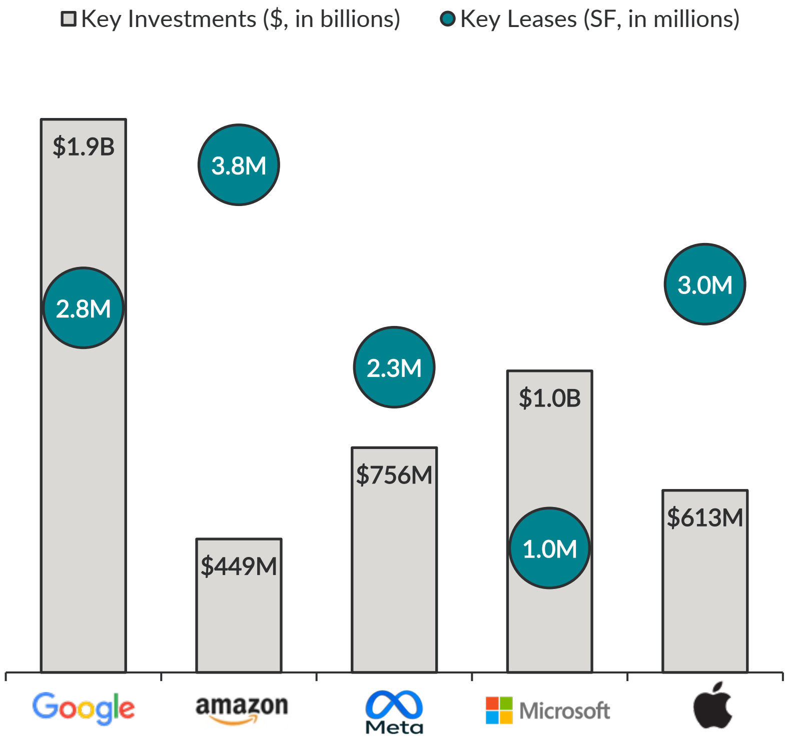
# TECHNOLOGY COMPANY INVESTMENT IN ESSEX MARKETS

ESSEX PROPERTY TRUST, INC.

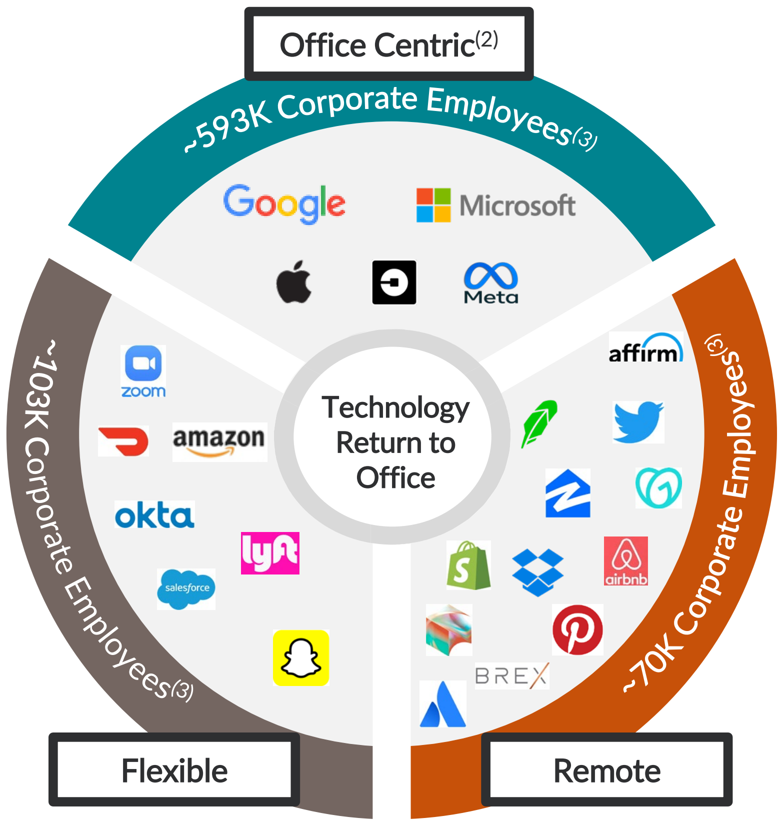
- ***Tech companies represented 36 of the top 100 U.S. office leases in 2021***, up from 18 in 2020. On a square footage basis, these leases represented 11.4 million square feet or ***37% of volume for the top 100 leases***. Among the top 10 metros for most mega deal leases, ***Silicon Valley ranked #4 and Seattle #6***
- Google recently announced expansion plans to ***invest more than $3.5 billion*** in the Bay Area on both new and existing development projects

**Big Tech Aggregate Expansion in Essex Markets**[1]

*(Trailing 36- Month)*




**Technology Return-to-Office**



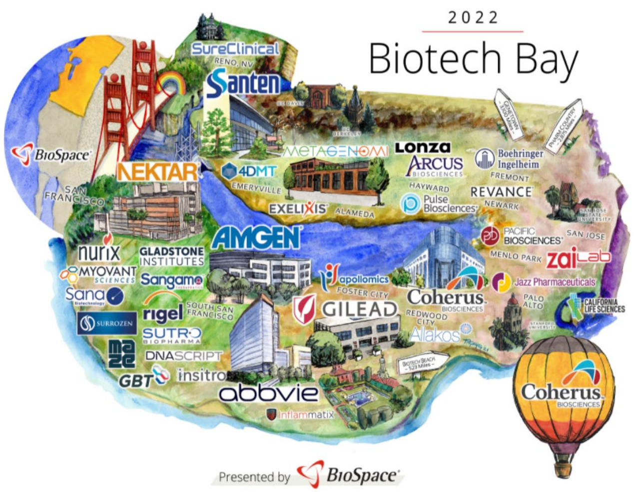

*Source: CoStar, LA Times, SF Business Journal, San Jose Mercury News, The Information, Bay Area News Group*

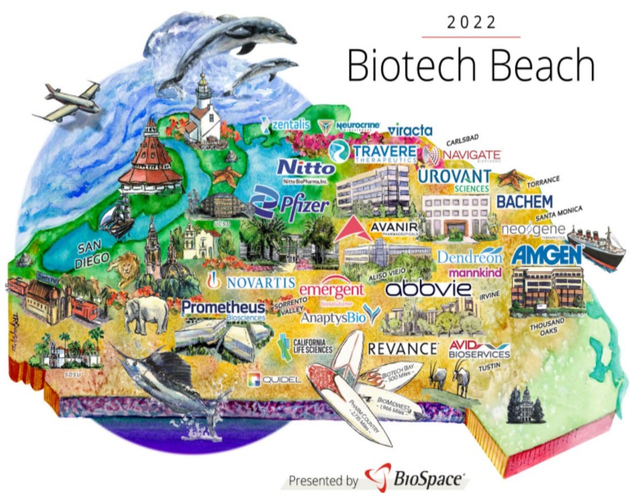
1) Key Investments represent the aggregate dollar amount invested over the trailing 36-month period in acquisitions (at contract price), developments (at total development cost), and major redevelopments (at redevelopment cost). Key Leases represent the aggregated square footage leased within Essex markets over the trailing 36-month period
2) Companies mandating 1+ days in office
3) Represents total corporate employee count throughout the U.S.

# LIFE SCIENCE IN ESSEX MARKETS

ESSEX PROPERTY TRUST, INC.

‡ ***California benefits from housing two of the largest Life Science hot beds in the U.S.*** Traditionally hard to build new research clusters, and with ***many jobs not having a work-from-home option***, the Life Science industry is a significant employment driver for San Francisco and San Diego




