



Santa Palmia | San Jose, CA

EARNINGS RELEASE & SUPPLEMENTAL DATA

FIRST QUARTER 2023

ESSEX

PROPERTY TRUST, INC.



FIRST QUARTER 2023 EARNINGS RELEASE AND SUPPLEMENTAL DATA

Table of Contents

Earnings Press Release	Pages 1 - 9
Consolidated Operating Results	S-1 & S-2
Consolidated Funds from Operations	S-3
Consolidated Balance Sheets	S-4
Debt Summary	S-5
Capitalization Data, Public Bond Covenants, Credit Ratings, and Selected Credit Ratios	S-6
Portfolio Summary by County	S-7
Operating Income by Quarter	S-8
Same-Property Revenue Results by County, Quarter-to-Date	S-9
Same-Property Operating Expenses, Quarter-to-Date	S-10
Development Pipeline	S-11
Capital Expenditures	S-12
Co-Investments and Preferred Equity Investments	S-13
Assumptions for 2023 FFO Guidance Range	S-14
Reconciliation of Projected EPS, FFO and Core FFO per diluted share	S-14.1
Summary of Apartment Community Acquisitions and Dispositions Activity	S-15
Delinquencies, Operating Statistics, and Same-Property Revenue Growth on a GAAP basis	S-16
2023 MSA Level Forecast: Supply, Jobs, and Apartment Market Conditions	S-17
Reconciliations of Non-GAAP Financial Measures and Other Terms	S-18.1 – S-18.4

ESSEX ANNOUNCES FIRST QUARTER 2023 RESULTS AND INCREASES FULL-YEAR 2023 GUIDANCE

San Mateo, California—April 27, 2023—Essex Property Trust, Inc. (NYSE: ESS) (the “Company”) announced today its first quarter 2023 earnings results and related business activities.

Net Income, Funds from Operations (“FFO”), and Core FFO per diluted share for the quarter ended March 31, 2023 are detailed below.

	Three Months Ended March 31,		%
	2023	2022	Change
<u>Per Diluted Share</u>			
Net Income	\$2.38	\$1.12	112.5%
Total FFO	\$3.80	\$3.36	13.1%
Core FFO	\$3.65	\$3.37	8.3%

First Quarter 2023 Highlights:

- Reported Net Income per diluted share for the first quarter of 2023 of \$2.38, compared to \$1.12 in the first quarter of 2022. The increase is largely attributable to the gain on sale of real estate and land recognized in the first quarter of 2023.
- Grew Core FFO per diluted share by 8.3% compared to the first quarter of 2022, exceeding the midpoint of the guidance range by \$0.08 primarily due to favorable same-property revenues.
- Achieved same-property revenue and net operating income (“NOI”) growth of 7.6% and 9.2%, respectively, compared to the first quarter of 2022.
- Sold one apartment community in a non-core market for a total contract price of \$91.7 million.
- Repurchased 437,026 shares of common stock in the first quarter, totaling \$95.7 million, including commissions, at an average price per share of \$218.88.
- Increased the dividend by 5.0% to an annual distribution of \$9.24 per common share, the Company’s 29th consecutive annual increase.
- Increased full-year Net Income per diluted share guidance by \$0.98 at the midpoint to a range of \$6.36 to \$6.74.
- Increased full-year Core FFO per diluted share guidance by \$0.03 at the midpoint to a range of \$14.59 to \$14.97.
- Reaffirmed full-year guidance ranges for same-property revenue, expense, and NOI growth.

SAME-PROPERTY OPERATIONS

Same-property operating results exclude any properties that are not comparable for the periods presented. The table below illustrates the percentage change in same-property gross revenues for the quarter ended March 31, 2023 compared to the quarter ended March 31, 2022, and the sequential percentage change for the quarter ended March 31, 2023 compared to the quarter ended December 31, 2022, by submarket for the Company:

	Q1 2023 vs. Q1 2022	Q1 2023 vs. Q4 2022	% of Total
	Revenue Change	Revenue Change	Q1 2023 Revenues
Southern California			
Los Angeles County	5.2%	-1.7%	18.7%
Orange County	10.2%	-0.5%	10.5%
San Diego County	10.5%	2.2%	8.8%
Ventura County	11.4%	1.7%	4.0%
Total Southern California	8.1%	-0.3%	42.0%
Northern California			
Santa Clara County	8.2%	0.8%	19.6%
Alameda County	3.8%	0.7%	7.9%
San Mateo County	6.4%	-0.3%	4.5%
Contra Costa County	6.8%	-0.1%	5.4%
San Francisco	1.4%	-1.4%	2.6%
Total Northern California	6.4%	0.4%	40.0%
Seattle Metro	9.1%	-0.4%	18.0%
Same-Property Portfolio	7.6%	0.0%	100.0%

The table below illustrates the components that drove the change in same-property revenue on a year-over-year and sequential basis for the quarter ended March 31, 2023.

Same-Property Revenue Components	Q1 2023 vs. Q1 2022	Q1 2023 vs. Q4 2022
Scheduled Rents	6.8%	0.3%
Delinquencies	-0.1%	-0.9%
Cash Concessions	0.3%	0.3%
Vacancy	0.2%	0.7%
Other Income	0.4%	-0.4%
Q1 2023 Same-Property Revenue Growth	7.6%	0.0%

	Year-Over-Year Change		
	Q1 2023 compared to Q1 2022		
	Revenues	Operating Expenses	NOI
Southern California	8.1%	9.2%	7.6%
Northern California	6.4%	2.4%	8.2%
Seattle Metro	9.1%	-3.6%	15.2%
Same-Property Portfolio	7.6%	4.0%	9.2%

	Sequential Change		
	Q1 2023 compared to Q4 2022		
	Revenues	Operating Expenses	NOI
Southern California	-0.3%	6.0%	-2.7%
Northern California	0.4%	1.1%	0.1%
Seattle Metro	-0.4%	-0.2%	-0.4%
Same-Property Portfolio	0.0%	2.9%	-1.2%

	Financial Occupancies		
	Quarter Ended		
	3/31/2023	12/31/2022	3/31/2022
Southern California	96.8%	96.4%	96.3%
Northern California	96.6%	95.8%	96.4%
Seattle Metro	96.6%	95.8%	95.9%
Same-Property Portfolio	96.7%	96.0%	96.3%

INVESTMENT ACTIVITY

Dispositions

In March 2023, the Company sold a 61-year-old student housing community containing 239 apartment homes in the non-core market of Santa Barbara County, for a total contract price of \$91.7 million. The Company recognized a \$54.5 million gain on sale during the quarter, which has been excluded from Total and Core FFO.

LIQUIDITY AND BALANCE SHEET

Common Stock

In the first quarter of 2023, the Company repurchased 437,026 shares of its common stock through the Company's stock repurchase plan, totaling \$95.7 million, including commissions, at an average price per share of \$218.88. As of April 26, 2023, the Company had \$302.7 million of purchase authority remaining under the Company's stock repurchase plan.

Balance Sheet

As of April 26, 2023, the Company had approximately \$1.5 billion in liquidity via undrawn capacity on its unsecured credit facilities, cash, and marketable securities.