## San Francisco

**VC Funding Trends**

| 2021 VC Funding | VC 5-YR Avg. (Annual) |
|---|---|
| $20.6B | $12.9B |

Total Life Science Employees: **63k**

Avg. Annual Wage / Employee: **$180K**

## San Diego

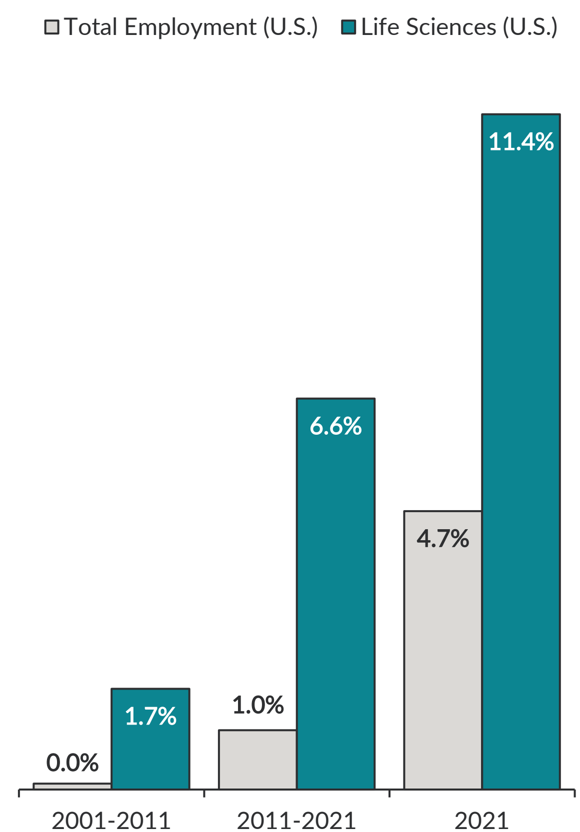
**VC Funding Trends**

| 2021 VC Funding | VC 5-YR Avg. (Annual) |
|---|---|
| $5.7B | $3.0B |

Total Life Science Employees: **34k**

Avg. Annual Wage / Employee: **$159K**

## Life Science Employment Growth (Average Annual)



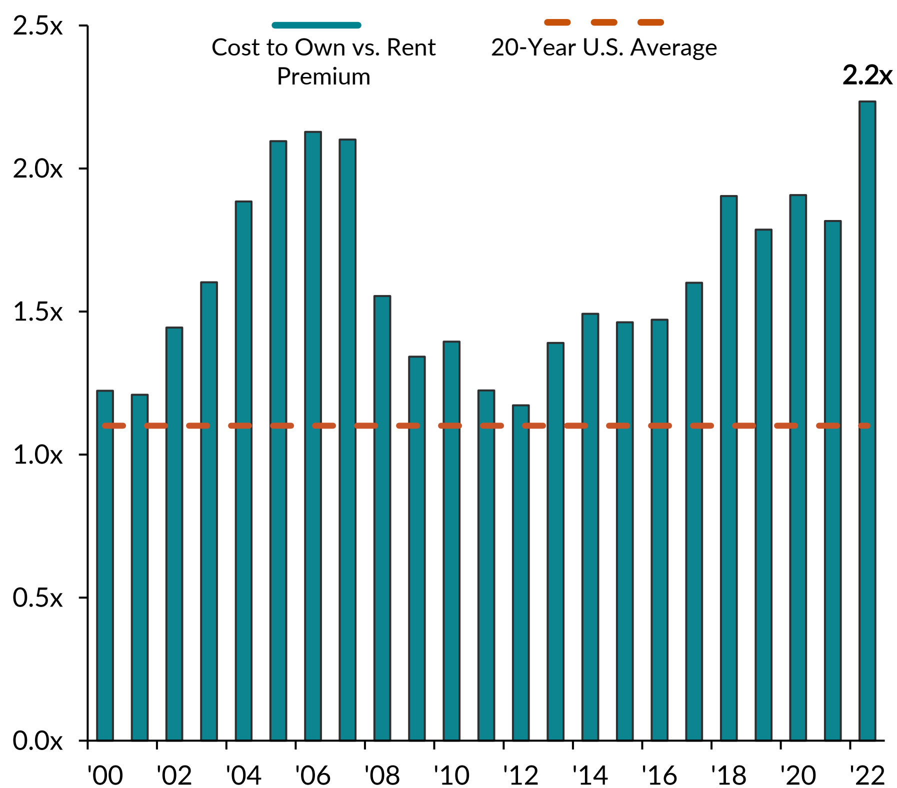

*Source: BioSpace, C&W, NGK*

# OWN VS. RENT PREMIUM IN ESSEX MARKETS

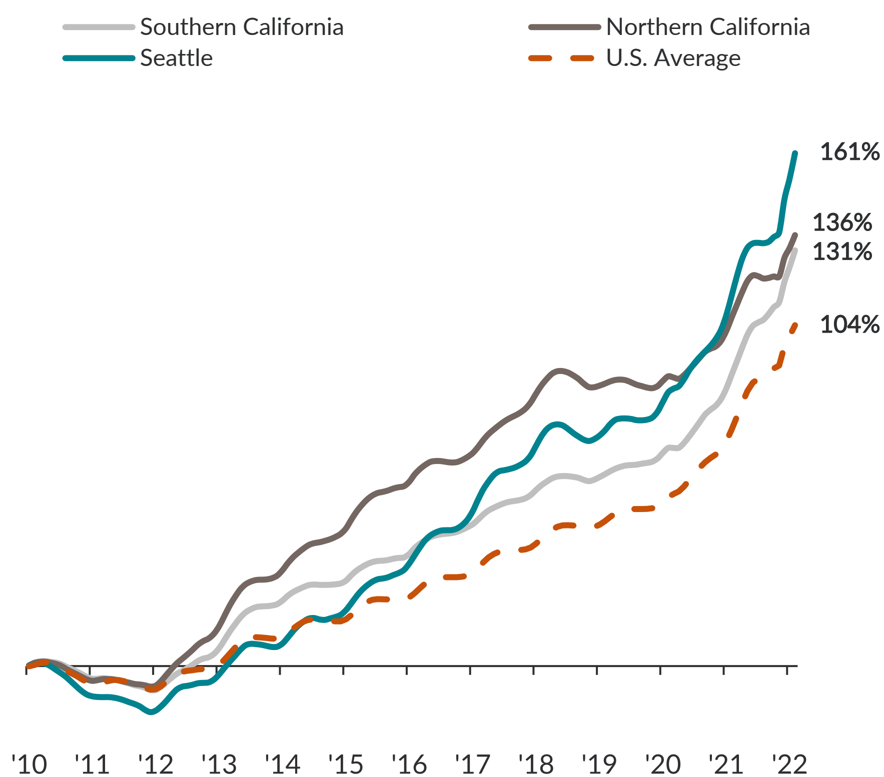
ESSEX PROPERTY TRUST, INC.

- With rising interest rates and continued home price appreciation, it is over ***2x more expensive to own vs. rent in ESS markets***, significantly more expensive than the 20-year U.S. average
- ***Higher interest rates has made it increasingly difficult for renters to transition to home ownership*** and re-enforces the favorable rental trends in ESS markets

**After-Tax Cost to Own vs. Rent in Essex Markets(1)**




**Home Price Appreciation in Essex Markets**
*(since 2010)*




*Sources: RealPage, CoreLogic, Federal Housing Finance Agency (FHFA), Census Bureau, BLS, Federal Reserve Economic Data (FRED), Freddie Mac, Essex*

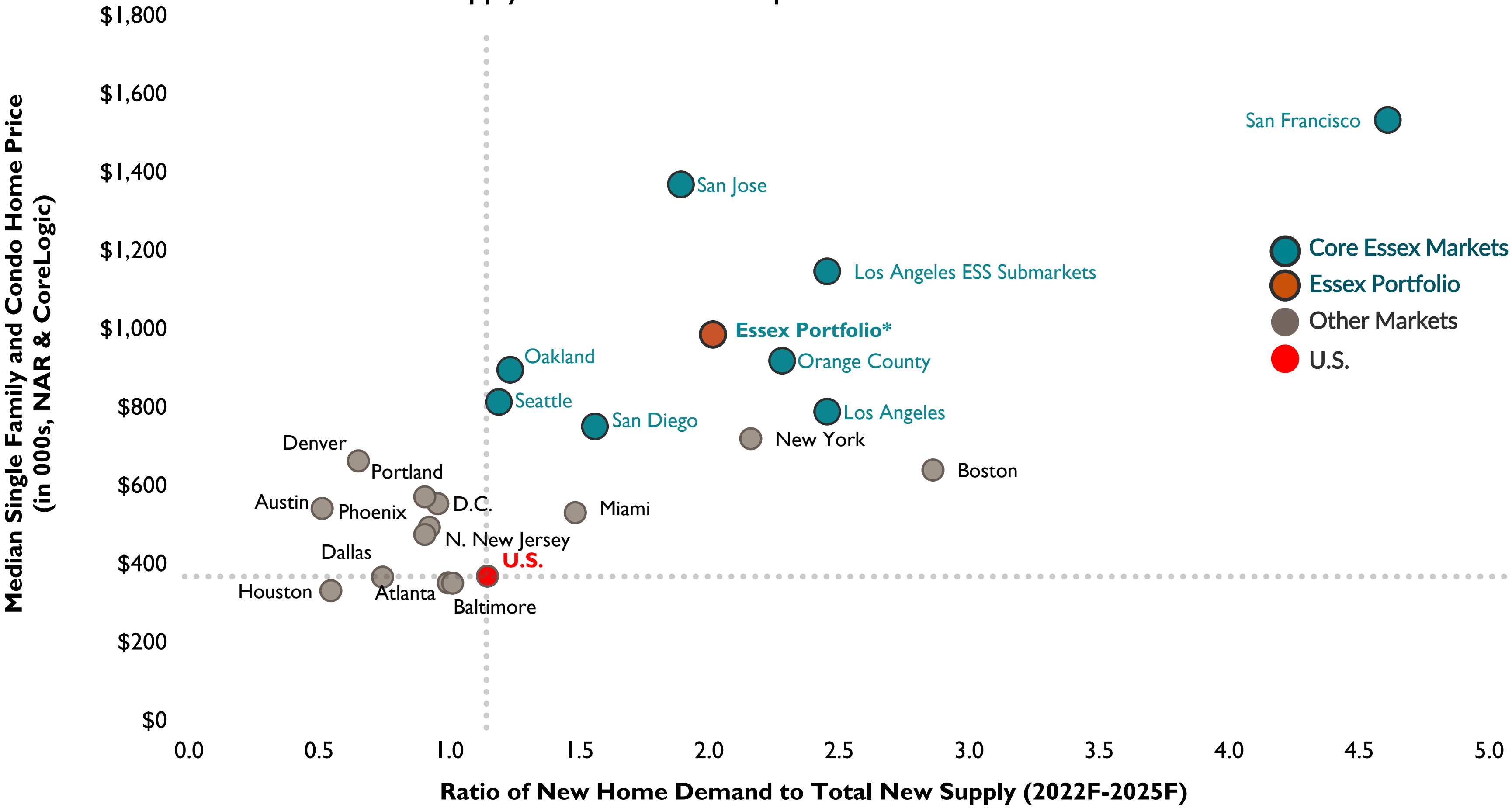
1) Cost premia based on median home prices, median rents and 30-yr fixed mortgage rates with 10% down payment and PMI. Tax impact based on marginal tax rates at median incomes

# DEMAND TO EXCEED SUPPLY IN ESSEX MARKETS

ESSEX
PROPERTY TRUST, INC.