GUIDANCE

For the first quarter of 2023, the Company exceeded the midpoint of the guidance range provided in its fourth quarter 2022 earnings release for Core FFO by \$0.08 per diluted share. The better-than-expected results primarily relate to lower delinquency and higher occupancy within the same-property portfolio.

The following table provides a reconciliation of first quarter 2023 Core FFO per diluted share to the midpoint of the guidance provided in the Company's fourth quarter 2022 earnings release.

	Per Diluted Share
Guidance midpoint of Core FFO per diluted share for Q1 2023	\$ 3.57
NOI from consolidated communities	0.07
FFO from Co-Investments	0.01
Interest Expense (Consolidated) and Other Income	0.01
G&A	(0.02)
Impact from Weighted Average Shares Outstanding	0.01
Core FFO per diluted share for Q1 2023 reported	\$ 3.65

2023 FULL-YEAR AND SECOND QUARTER GUIDANCE

	Previous Range	Previous Midpoint	Revised Range	Revised Midpoint	<i>Change at the Midpoint</i>
Per Diluted Share					
Net Income	\$5.35 - \$5.79	\$5.57	\$6.36 - \$6.74	\$6.55	\$0.98
Total FFO	\$14.53 - \$14.97	\$14.75	\$14.74 - \$15.12	\$14.93	\$0.18
Core FFO	\$14.53 - \$14.97	\$14.75	\$14.59 - \$14.97	\$14.78	\$0.03
Q2 2023 Core FFO	-	-	\$3.63 - \$3.75	\$3.69	-
Same-Property Growth on a Cash-Basis⁽¹⁾					
Revenues	3.25% to 4.75%	4.00%	No Change	-	-
Operating Expenses	4.50% to 5.50%	5.00%	No Change	-	-
NOI	2.30% to 4.90%	3.60%	No Change	-	-

⁽¹⁾ The midpoint of the Company's same-property revenues and NOI on a GAAP basis remain unchanged since the Company's fourth quarter 2022 earnings release at 4.40% and 4.10%, respectively.

For additional details regarding the Company's 2023 Core FFO guidance range, please see page S-14 of the accompanying supplemental financial information.

CONFERENCE CALL WITH MANAGEMENT

The Company will host an earnings conference call with management to discuss its quarterly results on Friday, April 28, 2023 at 10 a.m. PT (1 p.m. ET), which will be broadcast live via the Internet at www.essex.com, and accessible via phone by dialing toll-free, (877) 407-0784, or toll/international, (201) 689-8560. No passcode is necessary.

A rebroadcast of the live call will be available online for 30 days and digitally for 7 days. To access the replay online, go to www.essex.com and select the first quarter 2023 earnings link. To access the replay, dial (844) 512-2921 using the replay pin number 13737546. If you are unable to access the information via the Company's website, please contact the Investor Relations Department at investors@essex.com or by calling (650) 655-7800.

UPCOMING EVENTS

The Company is scheduled to participate in the National Association of Real Estate Investment Trusts ("NAREIT") Institutional Investor Forum in New York from June 6-7, 2023. The Company's President and Chief Executive Officer, Angela L. Kleiman, will present at the conference on June 7, 2023 at 8:45 a.m. ET. The presentation will be webcast and can be accessed on the Investors section of the Company's website at www.essex.com. A copy of any materials provided by the Company at the conference will also be made available on the Investors section of the Company's website.

CORPORATE PROFILE

Essex Property Trust, Inc., an S&P 500 company, is a fully integrated real estate investment trust (REIT) that acquires, develops, redevelops, and manages multifamily residential properties in selected West Coast markets. Essex currently has ownership interests in 251 apartment communities comprising approximately 62,000 apartment homes with an additional property in active development. Additional information about the Company can be found on the Company's website at www.essex.com.

This press release and accompanying supplemental financial information has been furnished to the Securities and Exchange Commission electronically on Form 8-K and can be accessed from the Company's website at www.essex.com. If you are unable to obtain the information via the Web, please contact the Investor Relations Department at (650) 655-7800.

FFO RECONCILIATION

FFO, as defined by the National Association of Real Estate Investment Trusts ("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 land 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. generally accepted accounting principles ("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 following table sets forth the Company's calculation of diluted FFO and Core FFO for the three months ended March 31, 2023 and 2022 (dollars in thousands, except for share and per share amounts):

	Three Months Ended March 31,	
	2023	2022
Funds from Operations attributable to common stockholders and unitholders		
Net income available to common stockholders	\$ 153,532	\$ 73,254
Adjustments:		
Depreciation and amortization	136,347	133,533
Gains on sale of real estate and land not included in FFO	(59,238)	-
Casualty loss	433	-
Depreciation and amortization from unconsolidated co-investments	17,609	18,115
Noncontrolling interest related to Operating Partnership units	5,404	2,563
Depreciation attributable to third party ownership and other	(359)	(353)
Funds from Operations attributable to common stockholders and unitholders	\$ 253,728	\$ 227,112
FFO per share – diluted	\$ 3.80	\$ 3.36
Expensed acquisition and investment related costs	\$ 339	\$ 8
Deferred tax benefit on unconsolidated co-investments ⁽¹⁾	(900)	(2,754)
Gain on sale of marketable securities	(912)	(12,171)
Change in unrealized (gains) losses on marketable securities, net	(368)	24,585
Provision for credit losses	18	(62)
Equity loss from non-core co-investments ⁽²⁾	94	8,844
Loss on early retirement of debt from unconsolidated co-investment	-	86
Co-investment promote income	-	(17,076)
Income from early redemption of preferred equity investments and notes receivable	-	(858)
General and administrative and other, net	266	448
Insurance reimbursements, legal settlements, and other, net	(8,504)	-
Core Funds from Operations attributable to common stockholders and unitholders	\$ 243,761	\$ 228,162
Core FFO per share – diluted	\$ 3.65	\$ 3.37
Weighted average number of shares outstanding diluted ⁽³⁾	66,725,582	67,621,842

(1) Represents deferred tax benefit related to net unrealized gains or losses on technology co-investments.

(2) Represents the Company's share of co-investment loss from technology co-investments.

(3) Assumes conversion of all outstanding limited partnership units in Essex Portfolio, L.P. (the "Operating Partnership") into shares of the Company's common stock and excludes DownREIT limited partnership units.

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,	
	2023	2022
Earnings from operations	\$ 187,385	\$ 109,850
Adjustments:		
Corporate-level property management expenses	11,432	10,172
Depreciation and amortization	136,347	133,533
Management and other fees from affiliates	(2,765)	(2,689)
General and administrative	15,311	12,242
Expensed acquisition and investment related costs	339	8
Casualty loss	433	-
Gain on sale of real estate and land	(59,238)	-
NOI	289,244	263,116
Less: Non-same property NOI	(15,145)	(12,088)
Same-Property NOI	\$ 274,099	\$ 251,028

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

This press release 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 evolution of the work-from-home trend, 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, 2023 Same-Property revenue and operating expenses generally and in specific regions, 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, inflation, the labor market, supply chain impacts and ongoing hostilities between Russia and Ukraine, 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: potential future outbreaks of infectious diseases or other health concerns, which could 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, inflation, escalated operating costs and possible recessionary impacts; as well as uncertainties regarding ongoing hostilities between Russia and Ukraine and the related impacts on macroeconomic conditions, including, among other things, interest rates and inflation; 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 markets; 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 for the year ended December 31, 2022, quarterly reports on Form 10-Q, and those risk factors and special considerations set forth in the Company's other filings with the SEC which may 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. 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 press release.

DEFINITIONS AND RECONCILIATIONS

Non-GAAP financial measures and certain other capitalized terms, as used in this earnings release, are defined and further explained on pages S-18.1 through S-18.4, "Reconciliations of Non-GAAP Financial Measures and Other Terms," of the accompanying supplemental financial information. The supplemental financial information is available on the Company's website at www.essex.com.

Contact Information

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ESSEX PROPERTY TRUST, INC.
Consolidated Operating Results
(Dollars in thousands, except share and per share amounts)

	Three Months Ended	
	March 31,	
	2023	2022
Revenues:		
Rental and other property	\$ 409,656	\$ 379,216
Management and other fees from affiliates	2,765	2,689
	412,421	381,905
Expenses:		
Property operating	120,412	116,100
Corporate-level property management expenses	11,432	10,172
Depreciation and amortization	136,347	133,533
General and administrative	15,311	12,242
Expensed acquisition and investment related costs	339	8
Casualty loss	433	-
	284,274	272,055
Gain on sale of real estate and land	59,238	-
Earnings from operations	187,385	109,850
Interest expense, net ⁽¹⁾	(50,012)	(47,833)
Interest and other income (loss)	12,450	(7,567)
Equity income from co-investments	10,871	21,171
Deferred tax benefit on unconsolidated co-investments	900	2,754
Net income	161,594	78,375
Net income attributable to noncontrolling interest	(8,062)	(5,121)
Net income available to common stockholders	\$ 153,532	\$ 73,254
Net income per share - basic	\$ 2.38	\$ 1.12
Shares used in income per share - basic	64,458,535	65,275,775
Net income per share - diluted	\$ 2.38	\$ 1.12
Shares used in income per share - diluted	64,459,689	65,339,378

⁽¹⁾ Refer to page S-18.2, the section titled "Interest Expense, Net" for additional information.

ESSEX PROPERTY TRUST, INC.
Consolidated Operating Results – Selected Line Item Detail
(Dollars in thousands)

	Three Months Ended	
	March 31,	
	2023	2022
Rental and other property		
Rental income	\$ 404,635	\$ 373,425
Other property	5,021	5,791
Rental and other property	<u>\$ 409,656</u>	<u>\$ 379,216</u>
Property operating expenses		
Real estate taxes	\$ 46,530	\$ 47,242
Administrative	22,891	22,089
Maintenance and repairs	26,757	22,964
Utilities	24,234	23,805
Property operating expenses	<u>\$ 120,412</u>	<u>\$ 116,100</u>
Interest and other income (loss)		
Marketable securities and other income	\$ 3,283	\$ 4,785
Gain on sale of marketable securities	912	12,171
Provision for credit losses	(18)	62
Change in unrealized gains (losses) on marketable securities, net	368	(24,585)
Insurance reimbursements, legal settlements, and other, net	7,905	-
Interest and other income (loss)	<u>\$ 12,450</u>	<u>\$ (7,567)</u>
Equity income from co-investments		
Equity loss from co-investments	\$ (2,951)	\$ (1,332)
Income from preferred equity investments	13,317	13,499
Equity loss from non-core co-investments	(94)	(8,844)
Insurance reimbursements, legal settlements, and other, net	599	-
Loss on early retirement of debt from unconsolidated co-investments	-	(86)
Co-investment promote income	-	17,076
Income from early redemption of preferred equity investments	-	858
Equity income from co-investments	<u>\$ 10,871</u>	<u>\$ 21,171</u>
Noncontrolling interest		
Limited partners of Essex Portfolio, L.P.	\$ 5,404	\$ 2,563
DownREIT limited partners' distributions	2,168	2,154
Third-party ownership interest	490	404
Noncontrolling interest	<u>\$ 8,062</u>	<u>\$ 5,121</u>

ESSEX PROPERTY TRUST, INC.

Consolidated Funds From Operations ⁽¹⁾

(Dollars in thousands, except share and per share amounts and in footnotes)

	Three Months Ended March 31,		% Change
	2023	2022	
Funds from operations attributable to common stockholders and unitholders (FFO)			
Net income available to common stockholders	\$ 153,532	\$ 73,254	
Adjustments:			
Depreciation and amortization	136,347	133,533	
Gains on sale of real estate and land not included in FFO	(59,238)	-	
Casualty loss	433	-	
Depreciation and amortization from unconsolidated co-investments	17,609	18,115	
Noncontrolling interest related to Operating Partnership units	5,404	2,563	
Depreciation attributable to third party ownership and other ⁽²⁾	(359)	(353)	
Funds from operations attributable to common stockholders and unitholders	\$ 253,728	\$ 227,112	
FFO per share-diluted	\$ 3.80	\$ 3.36	13.1%
Components of the change in FFO			
Non-core items:			
Expensed acquisition and investment related costs	\$ 339	\$ 8	
Deferred tax benefit on unconsolidated co-investments ⁽³⁾	(900)	(2,754)	
Gain on sale of marketable securities	(912)	(12,171)	
Change in unrealized (gains) losses on marketable securities, net	(368)	24,585	
Provision for credit losses	18	(62)	
Equity loss from non-core co-investments ⁽⁴⁾	94	8,844	
Loss on early retirement of debt from unconsolidated co-investments	-	86	
Co-investment promote income	-	(17,076)	
Income from early redemption of preferred equity investments and notes receivable	-	(858)	
General and administrative and other, net	266	448	
Insurance reimbursements, legal settlements, and other, net	(8,504)	-	
Core funds from operations attributable to common stockholders and unitholders	\$ 243,761	\$ 228,162	
Core FFO per share-diluted	\$ 3.65	\$ 3.37	8.3%
Weighted average number of shares outstanding diluted ⁽⁵⁾	66,725,582	67,621,842	

⁽¹⁾ Refer to page S-18.2, the section titled "Funds from Operations ("FFO") and Core FFO" for additional information on the Company's definition and use of FFO and Core FFO.

⁽²⁾ The Company consolidates certain co-investments. The noncontrolling interest's share of net operating income in these investments for the three months ended March 31, 2023 was \$0.8 million.

⁽³⁾ Represents deferred tax benefit related to net unrealized gains or losses on technology co-investments.

⁽⁴⁾ Represents the Company's share of co-investment loss from technology co-investments.

⁽⁵⁾ Assumes conversion of all outstanding limited partnership units in the Operating Partnership into shares of the Company's common stock and excludes DownREIT limited partnership units.