‡ ***For sale housing prices are ~2x greater in Essex markets*** versus the national average and ***housing demand is expected to significantly exceed supply*** vs. the broader U.S. through 2025

Supply-Demand Relationship Across U.S. Markets(1)(2)




*Sources: Moody's Analytics, National Association of Realtors, CoreLogic, BLS, and Essex*

*Essex Portfolio weighted by % of same-property revenue

1) New Home demand based upon a ratio of 2 forecast jobs to create one household (forecasts are Moody's).
2) Total new supply based on Moody's total permits with delays incorporated, assuming a 24-month completion lag; except U.S. is based on Moody's total starts.

**Wilshire Promenade**
*Fullerton, CA*


ESSEX
PROPERTY TRUST, INC.

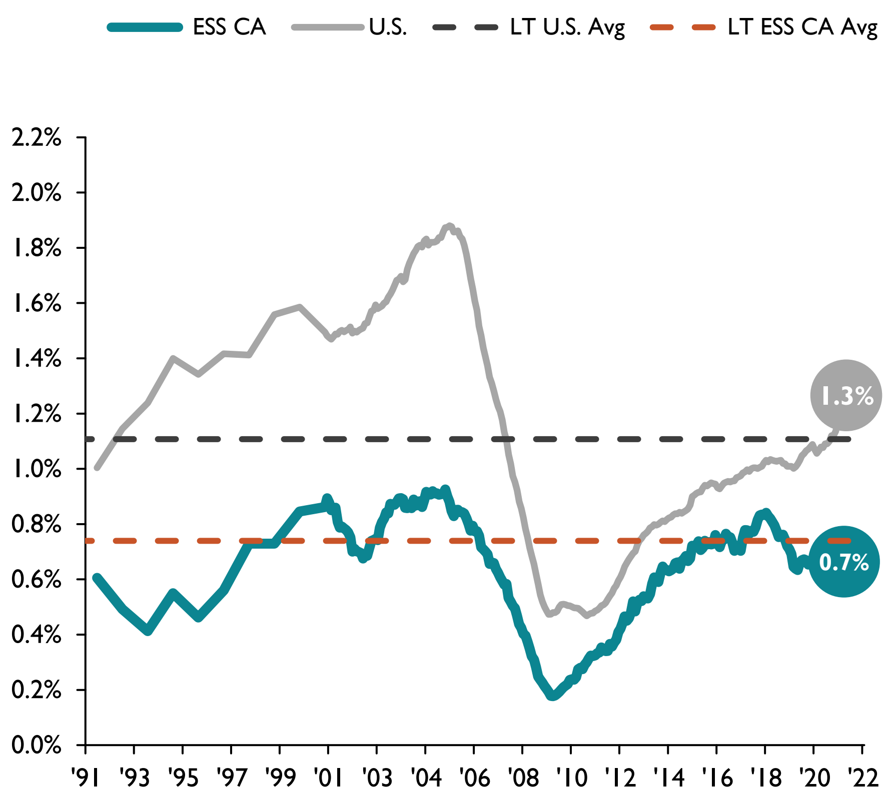
# WEST COAST SUPPLY FUNDAMENTALS

# LIMITED SUPPLY IN ESSEX MARKETS

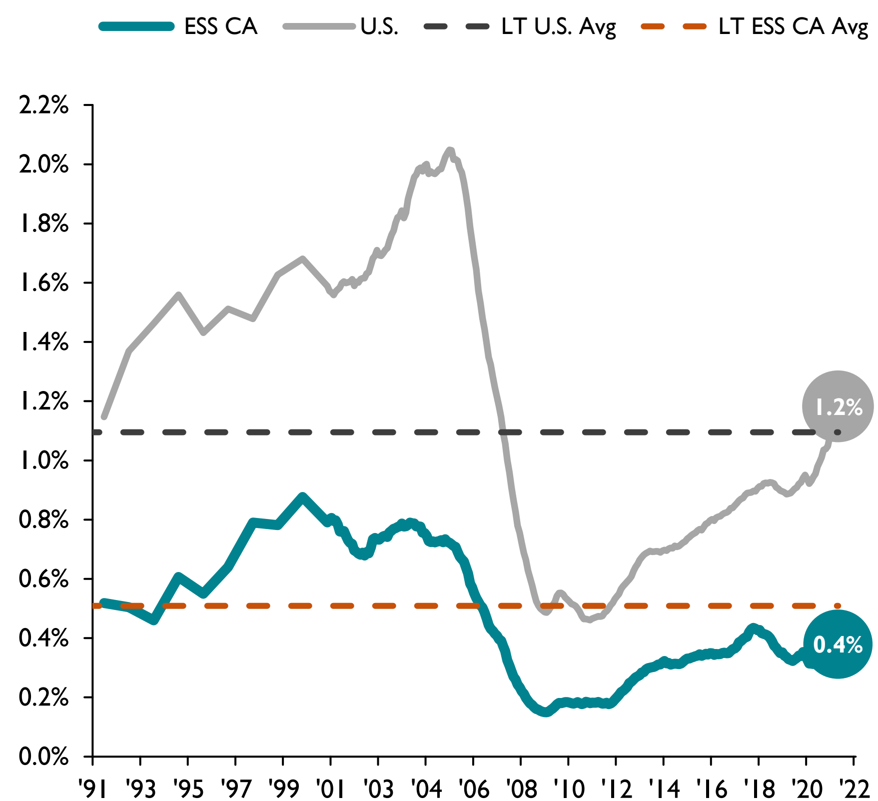
ESSEX
PROPERTY TRUST, INC.

- Total permitting activity in the U.S. has steadily increased since 2021. ***Essex California markets remain well below U.S. averages***
- In Essex's California markets, *new supply as a percent of stock has historically remained below 1%,* ***while the U.S. is now above long-term averages,*** *making it easier for Essex to grow rent through incremental job growth*

**Total Permits as a % of Total Stock**
**ESS CA vs. U.S.(1)(2)**




**Single-Family Permits as a % of Stock**
**ESS CA vs. U.S.(1)(2)**




*Source: Census Bureau, Essex, and Rosen Consulting Group*
1) Through Mar 2022
2) Long-term averages from 1991 - 2021

# ESSEX SUPPLY VS. OTHER MARKETS

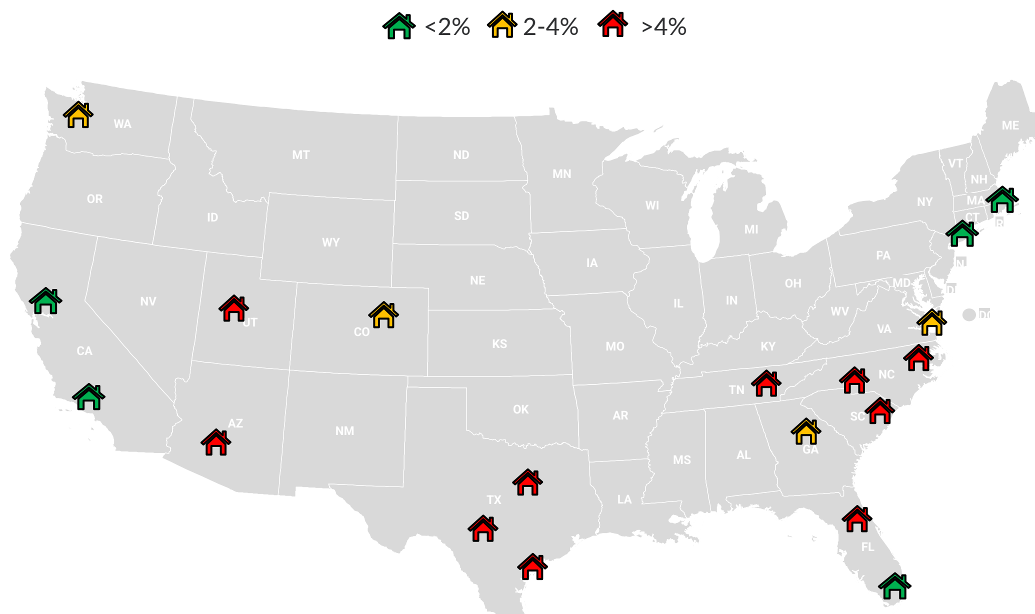
ESSEX PROPERTY TRUST, INC.