ESSEX PROPERTY TRUST, INC.
Consolidated Balance Sheets
(Dollars in thousands)

	March 31, 2023	December 31, 2022
Real Estate:		
Land and land improvements	\$ 3,031,415	\$ 3,043,321
Buildings and improvements	12,910,492	12,922,906
	15,941,907	15,966,227
Less: accumulated depreciation	(5,254,874)	(5,152,133)
	10,687,033	10,814,094
Real estate under development	21,909	24,857
Co-investments	1,131,183	1,127,491
	11,840,125	11,966,442
Cash and cash equivalents, including restricted cash	77,158	42,681
Marketable securities	107,002	112,743
Notes and other receivables	120,586	103,045
Operating lease right-of-use assets	66,373	67,239
Prepaid expenses and other assets	68,530	80,755
Total assets	\$ 12,279,774	\$ 12,372,905
Unsecured debt, net	\$ 5,313,701	\$ 5,312,168
Mortgage notes payable, net	593,147	593,943
Lines of credit	457	52,073
Distributions in excess of investments in co-investments	50,309	42,532
Operating lease liabilities	67,772	68,696
Other liabilities	427,323	381,227
Total liabilities	6,452,709	6,450,639
Redeemable noncontrolling interest	30,208	27,150
Equity:		
Common stock	6	6
Additional paid-in capital	6,657,183	6,750,076
Distributions in excess of accumulated earnings	(1,074,930)	(1,080,176)
Accumulated other comprehensive income, net	36,522	46,466
Total stockholders' equity	5,618,781	5,716,372
Noncontrolling interest	178,076	178,744
Total equity	5,796,857	5,895,116
Total liabilities and equity	\$ 12,279,774	\$ 12,372,905

ESSEX PROPERTY TRUST, INC.

Debt Summary – March 31, 2023

(Dollars in thousands, except in footnotes)

				Scheduled principal payments, unamortized premiums (discounts) and (debt issuance costs) are as follows - excludes lines of credit:					
	Balance Outstanding	Weighted Average Interest Rate	Maturity in Years		Unsecured	Secured	Total	Weighted Average Interest Rate	Percentage of Total Debt
Unsecured Debt, net									
Bonds public - fixed rate	\$ 5,350,000	3.3%	7.4	2023 ⁽⁴⁾	\$ 300,000	\$ 2,223	\$ 302,223	3.4%	5.1%
Unamortized discounts and debt issuance costs, net	(36,299)	-	-	2024	400,000	3,109	403,109	4.0%	6.8%
Total unsecured debt, net	5,313,701	3.3%	7.4	2025	500,000	133,054	633,054	3.5%	10.7%
Mortgage Notes Payable, net				2026	450,000	99,405	549,405	3.5%	9.2%
Fixed rate - secured	370,638	3.6%	3.5	2027	350,000	153,955	503,955	3.8%	8.5%
Variable rate - secured ⁽¹⁾	223,377	3.8%	14.9	2028	450,000	68,332	518,332	2.2%	8.7%
Unamortized premiums and debt issuance costs, net	(868)	-	-	2029	500,000	1,456	501,456	4.1%	8.4%
Total mortgage notes payable, net	593,147	3.7%	7.8	2030	550,000	1,592	551,592	3.1%	9.3%
Unsecured Lines of Credit				2031	600,000	1,740	601,740	2.3%	10.1%
Line of credit ⁽²⁾	-	5.3%	N/A	2032	650,000	1,903	651,903	2.6%	11.0%
Line of credit ⁽³⁾	457	5.3%	N/A	2033	-	32,126	32,126	3.6%	0.5%
Total lines of credit	457	5.3%	N/A	Thereafter	600,000	95,120	695,120	3.7%	11.7%
Total debt, net	\$ 5,907,305	3.3%	7.5	Subtotal	5,350,000	594,015	5,944,015	3.3%	100.0%
				Debt Issuance Costs	(28,875)	(1,911)	(30,786)	N/A	N/A
				(Discounts)/Premiums	(7,424)	1,043	(6,381)	N/A	N/A
				Total	\$ 5,313,701	\$ 593,147	\$ 5,906,848	3.3%	100.0%

Capitalized interest for the three months ended March 31, 2023 was approximately \$0.3 million.

⁽¹⁾ \$223.4 million of variable rate debt is tax exempt to the note holders.

⁽²⁾ This unsecured line of credit facility has a capacity of \$1.2 billion, a scheduled maturity date in January 2027 and two 6-month extension options, exercisable at the Company's option. The underlying interest rate on this line is Adjusted SOFR plus 0.75%, which is based on a tiered rate structure tied to the Company's corporate ratings and further adjusted by the facility's Sustainability Metric Grid.

⁽³⁾ This unsecured line of credit facility has a capacity of \$35 million and a scheduled maturity date in July 2024. The underlying interest rate on this line is Adjusted SOFR plus 0.75%, which is based on a tiered rate structure tied to the Company's corporate ratings and further adjusted by the facility's Sustainability Metric Grid.

⁽⁴⁾ In October 2022, the Company obtained a new \$300.0 million unsecured term loan priced at Adjusted SOFR plus 0.85%. The loan has been swapped to an all-in fixed rate of 4.2% and matures in October 2024 with three 12-month extension options, exercisable at the Company's option. The loan includes a 6-month delayed draw feature and the proceeds were drawn in April 2023 and are expected to be used to repay the Company's \$300.0 million unsecured notes due in May 2023. As a result, the Company currently anticipates no refinancing needs until 2024.

ESSEX PROPERTY TRUST, INC.

Capitalization Data, Public Bond Covenants, Credit Ratings and Selected Credit Ratios – March 31, 2023

(Dollars and shares in thousands, except per share amounts)

<u>Capitalization Data</u>			<u>Public Bond Covenants</u> ⁽¹⁾	<u>Actual</u>	<u>Requirement</u>
Total debt, net	\$	5,907,305	Debt to Total Assets:	34%	< 65%
Common stock and potentially dilutive securities			Secured Debt to Total Assets:	3%	< 40%
Common stock outstanding		64,182	Interest Coverage:	585%	> 150%
Limited partnership units ⁽¹⁾		2,261	Unsecured Debt Ratio ⁽²⁾ :	289%	> 150%
Options-treasury method		1			
Total shares of common stock and potentially dilutive securities		66,444	<u>Selected Credit Ratios</u> ⁽³⁾	<u>Actual</u>	
Common stock price per share as of March 31, 2023	\$	209.14	Net Indebtedness Divided by Adjusted EBITDAre, normalized and annualized:	5.7	
Total equity capitalization	\$	13,896,098	Unencumbered NOI to Adjusted Total NOI:	95%	
Total market capitalization	\$	19,803,403			
Ratio of debt to total market capitalization		29.8%			
<u>Credit Ratings</u>					
<u>Rating Agency</u>	<u>Rating</u>	<u>Outlook</u>			
Moody's	Baa1	Stable			
Standard & Poor's	BBB+	Stable			

⁽¹⁾ Assumes conversion of all outstanding limited partnership units in the Operating Partnership into shares of the Company's common stock.

⁽¹⁾ Refer to page S-18.4 for additional information on the Company's Public Bond Covenants.

⁽²⁾ Unsecured Debt Ratio is unsecured assets (excluding investments in co-investments) divided by unsecured indebtedness.

⁽³⁾ Refer to pages S-18.1 to S-18.4, the section titled "Reconciliations of Non-GAAP Financial Measures and Other Terms" for additional information on the Company's Selected Credit Ratios.

ESSEX PROPERTY TRUST, INC.

Portfolio Summary by County as of March 31, 2023

Region - County	Apartment Homes				Average Monthly Rental Rate ⁽¹⁾			Percent of NOI ⁽²⁾		
	Consolidated	Unconsolidated Co-investments	Apartment Homes in Development ⁽³⁾	Total	Consolidated	Unconsolidated Co-investments ⁽⁴⁾	Total ⁽⁵⁾	Consolidated	Unconsolidated Co-investments ⁽⁴⁾	Total ⁽⁵⁾
Southern California										
Los Angeles County	9,538	1,586	-	11,124	\$ 2,642	\$ 2,532	\$ 2,632	17.3%	14.5%	17.1%
Orange County	5,189	1,149	-	6,338	2,638	2,351	2,609	10.4%	10.3%	10.4%
San Diego County	4,824	795	264	5,883	2,462	2,428	2,459	9.5%	7.4%	9.3%
Ventura County and Other	2,362	693	-	3,055	2,248	2,622	2,300	4.4%	7.4%	4.6%
Total Southern California	21,913	4,223	264	26,400	2,559	2,483	2,552	41.6%	39.6%	41.4%
Northern California										
Santa Clara County ⁽⁶⁾	8,749	1,774	-	10,523	2,929	2,891	2,925	20.0%	17.6%	19.8%
Alameda County	3,959	1,512	-	5,471	2,592	2,563	2,587	7.4%	16.4%	8.2%
San Mateo County	2,561	195	-	2,756	3,029	3,623	3,051	5.4%	1.8%	5.1%
Contra Costa County	2,619	-	-	2,619	2,642	-	2,642	5.4%	0.0%	4.9%
San Francisco	1,357	537	-	1,894	2,859	3,323	2,936	2.5%	6.1%	2.8%
Total Northern California	19,245	4,018	-	23,263	2,829	2,848	2,831	40.7%	41.9%	40.8%
Seattle Metro	10,341	2,184	-	12,525	2,157	2,071	2,148	17.7%	18.5%	17.8%
Total	51,499	10,425	264	62,188	\$ 2,579	\$ 2,537	\$ 2,575	100.0%	100.0%	100.0%

⁽¹⁾ Average monthly rental rate is defined as the total scheduled monthly rental income (actual rent for occupied apartment homes plus market rent for vacant apartment homes) for the quarter ended March 31, 2023, divided by the number of apartment homes as of March 31, 2023.

⁽²⁾ Represents the percentage of actual NOI for the quarter ended March 31, 2023. See the section titled "Net Operating Income ("NOI") and Same-Property NOI Reconciliations" on page S-18.3.

⁽³⁾ Includes development communities with no rental income.

⁽⁴⁾ Co-investment amounts weighted for Company's pro rata share.

⁽⁵⁾ At Company's pro rata share.

⁽⁶⁾ Includes all communities in Santa Clara County and one community in Santa Cruz County.

ESSEX PROPERTY TRUST, INC.

Operating Income by Quarter ⁽¹⁾

(Dollars in thousands)

	Apartment Homes	Q1 '23	Q4 '22	Q3 '22	Q2 '22	Q1 '22
Rental and other property revenues:						
Same-property	50,064	\$ 388,895	\$ 389,016	\$ 386,200	\$ 378,874	\$ 361,415
Acquisitions ⁽²⁾	211	1,021	886	675	-	-
Development ⁽³⁾	599	5,500	5,417	5,410	5,371	4,227
Redevelopment	179	1,537	1,418	1,422	1,491	1,435
Non-residential/other, net ⁽⁴⁾	446	12,127	13,573	14,783	14,597	15,023
Straight-line rent concessions ⁽⁵⁾	-	576	2,047	(1,628)	(3,093)	(2,884)
Total rental and other property revenues	51,499	409,656	412,357	406,862	397,240	379,216
Property operating expenses:						
Same-property		114,796	111,568	113,489	107,713	110,387
Acquisitions ⁽²⁾		430	536	288	-	-
Development ⁽³⁾		2,316	2,360	2,336	2,139	1,933
Redevelopment		788	654	662	600	687
Non-residential/other, net ^{(4) (6)}		2,082	2,488	3,268	3,068	3,093
Total property operating expenses		120,412	117,606	120,043	113,520	116,100
Net operating income (NOI):						
Same-property		274,099	277,448	272,711	271,161	251,028
Acquisitions ⁽²⁾		591	350	387	-	-
Development ⁽³⁾		3,184	3,057	3,074	3,232	2,294
Redevelopment		749	764	760	891	748
Non-residential/other, net ⁽⁴⁾		10,045	11,085	11,515	11,529	11,930
Straight-line rent concessions ⁽⁵⁾		576	2,047	(1,628)	(3,093)	(2,884)
Total NOI		\$ 289,244	\$ 294,751	\$ 286,819	\$ 283,720	\$ 263,116
Same-property metrics						
Operating margin		70%	71%	71%	72%	69%
Annualized turnover ⁽⁷⁾		38%	42%	49%	42%	34%
Financial occupancy ⁽⁸⁾		96.7%	96.0%	96.0%	96.1%	96.3%

⁽¹⁾ Includes consolidated communities only.

⁽²⁾ Acquisitions include properties acquired which did not have comparable stabilized results as of January 1, 2022.

⁽³⁾ Development includes properties developed which did not have comparable stabilized results as of January 1, 2022.

⁽⁴⁾ Non-residential/other, net consists of revenues generated from retail space, commercial properties, held for sale properties, disposition properties, student housing, properties undergoing significant construction activities that do not meet our redevelopment criteria and two communities located in the California counties of Santa Barbara and Santa Cruz, which the Company does not consider its core markets.

⁽⁵⁾ Represents straight-line concessions for residential operating communities. Same-property revenues reflect concessions on a cash basis. Total Rental and Other Property Revenues reflect concessions on a straight-line basis in accordance with U.S. GAAP.

⁽⁶⁾ Includes other expenses and intercompany eliminations pertaining to self-insurance.

⁽⁷⁾ Annualized turnover is defined as the number of apartment homes turned over during the quarter, annualized, divided by the total number of apartment homes.

⁽⁸⁾ Financial occupancy is defined as the percentage resulting from dividing actual rental income by total scheduled rental income (actual rent for occupied apartment homes plus market rent for vacant apartment homes).

ESSEX PROPERTY TRUST, INC.