‡ ***Permitting activity in the U.S. increased significantly throughout the pandemic***, led by markets with low-barriers to supply, while ***Essex's high-barrier markets reflect permitting activity in-line with long-term averages***. As such, we expect new supply deliveries on the West Coast to remain consistent with long-term averages

| Market | Total Permits (as % of stock) |
|---|---|
| Austin | +10.3% |
| Raleigh | +7.1% |
| Nashville | +6.9% |
| Charleston | +5.3% |
| Orlando | +5.2% |
| Salt Lake City | +5.1% |
| Phoenix | +5.0% |
| Charlotte | +5.0% |
| Houston | +5.0% |
| Dallas | +4.5% |
| Denver | +3.9% |
| Seattle | +3.2% |
| Atlanta | +2.9% |
| DC Metro | +2.1% |
| Miami | +1.8% |
| Boston | +1.5% |
| Northern CA | +1.3% |
| NY Metro | +1.3% |
| Southern CA | +1.2% |

**Total Permits as a % of Stock Throughout the Pandemic[1]**

*(2-Years of Permitting 2020 & 2021)*




*Source: Census Bureau*

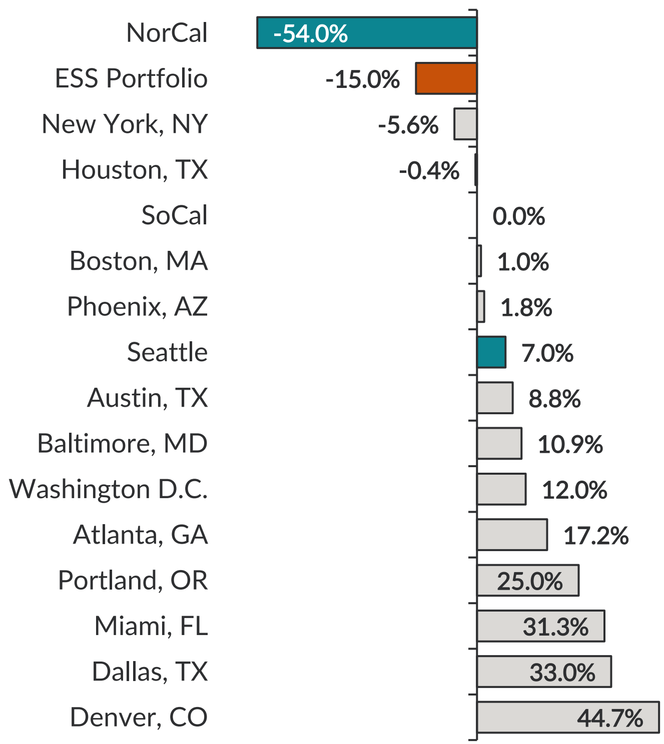
1) Represents total multifamily and single-family permits issued in 2020 & 2021 as a % of 2019 "pre-COVID" stock

# 2023 SUPPLY-DEMAND DYNAMICS IN ESSEX MARKETS

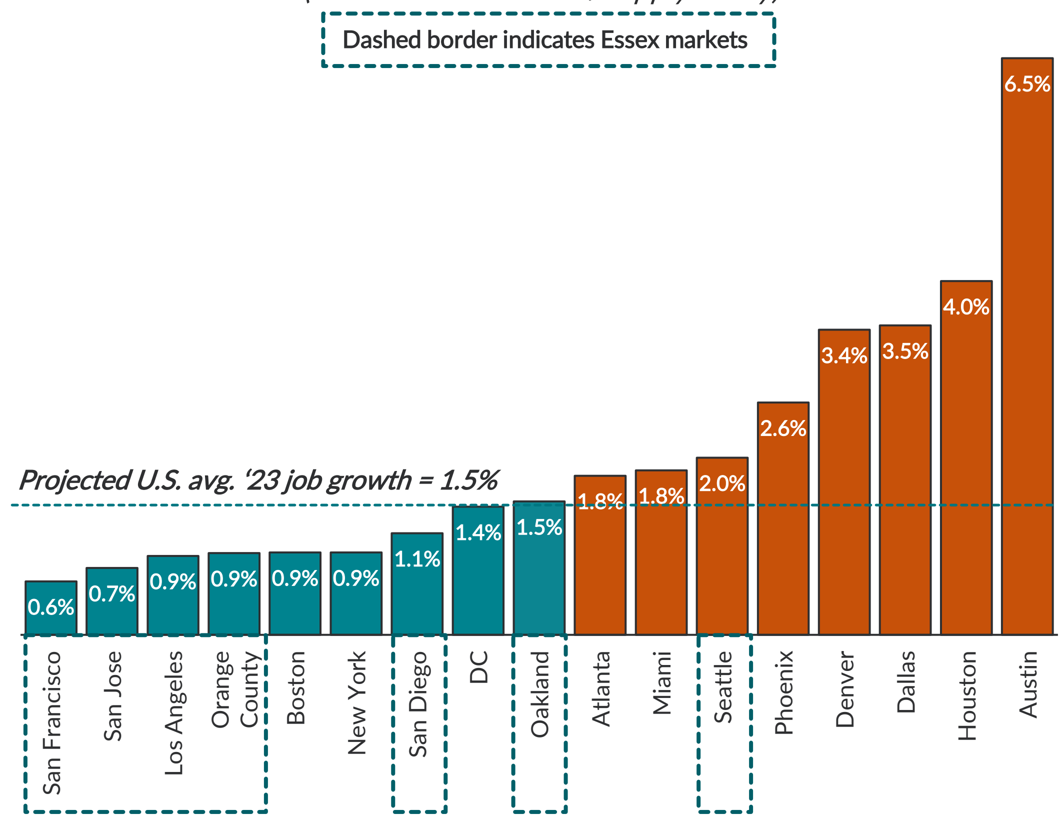
ESSEX
PROPERTY TRUST, INC.

‡ In 2023 the ***Essex portfolio,*** and ***Northern California*** specifically, are expected to have a ***year-over-year decline in multifamily supply of 15% and 54%*** respectively, while many Sunbelt markets are expected to lead the nation in household deliveries. Essex estimates that ***two jobs are necessary to absorb one additional unit of supply,*** *implying* ***minimal job growth vs '22 is required for Essex markets*** to remain at parity in the supply and demand equation.

**Year-over-Year Change in Multifamily Supply Deliveries[1]**
*(2023E)*




**Implied '23 Job Growth Needed to Meet Supply[2]**
*(to remain at 2x1 Jobs/Supply Parity)*




*Sources: Moody's Analytics, National Association of Realtors, CoreLogic, BLS, and Essex*
*Essex Portfolio weighted by % of same-property revenue
1) Total new supply based on Moody's total permits with delays incorporated, assuming a 24-month completion lag;
2) Required job growth assumes 2 jobs for 1 unit of supply

**Villa Granada**
*Santa Clara, CA*


ESSEX
PROPERTY TRUST, INC.

# INNOVATION & BALANCE SHEET

# INVESTING IN THE FUTURE

ESSEX PROPERTY TRUST, INC.

- Through our founding and investment in RET Ventures, ***Essex has been on the forefront of the technology innovations*** shaping the apartment industry today
- Over the ***past ~5 years and across five funds, Essex has committed over $72 million*** in technology platforms, ***enhancing shareholder returns*** while improving the resident experience and operating efficiencies

## TECHNOLOGY INVESTMENT

- ***Utilizes RET Ventures to identify technology specific to the apartment industry that we can custom-tailor to our needs***
- ***Co-launched new ESG focused Housing Impact Fund with a commitment of $10M***

## RET VENTURES DEVELOPMENT

FUNNEL SmartRent SightPlan


| 40+ | 2.4M+ | $600b |
|---|---|---|
| Strategic investors | Rental Units Managed | of Assets |

*"We have found significant value in the ability to pilot many of RET's portfolio companies' products at our properties, and to offer first-hand guidance to help them address our pain points. With a growing group of players from across the multifamily and single-family segments participating in RET's fund, we are more confident than ever in RET's ability to push the sector to greater heights*

Michael J. Schall, President and CEO
ESSEX Property Trust

# PLATFORM AND TECHNOLOGY INITIATIVES & ROLL OUT

ESSEX PROPERTY TRUST, INC.

- The rollout of our technology and customer-centric operating platform has generated approximately ***150 basis point margin improvement to-date***, with an ***additional 200-300 basis points*** in cost efficiencies ***anticipated***

| TOP 3 INITIATIVES | 2019-2020 | 2021 | 2022 | 2023+ |
|---|---|---|---|---|
| ESSEXNEXT<br>*Property Collections (Centralization)* | **Pilot program**<br>(Sales, Admin, Bookkeeping)<br><br>**Data Analytics / Revenue Management Enhancements - Phase I** | **Centralized Bookkeeping**<br><br>**Property Collections**<br>San Diego / Orange County | **Property Collections - LA**<br>Completed<br><br>**Property Collections**<br>NorCal / Seattle<br>*Target: YE 2022*<br><br>**Maintenance Collections**<br>Planning and Pilot<br><br>**Data Analytics / Revenue Management Enhancements - Phase II** | **Maintenance Collections**<br>Begin roll out |
| FUNNEL<br>*Funnel is the industry-leading marketing and leasing platform for multifamily owners and managers.* | **Call Center Integration** | **Lead Management Integration** | **Online Leasing Pilot**<br>Completed<br><br>**Online Leasing Rollout**<br>Initiation | |
| SmartRent — Residential Units | **Pilot Program Completed**<br>(1k units) | **20k Units** | **Balance of Units**<br>Target: YE 2022 | |
| SmartRent — Building Access | | | **Planning full roll out** | |

# FULLY INTEGRATED PLATFORM

ESSEX PROPERTY TRUST, INC.