Same-Property Revenue Results by County – First Quarter 2023 vs. First Quarter 2022 and Fourth Quarter 2022

(Dollars in thousands, except average monthly rental rates)

Region - County	Apartment Homes	Q1 '23 % of Actual NOI	Average Monthly Rental Rate			Financial Occupancy			Gross Revenues			Sequential Gross Revenues		
			Q1 '23	Q1 '22	% Change	Q1 '23	Q1 '22	% Change	Q1 '23	Q1 '22	% Change	Q4 '22	% Change	
Southern California														
Los Angeles County	9,327	17.6%	\$ 2,660	\$ 2,511	5.9%	96.6%	96.2%	0.4%	\$ 72,608	\$ 69,023	5.2%	\$ 73,855	-1.7%	
Orange County	5,189	10.6%	2,638	2,426	8.7%	96.7%	96.2%	0.5%	40,842	37,061	10.2%	41,056	-0.5%	
San Diego County	4,582	9.3%	2,458	2,210	11.2%	97.5%	96.7%	0.8%	34,257	30,998	10.5%	33,513	2.2%	
Ventura County	2,254	4.3%	2,244	2,052	9.4%	96.8%	96.0%	0.8%	15,558	13,962	11.4%	15,304	1.7%	
Total Southern California	21,352	41.8%	2,567	2,377	8.0%	96.8%	96.3%	0.5%	163,265	151,044	8.1%	163,728	-0.3%	
Northern California														
Santa Clara County	8,653	20.2%	2,921	2,742	6.5%	96.7%	96.6%	0.1%	76,135	70,376	8.2%	75,542	0.8%	
Alameda County	3,959	7.6%	2,592	2,502	3.6%	96.9%	96.1%	0.8%	30,699	29,570	3.8%	30,496	0.7%	
San Mateo County	1,962	4.4%	2,976	2,860	4.1%	96.1%	96.1%	0.0%	17,632	16,575	6.4%	17,684	-0.3%	
Contra Costa County	2,619	5.5%	2,642	2,520	4.8%	96.9%	96.6%	0.3%	21,080	19,735	6.8%	21,096	-0.1%	
San Francisco	1,178	2.3%	2,817	2,710	3.9%	95.7%	96.6%	-0.9%	10,046	9,912	1.4%	10,186	-1.4%	
Total Northern California	18,371	40.0%	2,810	2,669	5.3%	96.6%	96.4%	0.2%	155,592	146,168	6.4%	155,004	0.4%	
Seattle Metro	10,341	18.2%	2,157	2,002	7.7%	96.6%	95.9%	0.7%	70,038	64,203	9.1%	70,284	-0.4%	
Total Same-Property	50,064	100.0%	\$ 2,571	\$ 2,407	6.8%	96.7%	96.3%	0.4%	\$ 388,895	\$ 361,415	7.6%	\$ 389,016	0.0%	

See Company's Form 10-K and Form 10-Qs filed with the SEC for additional information

ESSEX PROPERTY TRUST, INC.
Same-Property Operating Expenses – Quarter to Date as of March 31, 2023 and 2022
(Dollars in thousands)

	Based on 50,064 apartment homes			
	Q1 '23	Q1 '22	% Change	% of Op. Ex.
Same-property operating expenses:				
Real estate taxes	\$ 42,987	\$ 43,689	-1.6%	37.5%
Utilities	23,178	22,550	2.8%	20.2%
Personnel costs	21,847	21,498	1.6%	19.0%
Maintenance and repairs	13,920	11,181	24.5% ⁽¹⁾	12.1%
Administrative	6,524	6,206	5.1%	5.7%
Insurance and other	6,340	5,263	20.5%	5.5%
Total same-property operating expenses	\$ 114,796	\$ 110,387	4.0%	100.0%

⁽¹⁾ The increase in maintenance and repairs expense is primarily due to higher than average turnover and costs associated with flood damage clean-up.

ESSEX PROPERTY TRUST, INC.

Development Pipeline – March 31, 2023

(Dollars in millions, except per apartment home amounts in thousands and except in footnotes)

Project Name - Location	Ownership %	Estimated Apartment Homes	Estimated Commercial sq. feet	Incurred to Date	Remaining Costs	Estimated Total Cost	Essex Est. Total Cost ⁽¹⁾	Cost per Apartment Home ⁽²⁾	Average % Occupied	% Leased as of 3/31/23 ⁽³⁾	% Leased as of 4/26/23 ⁽³⁾	Construction Start	Initial Occupancy	Stabilized Operations
Land Held for Future Development - Consolidated														
Other Projects - Various	100%	-	-	\$ 22	\$ -	\$ 22	\$ 22							
Total Development Pipeline - Consolidated		-	-	22	-	22	22							
Development Projects - Joint Venture ⁽⁴⁾														
LIVIA (fka Scripps Mesa Apartments) ⁽⁵⁾ - San Diego, CA	51%	264	2,000	79	23	102	52	383	0%	0%	0%	Q3 2020	Q2 2023	Q1 2024
Total Development Projects - Joint Venture		264	2,000	79	23	102	52	\$ 383						
Grand Total - Development Pipeline		264	2,000	\$ 101	\$ 23	\$ 124	74							
Essex Cost Incurred to Date - Pro Rata							(62)							
Essex Remaining Commitment							\$ 12							

⁽¹⁾ The Company's share of the estimated total cost of the project.

⁽²⁾ Net of the estimated allocation to the retail component of the project, as applicable.

⁽³⁾ Calculations are based on multifamily operations only.

⁽⁴⁾ For the first quarter of 2023, the Company's cost includes \$0.2 million of capitalized interest, \$0.9 million of capitalized overhead and \$0.2 million of development fees (such development fees reduced G&A expenses).

⁽⁵⁾ Cost incurred to date and estimated total cost are net of a projected value for low income housing tax credit proceeds and the value of the tax exempt bond structure.

ESSEX PROPERTY TRUST, INC.
Capital Expenditures – March 31, 2023 ⁽¹⁾
(Dollars in thousands, except in footnotes and per apartment home amounts)

Revenue Generating Capital Expenditures ⁽²⁾	Q1 '23	Trailing 4 Quarters
Same-property portfolio	\$ 17,973	\$ 75,595
Non-same property portfolio	371	1,093
Total revenue generating capital expenditures	\$ 18,344	\$ 76,688
Number of same-property interior renovations	647	3,638
Number of total consolidated interior renovations	649	3,726
Non-Revenue Generating Capital Expenditures ⁽³⁾	Q1 '23	Trailing 4 Quarters
Non-revenue generating capital expenditures	\$ 16,888	\$ 130,935
Average apartment homes in quarter	51,611	51,772
Capital expenditures per apartment homes in the quarter	\$ 327	\$ 2,529

⁽¹⁾ The Company incurred \$0.1 million of capitalized interest, \$3.6 million of capitalized overhead and \$0.3 million of co-investment fees related to redevelopment in Q1 2023.

⁽²⁾ Represents revenue generating or expense saving expenditures, such as full-scale redevelopments, interior unit turn renovations, enhanced amenities and certain resource management initiatives. Excludes costs related to smart home automation.

⁽³⁾ Represents roof replacements, paving, building and mechanical systems, exterior painting, siding, etc. Non-revenue generating capital expenditures does not include costs related to retail, furniture and fixtures, expenditures in which the Company expects to be reimbursed, and expenditures incurred due to changes in governmental regulation that the Company would not have incurred otherwise.

ESSEX PROPERTY TRUST, INC.