- Essex has ***developed a fully integrated platform***, aggregated asset level data and driving operating performance through data analytics
- Essex has had ***meaningful input in the development of funnel***, which we believe ***will be a significant driver of growth and efficiency*** as we continue to refine the operations of our portfolio with the adoption of technology

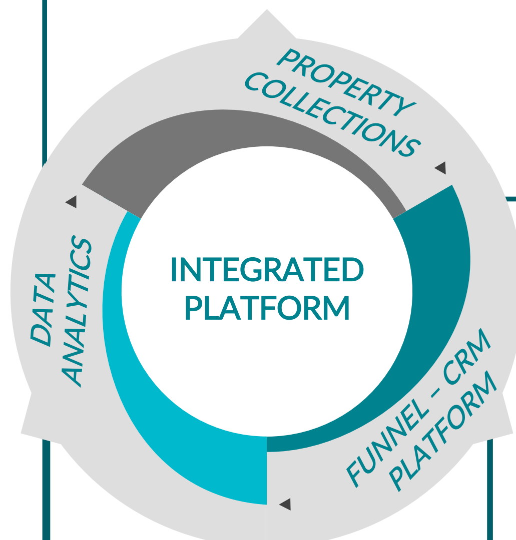

## DATA ANALYTICS

- **Analyzes CRM Results**
  - Led to 800 bps of improvement in cross selling for Property Collections
  - Leveraged CRM analysis to improve one-hour response times by 20%
- **Supports Asset and Revenue Management**
  - Identify units with untapped revenue potential using historical patterns
- **Example Above:**
  - Green shading indicates units with below-average turnover over the past six years
  - Red shading indicates units that turn over frequently and could provide insight into rental discounts to bring units up to portfolio level occupancy

ESSEXNEXT

## PROPERTY COLLECTIONS

- **Property Collections**
  - Transitions dedicated teams at individual property to teams that will cover a collection of properties
  - Specialized roles by business function increase productivity of individual associates
- **Centralize Administrative Duties,**
  - Allows each associate to focus on a specific function on all assets in a collection
  - Enhanced business continuity across the organization




**PROJECTED TO CREATE 200 BPS OF MARGIN IMPROVEMENT OVER ~2-3 YEARS**

FUNNEL

## CRM PLATFORM

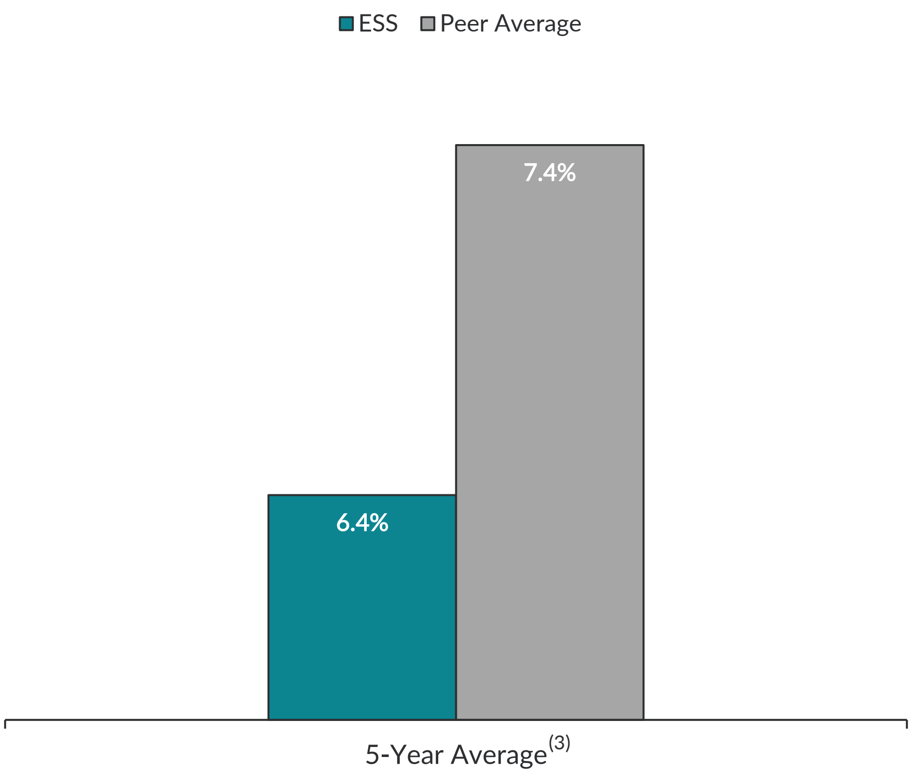
- **Operations**
  - Enhances operating efficiencies and improves resident satisfaction
- **Lead Management**
  - Provides streamlined lead management, automation, scheduling, and omni-channel communications with both prospects and residents
- **Feeds Data Analytics**
  - Export of CRM results
  - Generates new insights,
  - Boost lead conversion
  - Enhances leasing best practices

# G&A EXPENSES VS. PEERS

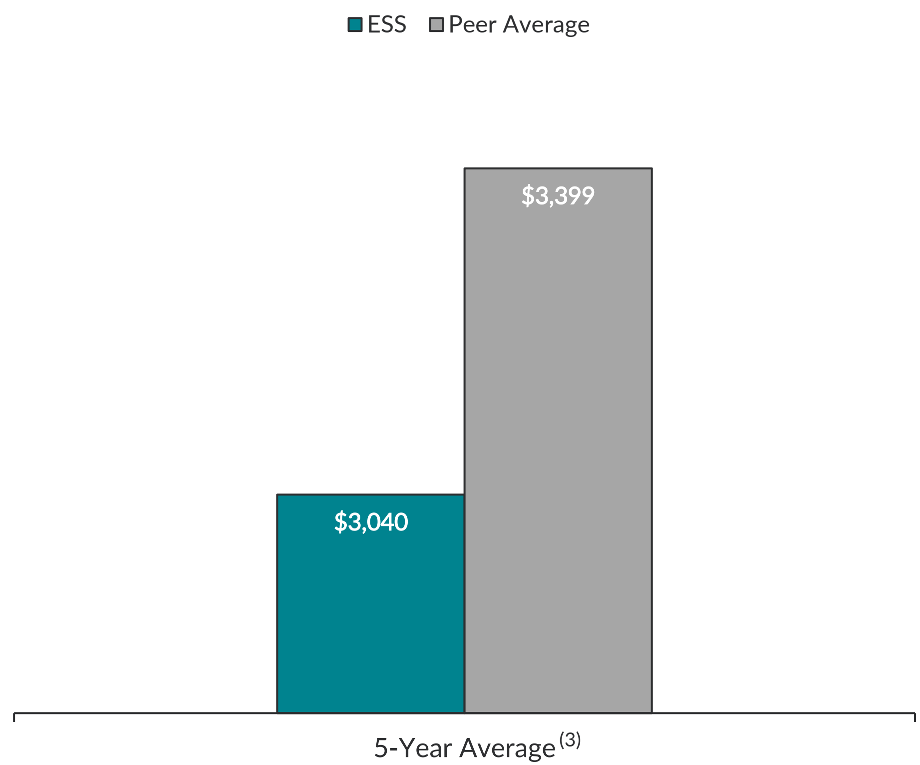
ESSEX
PROPERTY TRUST, INC.

- Essex's controllable ***expenses are lower on a per-unit basis compared to peers*** as a result of disciplined cost controls and efficiencies achieved through the Company's technology initiatives
- Corporate G&A and property management as a % of revenues has ***historically been 100 basis points lower*** than the peer average

**G&A + Property Mgmt. Fees as a % of Revenues[1]**




**Controllable Expenses Per Same-Property Unit[1][2]**




*Source: Company Documents*
1) Peer average includes five multifamily REITs (EQR, AVB, UDR, MAA, and CPT)
2) Excludes real estate taxes, utilities, insurance, and other non-controllable expenses
3) 2017-2021

# CAPITAL STRUCTURE AND LIQUIDITY PROFILE[1]

ESSEX PROPERTY TRUST, INC.

**Baa1/BBB+ Stable** Credit Ratings

**$29.4B** Total Market Capitalization

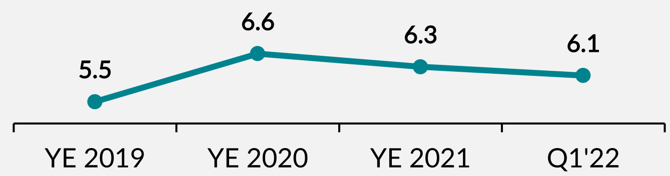
**528%** Interest Coverage

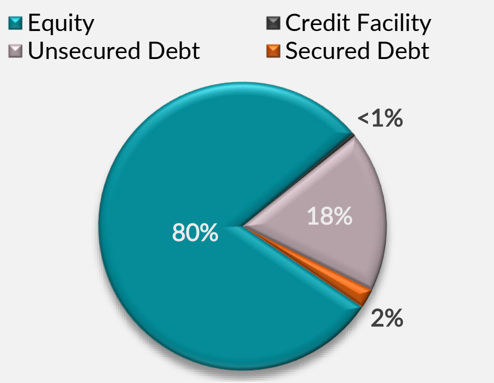
**94%** Unencumbered NOI to Adjusted Total NOI

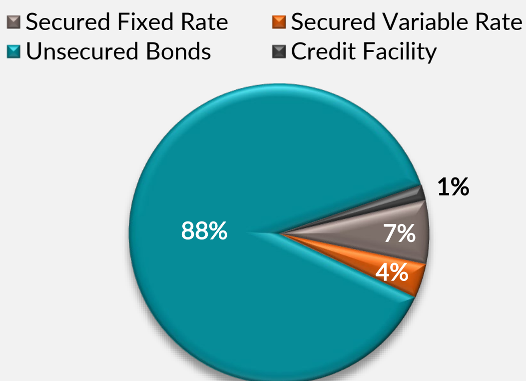
**283%** Unsecured Debt Ratio

**$1.4B** In Total Liquidity[2] as of 6/1/2022

### Net Debt to Adjusted EBITDAre[3][4]

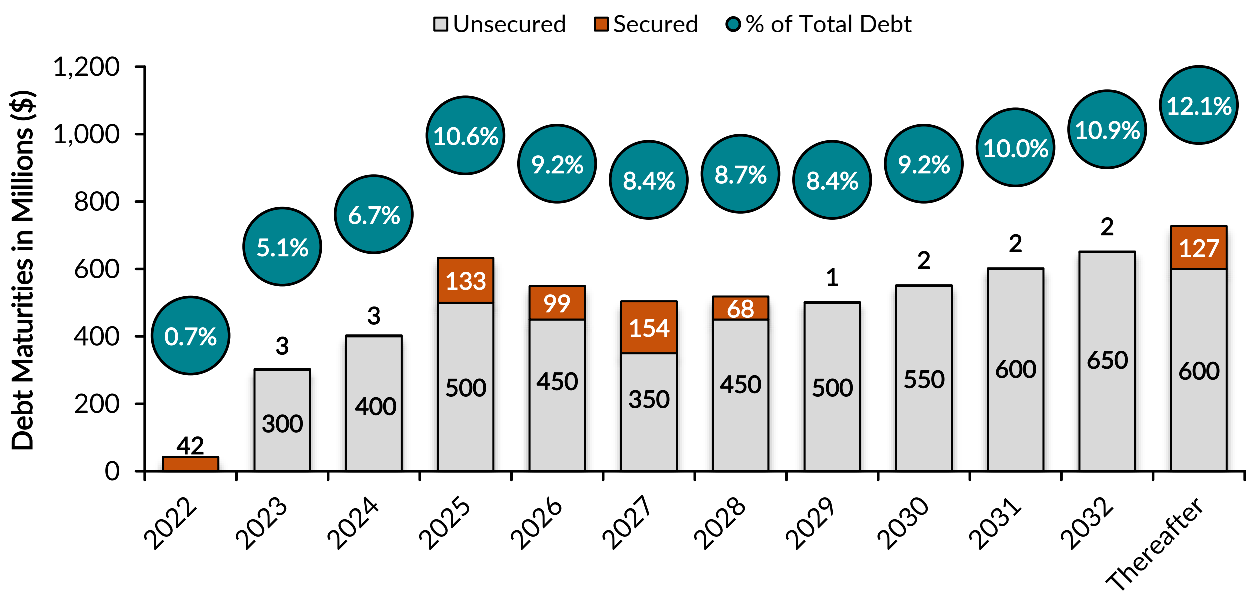



### Debt Maturity Schedule[1]

*(as of 3/31/2022)*




*Weighted Average Interest Rate*

| | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| 3.6% | 3.4% | 4.0% | 3.5% | 3.5% | 3.3% | 2.2% | 4.1% | 3.1% | 2.3% | 2.6% | 3.2% |

*Weighted Average Interest Rate: 3.2%*

As of 3/31/2022
1) Consolidated portfolio only.
2) Includes undrawn portion of credit facility, cash, cash equivalents & marketable securities.
3) Net Indebtedness is total debt less unamortized premiums, debt issuance costs, unrestricted cash and cash equivalents, and marketable securities at pro rata share.
4) Adjusted EBITDAre is reflected on a pro rata basis and excludes non-routine items in earnings and other adjustments as outlined on page S-18.1 of the supplemental financial information furnished as Exhibit 99.1 to the Company's Current Report on Form 8-K filed with the SEC on April 26, 2022.

Crow Canyon
*San Ramon, CA*

ESSEX
PROPERTY TRUST, INC.

# ESG HIGHLIGHTS

# ENVIRONMENTAL OVERVIEW

ESSEX PROPERTY TRUST, INC.

- In 2022, ***Essex completed its climate risk assessment*** and issued its TCFD Report
- Essex remains committed to positive environmental impact and has ***committed $10 million*** in investment to RET Ventures ***new ESG focused 'Housing Impact Fund'***

## PORTFOLIO HIGHLIGHTS

- **50%** OF COMMUNITIES PARTICIPATING WITH ENERGY STAR *(79 AVG SCORE)*
- **30** DEVELOPED COMMUNITIES WITH GREEN BUILDING CERTIFICATIONS
- **93** SOLAR ENERGY SYSTEMS
- **65** COMMUNITIES WITH EV CHARGING STATIONS
- **$63m** OF INVESTMENT IN RENEWABLE ENERGY AND ENERGY / WATER EFFICIENCY PROJECTS

## ENVIRONMENTAL IMPACT 2021

**GHG EMISSIONS**
GHG emission ***reduction of 4%*** vs '20
**-9%** vs '19

**RENEWABLE ENERGY**
Solar Renewable energy generation ***increase of 26%*** vs '20

**TOTAL ENERGY REDUCTION OF 3% vs. '20**

**WATER USAGE**
Total water usage **reduction of 5%** vs '20

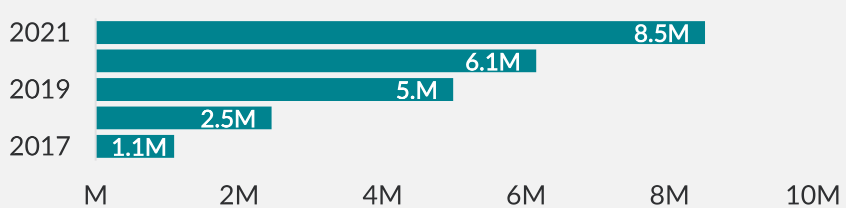
**WASTE MANAGEMENT**
**57%** Trash
**38%** Recycling
**5%** Compost

## PORTFOLIO ALLIGNMENT

Global Reporting Initiative™ | SASB | TCFD – Task Force on Climate-Related Financial Disclosures

## RENEWABLE ENERGY GENERATION

*(KWH produced through PV)*




## MORE THAN A DECADE OF POSITIVE IMPACT

| | |
|---|---|
| **$57m** | Invested in Energy Efficiency |
| **$32m** | Invested in Renewable Energy |
| **$8m** | Invested in Water Conservancy |
| **$1.4m** | Invested in Waste Reduction |

*Source: Essex 2021 CSR Report*

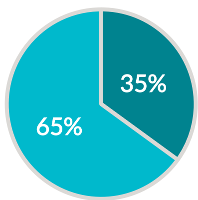
# SOCIAL AND GOVERNANCE OVERVIEW

ESSEX
PROPERTY TRUST, INC.

- The ***only multifamily REIT recognized*** in Bloomberg's 2022 Gender-Equality Index
- Essex's strong governance reflects a proactive approach through gathering shareholder feedback during its annual reach out to the majority of the Company's shareholders

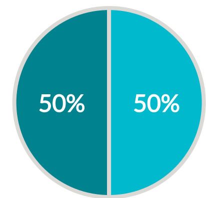
## STRONG GOVERNANCE

### Managerial and Higher

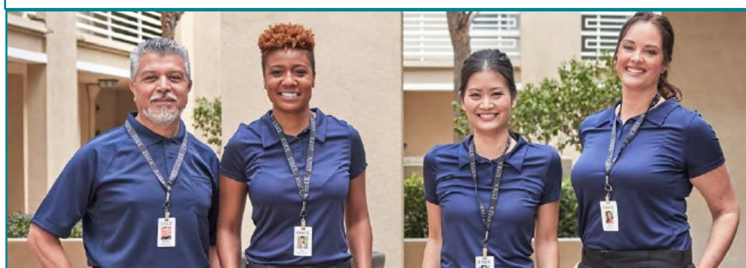



■ Male ■ Female

### Named Executives




■ Male ■ Female



## AWARDS & RECOGNITION

Bloomberg Gender-Equality Index 2022

NAA EXCELLENCE AWARDS 2021

CEO ACTION FOR DIVERSITY & INCLUSION

GRESB 2021

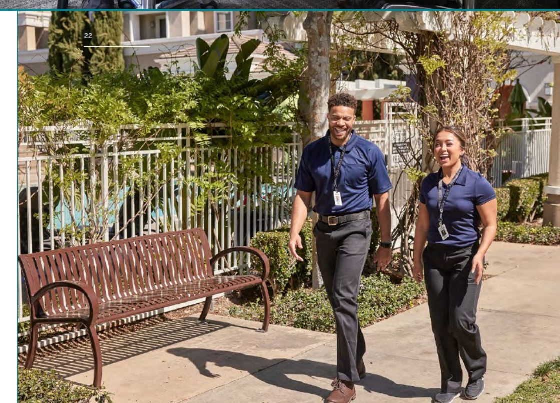
## SOCIAL DEVELOPMENT

**15%**
Promotion Rate

**33%**
Turnover Rate

**0%**
Pay gap between genders

**51%**
Managerial positions are held by people of color



ESSEX CARES ABOUT ASSOCIATES

ESSEX CARES ABOUT RESIDENTS

ESSEX CARES ABOUT COMMUNITY

*Source: Essex 2021 CSR Report*

Forest View
*Renton, WA*

ESSEX
PROPERTY TRUST, INC.

# DEFINITIONS AND RECONCILIATIONS

ESSEX PROPERTY TRUST, INC.

## SAFE HARBOR STATEMENT UNDER THE PRIVATE LITIGATION REFORM ACT OF 1995

This presentation includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements which are not historical facts, including statements regarding the Company's expectations, estimates, assumptions, hopes, intentions, beliefs and strategies regarding the future. Words such as “expects,” “assumes,” “anticipates,” “may,” “will,” “intends,” “plans,” “projects,” “believes,” “seeks,” “future,” “estimates,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements include, among other things, statements regarding the Company’s expectations related to the continued impact of the COVID-19 pandemic and related variants on the Company’s business, financial condition and results of operations and the impact of any additional measures taken to mitigate the impact of the pandemic, the Company’s intent, beliefs or expectations with respect to the timing of completion of current development and redevelopment projects and the stabilization of such projects, the timing of lease-up and occupancy of its apartment communities, the anticipated operating performance of its apartment communities, the total projected costs of development and redevelopment projects, co-investment activities, qualification as a REIT under the Internal Revenue Code of 1986, as amended, the real estate markets in the geographies in which the Company’s properties are located and in the United States in general, the adequacy of future cash flows to meet anticipated cash needs, its financing activities and the use of proceeds from such activities, the availability of debt and equity financing, general economic conditions including the potential impacts from such economic conditions, including as a result of the COVID-19 pandemic and governmental measures intended to prevent its spread, trends affecting the Company’s financial condition or results of operations, changes to U.S. tax laws and regulations in general or specifically related to REITs or real estate, changes to laws and regulations in jurisdictions in which communities the Company owns are located, and other information that is not historical information.