Co-investments and Preferred Equity Investments – March 31, 2023

(Dollars in thousands, except in footnotes)

	Weighted Average Essex Ownership Percentage	Apartment Homes	Total Undepreciated Book Value	Debt Amount	Essex Book Value	Weighted Average Borrowing Rate ⁽¹⁾	Remaining Term of Debt (in Years)	Three Months Ended March 31, 2023
Operating and Other Non-Consolidated Joint Ventures								NOI
Wesco I, III, IV, V, VI ⁽²⁾	54%	5,975	\$ 2,134,026	\$ 1,439,317	\$ 166,941	3.4%	3.6	\$ 28,236
BEXAEW, BEX II, BEX IV, and 500 Folsom	50%	3,083	1,247,595	548,449	235,559	4.3%	8.1 ⁽⁵⁾	15,697
Other ⁽³⁾	52%	1,367	559,576	408,294	66,282	4.6%	2.1	7,019
Total Operating and Other Non-Consolidated Joint Ventures		10,425	\$ 3,941,197	\$ 2,396,060	\$ 468,782	3.8%	4.4	\$ 50,952
Development Non-Consolidated Joint Ventures ⁽⁴⁾	51%	264	78,807	89,250	13,345	3.7%	37.2 ⁽⁶⁾	-
Total Non-Consolidated Joint Ventures		10,689	\$ 4,020,004	\$ 2,485,310	\$ 482,127	3.8%	5.5	\$ 50,952
								Essex Portion of NOI and Expenses
NOI								\$ 27,273
Depreciation								(17,609)
Interest expense and other								(12,615)
Equity loss from non-core co-investments								(94)
Insurance reimbursements, legal settlements, and other, net								599
Net loss from operating and other co-investments								\$ (2,446)
								Income from Preferred Equity Investments
Income from preferred equity investments								\$ 13,317
Preferred Equity Investments ⁽⁷⁾					\$ 598,747	9.7%	2.3	\$ 13,317
Total Co-investments					\$ 1,080,874			\$ 10,871

⁽¹⁾ Represents the year-to-date annual weighted average borrowing rate.

⁽²⁾ As of March 31, 2023, the Company's investments in Wesco I, Wesco III, and Wesco IV were classified as a liability of \$49.0 million due to distributions received in excess of the Company's investment.

⁽³⁾ As of March 31, 2023, the Company's investments in Expo and Century Towers were classified as a liability of \$1.3 million due to distributions received in excess of the Company's investment. The weighted average Essex ownership percentage excludes our investments in non-core technology co-investments which are carried at fair value.

⁽⁴⁾ The Company has ownership interests in development co-investments, which are detailed on page S-11.

⁽⁵⁾ \$132.0 million of the debt related to 500 Folsom, one of the Company's co-investments, is financed by tax exempt bonds with a maturity date of January 2052.

⁽⁶⁾ LIVIA (fka Scripps Mesa Apartments) has \$89.3 million of long-term tax-exempt bond debt that is subject to a total return swap that matures in 2025.

⁽⁷⁾ As of March 31, 2023, the Company has invested in 25 preferred equity investments.

ESSEX PROPERTY TRUST, INC.

Assumptions for 2023 FFO Guidance Range

(Dollars in thousands, except per share data)

The guidance projections below are based on current expectations and are forward-looking. The guidance on this page is given for Net Operating Income ("NOI") and Total and Core FFO. See pages S-18.1 to S-18.4 for the definitions of non-GAAP financial measures and other terms.

	Three Months Ended March 31, 2023 ⁽¹⁾	2023 Full-Year Guidance Low End High End		Comments about 2023 Full-Year Guidance
Total NOI from Consolidated Communities - Excluding Straight-Line Rent Concessions	\$ 288,668	\$ 1,151,000	\$ 1,178,000	Includes guidance range for same-property NOI growth of 2.3% to 4.9% and reflects sale of one community in Q1 '23
Straight-Line Rent Concessions from Consolidated Communities	576	2,100	(3,900)	Reflects the non-cash impact of recording lease concessions on a straight-line basis
Management Fees	2,765	10,700	11,700	
<u>Interest Expense</u>				
Interest expense, before capitalized interest	(50,288)	(206,100)	(203,800)	
Interest capitalized	276	400	900	
Net interest expense	(50,012)	(205,700)	(202,900)	
<u>Recurring Income and Expenses</u>				
Interest and other income	3,283	17,600	18,600	
FFO from co-investments	27,975	108,900	111,000	Reflects updated preferred equity redemption expectations and includes investment activity completed through April
General and administrative	(15,045)	(55,500)	(57,500)	
Corporate-level property management expenses	(11,432)	(45,200)	(46,200)	
Non-controlling interest	(3,017)	(12,500)	(11,500)	
Total recurring income and expenses	1,764	13,300	14,400	
<u>Non-Core Income and Expenses</u>				
Expensed acquisition and investment related costs	(339)	(339)	(339)	
Deferred tax benefit on unconsolidated co-investments	900	900	900	
Gain on sale of marketable securities	912	912	912	
Change in unrealized gains on marketable securities, net	368	368	368	
Provision for credit losses	(18)	(18)	(18)	
Equity loss from non-core co-investments	(94)	(94)	(94)	
Loss on early retirement of debt from unconsolidated co-investments	-	-	-	
Co-investment promote income	-	-	-	
Income from early redemption of preferred equity investments	-	-	-	
General and administrative and other, net	(266)	(266)	(266)	
Insurance reimbursements, legal settlements, and other, net	8,504	8,504	8,504	
Total non-core income and expenses	9,967	9,967	9,967	
Funds from Operations ⁽²⁾	\$ 253,728	\$ 981,367	\$ 1,007,267	
Funds from Operations per diluted Share	\$ 3.80	\$ 14.74	\$ 15.12	
% Change - Funds from Operations	13.1%	7.6%	10.4%	
Core Funds from Operations (excludes non-core items)	\$ 243,761	\$ 971,400	\$ 997,300	
Core Funds from Operations per diluted Share	\$ 3.65	\$ 14.59	\$ 14.97	
% Change - Core Funds from Operations	8.3%	0.6%	3.2%	
EPS - Diluted	\$ 2.38	\$ 6.36	\$ 6.74	
Weighted average shares outstanding - FFO calculation	66,726	66,600	66,600	

⁽¹⁾ All non-core items are excluded from the 2023 actuals and included in the non-core income and expense section of the FFO reconciliation.

⁽²⁾ 2023 guidance excludes inestimable projected 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.

See Company's Form 10-K and Form 10-Qs filed with the SEC for additional information

ESSEX PROPERTY TRUST, INC.

Reconciliation of Projected EPS, FFO and Core FFO per diluted share

With respect to the Company's guidance regarding its projected FFO and Core FFO, which guidance is set forth in the earnings release and on page S-14 of this supplement, a reconciliation of projected net income per share to projected FFO per share and projected Core FFO per share, as set forth in such guidance, is presented in the table below.