While the Company's management believes the assumptions underlying its forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond the Company’s control, which could cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The Company cannot assure the future results or outcome of the matters described in these statements; rather, these statements merely reflect the Company’s current expectations of the approximate outcomes of the matters discussed. Factors that might cause the Company’s actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to, the following: the continued impact of the COVID-19 pandemic and related variants, which remains inherently uncertain as to duration and severity, and any additional governmental measures taken to limit its spread and other potential future outbreaks of infectious diseases or other health concerns, could continue to adversely affect the Company’s business and its tenants, and cause a significant downturn in general economic conditions, the real estate industry, and the markets in which the Company's communities are located; the Company may fail to achieve its business objectives; the actual completion of development and redevelopment projects may be subject to delays; the stabilization dates of such projects may be delayed; the Company may abandon or defer development or redevelopment projects for a number of reasons, including changes in local market conditions which make development less desirable, increases in costs of development, increases in the cost of capital or lack of capital availability, resulting in losses; the total projected costs of current development and redevelopment projects may exceed expectations; such development and redevelopment projects may not be completed; development and redevelopment projects and acquisitions may fail to meet expectations; estimates of future income from an acquired property may prove to be inaccurate; occupancy rates and rental demand may be adversely affected by competition and local economic and market conditions; there may be increased interest rates and operating costs; the Company may be unsuccessful in the management of its relationships with its co-investment partners; future cash flows may be inadequate to meet operating requirements and/or may be insufficient to provide for dividend payments in accordance with REIT requirements; changes in laws or regulations; the terms of any refinancing may not be as favorable as the terms of existing indebtedness; unexpected difficulties in leasing of development projects; volatility in financial and securities market; the Company’s failure to successfully operate acquired properties; unforeseen consequences from cyber-intrusion; the Company’s inability to maintain our investment grade credit rating with the rating agencies; government approvals, actions and initiatives, including the need for compliance with environmental requirements; and those further risks, special considerations, and other factors referred to in the Company’s annual report on Form 10-K, quarterly reports on Form 10-Q, and other reports that the Company files with the SEC from time to time. Additionally, the risks, uncertainties and other factors set forth above or otherwise referred to in the reports that the Company has filed with the SEC may be further amplified by the global impact of the COVID-19 pandemic and related variants. All forward-looking statements are made as of the date hereof, the Company assumes no obligation to update or supplement this information for any reason, and therefore, they may not represent the Company’s estimates and assumptions after the date of this presentation.

## REGULATION G DISCLAIMER

This presentation contains certain non-GAAP financial measures within the meaning of Regulation G of the Securities Exchange Act of 1934. The Company’s definitions and calculations of such measures may differ from those used by other companies and, therefore, may not be comparable. The Company’s definitions of these terms and, if applicable, the reasons for their use and reconciliations to the most directly comparable GAAP measures are included in the Appendix.

# DEFINITIONS & RECONCILIATIONS

With respect to the Company's guidance on slide 16 regarding its projected FFO and Core FFO, a reconciliation of projected net income per share to projected FFO per share and projected Core FFO per share, is presented in the table below.

| | YTD | 2022 Guidance Range (1) | | | |
|---|---|---|---|---|---|
| | | 2nd Quarter 2022 | | Full-Year 2022 | |
| | Actuals | Low | High | Low | High |
| **EPS - diluted** | **$ 1.12** | **$ 1.30** | **$ 1.36** | **$ 5.01** | **$ 5.33** |
| Conversion from GAAP share count | (0.04) | (0.04) | (0.04) | (0.17) | (0.17) |
| Impairment Loss | - | - | - | - | - |
| Impairment Loss from unconsolidated co-investments | - | - | - | - | - |
| Depreciation and amortization | 2.25 | 2.25 | 2.25 | 8.98 | 8.98 |
| Noncontrolling interest related to Operating Partnership units | 0.03 | 0.04 | 0.04 | 0.17 | 0.17 |
| **FFO per share - diluted** | **$ 3.36** | **$ 3.55** | **$ 3.61** | **$ 13.99** | **$ 14.31** |
| Expensed acquisition and investment related costs | - | - | - | - | - |
| Deferred tax expense on unrealized gain on unconsolidated co-investments | (0.04) | - | - | (0.04) | (0.04) |
| Gain on sale of marketable securities | (0.18) | - | - | (0.18) | (0.18) |
| Change in unrealized losses on marketable securities | 0.36 | - | - | 0.36 | 0.36 |
| Equity income from non-core co-investments | 0.13 | - | - | 0.13 | 0.13 |
| Co-investment promote income | (0.26) | - | - | (0.26) | (0.26) |
| Income from early redemption of preferred equity investments | (0.01) | - | - | (0.01) | (0.01) |
| General and administrative and other, net | 0.01 | - | - | 0.01 | 0.01 |
| **Core FFO per share - diluted** | **3.37** | **$ 3.55** | **$ 3.61** | **$ 14.00** | **$ 14.32** |

(1) 2022 guidance excludes inestimable projected gain on sale of real estate and land, gain on sale of marketable securities, loss on early retirement of debt, political/legislative costs, and promote income until they are realized within the reporting period presented in the report.

## ADJUSTED EBITDAre RECONCILIATION

The National Association of Real Estate Investment Trusts ("NAREIT”) defines earnings before interest, taxes, depreciation and amortization for real estate ("EBITDAre") (September 2017 White Paper) as net income (computed in accordance with U.S. generally accepted accounting principles ("U.S. GAAP")) before interest expense, income taxes, depreciation and amortization expense, and further adjusted for gains and losses from sales of depreciated operating properties, impairment write-downs of depreciated operating properties, impairment write-downs of investments in unconsolidated entities caused by a decrease in value of depreciated operating properties within the joint venture and adjustments to reflect the Company’s share of EBITDAre of investments in unconsolidated entities.

The Company believes that EBITDAre is useful to investors, creditors and rating agencies as a supplemental measure of the Company’s ability to incur and service debt because it is a recognized measure of performance by the real estate industry, and by excluding gains or losses related to sales or impairment of depreciated operating properties, EBITDAre can help compare the Company’s credit strength between periods or as compared to different companies.

Adjusted EBITDAre represents EBITDAre further adjusted for non-comparable items and is a component of the credit ratio, "Net Indebtedness Divided by Adjusted EBITDAre, normalized and annualized," presented on page S-6 of the earnings supplement for the first quarter of 2022 in the section titled, "Selected Credit Ratios," and it is not intended to be a measure of free cash flow for management’s discretionary use, as it does not consider certain cash requirements such as income tax payments, debt service requirements, capital expenditures and other fixed charges.

Adjusted EBITDAre is an important metric in evaluating the credit strength of the Company and its ability to service its debt obligations. The Company believes that Adjusted EBITDAre is useful to investors, creditors and rating agencies because it allows investors to compare the Company’s credit strength to prior reporting periods and to other companies without the effect of items that by their nature are not comparable from period to period and tend to obscure the Company’s actual credit quality.

EBITDAre and Adjusted EBITDAre are not recognized measurements under U.S. GAAP. Because not all companies use identical calculations, the Company's presentation of EBITDAre and Adjusted EBITDAre may not be comparable to similarly titled measures of other companies.

The reconciliations of Net Income available to common stockholders to EBITDAre and Adjusted EBITDAre are presented in the table below (Dollars in thousands):

| | Three Months Ended March 31, 2022 |
|---|---|
| Net income available to common stockholders | $ 73,254 |
| Adjustments: | |
| Net income attributable to noncontrolling interest | 5,121 |
| Interest expense, net (1) | 47,833 |
| Depreciation and amortization | 133,533 |
| Income tax provision | (93) |
| Co-investment EBITDAre adjustments | 25,322 |
| EBITDAre | 284,970 |
| | |
| Gain on sale of marketable securities | (12,171) |
| Unrealized gains on marketable securities | 24,585 |
| Provision for credit losses | (62) |
| Equity loss from non-core co-investment | 8,844 |
| Deferred tax benefit on unconsolidated co-investment | (2,754) |
| General and administrative and other, net | 448 |
| Co-investment promote income | (17,076) |
| Income from early redemption of preferred equity investments | (858) |
| Expensed acquisition and investment related costs | 8 |
| Loss on early retirement of debt from unconsolidated co-investment | 86 |
| Adjusted EBITDAre | $ 286,020 |

(1) Interest expense, net includes items such as gains on derivatives and the amortization of deferred charges.

## ENCUMBERED

Encumbered means any mortgage, deed of trust, lien, charge, pledge, security interest, security agreement or other encumbrance of any kind.

## FUNDS FROM OPERATIONS (“FFO”) AND CORE FFO

FFO, as defined by NAREIT, is generally considered by industry analysts as an appropriate measure of performance of an equity REIT. Generally, FFO adjusts the net income of equity REITs for non-cash charges such as depreciation and amortization of rental properties, impairment charges, gains on sales of real estate and extraordinary items. Management considers FFO and FFO which excludes non-core items, which is referred to as “Core FFO,” to be useful supplemental operating performance measures of an equity REIT because, together with net income and cash flows, FFO and Core FFO provide investors with additional bases to evaluate the operating performance and ability of a REIT to incur and service debt and to fund acquisitions and other capital expenditures and to pay dividends. By excluding gains or losses related to sales of depreciated operating properties and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help investors compare the operating performance of a real estate company between periods or as compared to different companies. By further adjusting for items that are not considered part of the Company’s core business operations, Core FFO allows investors to compare the core operating performance of the Company to its performance in prior reporting periods and to the operating performance of other real estate companies without the effect of items that by their nature are not comparable from period to period and tend to obscure the Company’s actual operating results.

FFO and Core FFO do not represent net income or cash flows from operations as defined by U.S. GAAP and are not intended to indicate whether cash flows will be sufficient to fund cash needs. These measures should not be considered as alternatives to net income as an indicator of the REIT's operating performance or to cash flows as a measure of liquidity. FFO and Core FFO do not measure whether cash flow is sufficient to fund all cash needs including principal amortization, capital improvements and distributions to stockholders. FFO and Core FFO also do not represent cash flows generated from operating, investing or financing activities as defined under GAAP. Management has consistently applied the NAREIT definition of FFO to all periods presented. However, there is judgment involved and other REITs’ calculation of FFO may vary from the NAREIT definition for this measure, and thus their disclosures of FFO may not be comparable to the Company’s calculation.

The reconciliations of diluted FFO and Core FFO are detailed on page S-3 of the earnings supplement for the first quarter of 2022 in the section titled "Consolidated Funds From Operations".

## INTEREST EXPENSE, NET

Interest expense, net is presented on page S-1 of the earnings supplement for the first quarter of 2022 in the section titled "Consolidated Operating Results". Interest expense, net includes items such as gains on derivatives and the amortization of deferred charges and is presented in the table below (Dollars in thousands):

| | Three Months Ended March 31, 2022 |
|---|---|
| Interest expense | $ 50,377 |
| Adjustments: | |
| Total return swap income | (2,544) |
| Interest expense, net | $ 47,833 |

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## NET INDEBTEDNESS DIVIDED BY ADJUSTED EBITDAre

This credit ratio is presented on page S-6 of the earnings supplement for the first quarter of 2022 in the section titled "Selected Credit Ratios" . This credit ratio is calculated by dividing net indebtedness by Adjusted EBITDAre, as annualized based on the most recent quarter, and adjusted for estimated net operating income from properties acquired or disposed of during the quarter. This ratio is presented by the Company because it provides rating agencies and investors an additional means of comparing the Company's ability to service debt obligations to that of other companies. Net indebtedness is total debt, net less unamortized premiums, discounts, debt issuance costs, unrestricted cash and cash equivalents, and marketable securities. The reconciliation of Adjusted EBITDAre is set forth in "Adjusted EBITDAre Reconciliation" on page S-18.1 of the earnings supplement for the first quarter of 2022. The calculation of this credit ratio and a reconciliation of net indebtedness to total debt at pro rata share for co-investments, net is presented in the table below (Dollars in thousands):

| | | |
|---|---|---|
| Total consolidated debt, net | $ | 6,044,619 |
| Total debt from co-investments at pro rata share | | 1,240,792 |
| Adjustments: | | |
| Consolidated unamortized premiums, discounts, and debt issuance costs | | 40,402 |
| Pro rata co-investments unamortized premiums, discounts, and debt issuance costs | | 7,402 |
| Consolidated cash and cash equivalents-unrestricted | | (98,107) |
| Pro rata co-investment cash and cash equivalents-unrestricted | | (50,814) |
| Loans to unconsolidated co-investments | | (32,788) |
| Marketable securities | | (201,166) |
| Net Indebtedness | $ | 6,950,340 |
| | | |
| Adjusted EBITDAre, annualized (1) | $ | 1,144,080 |
| Other EBITDAre normalization adjustments, net, annualized (2) | | (1,575) |
| Adjusted EBITDAre, normalized and annualized | $ | 1,142,505 |
| | | |
| Net Indebtedness Divided by Adjusted EBITDAre, normalized and annualized | | 6.1 |

(1) Based on the amount for the most recent quarter, multiplied by four.
(2) Adjustments made for properties in lease-up, acquired, or disposed during the most recent quarter and other partial quarter activity, multiplied by four.

## NET OPERATING INCOME ("NOI") AND SAME-PROPERTY NOI RECONCILIATIONS

NOI and same-property NOI are considered by management to be important supplemental performance measures to earnings from operations included in the Company's consolidated statements of income. The presentation of same-property NOI assists with the presentation of the Company's operations prior to the allocation of depreciation and any corporate-level or financing-related costs. NOI reflects the operating performance of a community and allows for an easy comparison of the operating performance of individual communities or groups of communities.

In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impacts to overhead by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or group of assets. The Company defines same-property NOI as same-property revenues less same-property operating expenses, including property taxes. Please see the reconciliation of earnings from operations to NOI and same-property NOI, which in the table below is the NOI for stabilized properties consolidated by the Company for the periods presented (Dollars in thousands):

| | Three Months Ended March 31, 2022 | Three Months Ended March 31, 2021 |
|---|---|---|
| Earnings from operations | $ 109,850 | $ 197,381 |
| Adjustments: | | |
| Corporate-level property management expenses | 10,172 | 9,013 |
| Depreciation and amortization | 133,533 | 128,587 |
| Management and other fees from affiliates | (2,689) | (2,249) |
| General and administrative | 12,242 | 9,812 |
| Expensed acquisition and investment related costs | 8 | 15 |
| Gain on sale of real estate and land | - | (100,096) |
| NOI | 263,116 | 242,463 |
| Less: Non-same property NOI | (15,355) | (11,580) |
| Same-Property NOI | $ 247,761 | $ 230,883 |

## PUBLIC BOND COVENANTS

Public Bond Covenants refer to certain covenants set forth in instruments governing the Company's unsecured indebtedness. These instruments require the Company to meet specified financial covenants, including covenants relating to net worth, fixed charge coverage, debt service coverage, the amounts of total indebtedness and secured indebtedness, leverage and certain investment limitations. These covenants may restrict the Company's ability to expand or fully pursue its business strategies. The Company's ability to comply with these covenants may be affected by changes in the Company's operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events adversely impacting it. The breach of any of these covenants could result in a default under the Company's indebtedness, which could cause those and other obligations to become due and payable. If any of the Company's indebtedness is accelerated, the Company may not be able to repay it. For risks related to failure to comply with these covenants, see "Item 1A: Risk Factors - Risks Related to Our Indebtedness and Financings" in the Company's annual report on Form 10-K and other reports filed by the Company with the Securities and Exchange Commission ("SEC").

The ratios set forth on page S-6 in the section titled "Public Bond Covenants" are provided only to show the Company's compliance with certain specified covenants that are contained in indentures related to the Company's issuance of Senior Notes, which indentures are filed by the Company with the SEC. See, for example, the Indenture dated March 1, 2021, filed by the Company as Exhibit 4.1 to the Company's Form 8-K, filed on March 1, 2021. These ratios should not be used for any other purpose, including without limitation to evaluate the Company's financial condition or results of operations, nor do they indicate the Company's covenant compliance as of any other date or for any other period. The capitalized terms in the disclosure are defined in the indentures filed by the Company with the SEC and may differ materially from similar terms used by other companies that present information about their covenant compliance.

## SECURED DEBT

Secured Debt means debt of the Company or any of its subsidiaries which is secured by an encumbrance on any property or assets of the Company or any of its subsidiaries. The Company's total amount of Secured Debt is set forth on page S-5 of the earnings supplement for the first quarter of 2022.

## UNENCUMBERED NOI TO ADJUSTED TOTAL NOI

This ratio is presented on page S-6 of the earnings supplement for the first quarter of 2022 in the section titled "Selected Credit Ratios". Unencumbered NOI means the sum of NOI for those real estate assets which are not subject to an encumbrance securing debt. The ratio of Unencumbered NOI to Adjusted Total NOI for the three months ended March 31, 2022, annualized, is calculated by dividing Unencumbered NOI, annualized for the three months ended March 31, 2022 and as further adjusted for pro forma NOI for properties acquired or sold during the recent quarter, by Adjusted Total NOI as annualized. The calculation and reconciliation of NOI is set forth in "Net Operating Income ("NOI") and Same-Property NOI Reconciliations" above. This ratio is presented by the Company because it provides rating agencies and investors an additional means of comparing the Company's ability to service debt obligations to that of other companies. The calculation of this ratio is presented in the table below (Dollars in thousands):

| | | Annualized Q1'22 [1] |
|---|---|---|
| NOI | $ | 1,052,464 |
| Adjustments: | | |
| NOI from real estate assets sold or held for sale | | - |
| Other, net [2] | | 7,175 |
| Adjusted Total NOI | | 1,059,639 |
| Less: Encumbered NOI | | (62,686) |
| Unencumbered NOI | $ | 996,953 |
| Encumbered NOI | $ | 62,686 |
| Unencumbered NOI | | 996,953 |
| Adjusted Total NOI | $ | 1,059,639 |
| Unencumbered NOI to Adjusted Total NOI | | 94% |

(1) This table is based on the amounts for the most recent quarter, multiplied by four.
(2) Includes intercompany eliminations pertaining to self-insurance and other expenses.