	Three Months Ended March 31, 2023	2023 Guidance Range ⁽¹⁾			
		2nd Quarter 2023		Full-Year 2023	
		Low	High	Low	High
EPS - diluted	\$ 2.38	\$ 1.32	\$ 1.44	\$ 6.36	\$ 6.74
Conversion from GAAP share count	(0.08)	(0.05)	(0.05)	(0.22)	(0.22)
Casualty loss	0.01	-	-	0.01	0.01
Depreciation and amortization	2.30	2.32	2.32	9.27	9.27
Noncontrolling interest related to Operating Partnership units	0.08	0.04	0.04	0.21	0.21
Gain on sale of real estate and land	(0.89)	-	-	(0.89)	(0.89)
FFO per share - diluted	\$ 3.80	\$ 3.63	\$ 3.75	\$ 14.74	\$ 15.12
Expensed acquisition and investment related costs	0.01	-	-	0.01	0.01
Deferred tax benefit on unconsolidated co-investments	(0.01)	-	-	(0.01)	(0.01)
Gain on sale of marketable securities	(0.01)	-	-	(0.01)	(0.01)
Change in unrealized gains on marketable securities, net	(0.01)	-	-	(0.01)	(0.01)
Provision for credit losses	-	-	-	-	-
Equity loss from non-core co-investments	-	-	-	-	-
Loss on early retirement of debt from unconsolidated co-investment	-	-	-	-	-
Co-investment promote income	-	-	-	-	-
Income from early redemption of preferred equity investments	-	-	-	-	-
General and administrative and other, net	-	-	-	-	-
Insurance reimbursements, legal settlements, and other, net	(0.13)	-	-	(0.13)	(0.13)
Core FFO per share - diluted	\$ 3.65	\$ 3.63	\$ 3.75	\$ 14.59	\$ 14.97

⁽¹⁾ 2023 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.

ESSEX PROPERTY TRUST, INC.

Summary of Apartment Community Acquisitions and Dispositions Activity – Year to date as of March 31, 2023

(Dollars in thousands)

Acquisitions		Apartment	Essex			Total	Price per	Average
Property Name	Location	Homes	Ownership	Entity	Date	Contract	Apartment Home	Rent
			Percentage			Price		

Neither Essex nor its unconsolidated joint ventures acquired any apartment communities during the first quarter of 2023.

Dispositions

Property Name	Location	Apartment	Essex			Total Sale	Price per
		Homes	Ownership	Entity	Date	Price	Apartment Home
			Percentage				
CBC and The Sweeps	Goleta, CA	239	100%	EPLP	Mar-23	\$ 91,675	\$ 384
	Q1 2023	<u>239</u>				<u>\$ 91,675</u>	<u>\$ 384</u>
	2023 Total	<u>239</u>				<u>\$ 91,675</u>	<u>\$ 384</u>

ESSEX PROPERTY TRUST, INC.

Delinquencies, Operating Statistics, and Same-Property Revenue Growth with Concessions on a GAAP basis

(Dollars in millions, except in footnotes and per share amounts)

Delinquencies for First Quarter 2023	Same-Property	Non-Same Property and Co-investments	Total Operating Communities	Commercial	Total
Operating apartment community units	50,064	11,261	61,325	N/A	N/A
Cash delinquencies as % of scheduled rent	2.1%	2.6%	2.2%	N/A	N/A
Reported delinquencies as % of scheduled rent ⁽¹⁾	2.1%	2.6%	2.2%	N/A	N/A
Reported delinquencies in 1Q 2023 ^{(2) (3)}	\$ (8.2)	\$ (1.2)	\$ (9.4)	\$ (0.4)	\$ (9.8)
Reported delinquencies in 1Q 2022 ⁽²⁾	\$ (8.0)	\$ (1.3)	\$ (9.3)	\$ 0.6	\$ (8.7)
YoY impact to 1Q 2023 Core FFO per share	\$ (0.00)	\$ 0.00	\$ (0.00)	\$ (0.01)	\$ (0.02)
YoY impact to Core FFO per share growth	-0.1%	0.0%	0.0%	-0.4%	-0.5%
Total cumulative cash delinquencies ^{(4) (5)}	\$ (88.3)	\$ (11.9)	\$ (100.2)	N/A	N/A
Net accounts receivable balance	\$ 3.4	\$ -	\$ 3.4	N/A	N/A

⁽¹⁾ Represents total residential portfolio delinquencies as a percentage of scheduled rent reflected in the financial statements for the three months ended March 31, 2023.

⁽²⁾ Excludes sold communities and co-investment delinquencies reported at the Company's pro rata share.

⁽³⁾ Commercial delinquencies in 1Q 2023 includes an increase of the straight-line rent reserve of \$0.2 million and includes co-investment amounts at the Company's pro rata share.

⁽⁴⁾ Represents cash delinquencies from the period of April 1, 2020 to March 31, 2023. This includes \$3.4 million of the net accounts receivable balance.

⁽⁵⁾ The Company, including its co-investments, has received Emergency Rental Assistance payments of \$2.5 million and \$66.8 million for the three months ended March 31, 2023 and the period from April 1, 2020 to March 31, 2023, respectively.

Operating Statistics			Same-Property Revenue Growth with Concessions on a GAAP basis		
Same-Property Portfolio	Preliminary Estimate April 2023	1Q 2023		1Q 2023	1Q 2022
Cash delinquencies as % of scheduled rent ⁽¹⁾	2.3%	2.1%	Reported rental revenue (cash basis concessions)	\$ 388.9	\$ 361.4
			Straight-line rent impact to rental revenue	0.7	(3.0)
New lease rates ⁽²⁾	1.2%	1.2%	GAAP rental revenue	\$ 389.6	\$ 358.4
Renewal rates ⁽²⁾	4.2%	4.7%			
Blended rates	2.7%	2.9%	% change - reported rental revenue	7.6%	
			% change - GAAP rental revenue	8.7%	
Financial occupancy	96.4%	96.7%			

⁽¹⁾ The Company's same-property portfolio has received Emergency Rental Assistance payments of \$0.1 million and \$1.3 million in April 2023 and for the three months ended March 31, 2023, respectively.

⁽²⁾ Represents % change in similar term lease tradeouts, including the impact of leasing incentives.

See Company's Form 10-K and Form 10-Qs filed with the SEC for additional information

ESSEX PROPERTY TRUST, INC.

2023 MSA Level Forecast: Supply, Jobs, and Apartment Market Conditions

Forecast Summary:

2023 GDP Growth = +0.4%
 Dec-23 unemployment rate = 4.7%, US Job Growth = -0.2% (TTM avg)
 2023 Supply growth in ESS markets remains below 1%

Forecast Assumptions:

Fed policy spurs weaker job growth into mid-2023, and decelerating rent growth
 High mortgage rates shift rent/buy equation, supporting rental demand
 Macro uncertainty remains elevated near-term, with inflation a key catalyst

Market	Residential Supply ⁽¹⁾					Job Forecast ⁽²⁾			Rent Forecast ⁽³⁾
	New MF Supply	New SF Supply	Total Supply	MF Supply as % of MF Stock	Total Supply as % of Stock	Q4 YOY New Jobs	Q4 YOY Growth	TTM YOY Growth	TTM YOY Growth
Los Angeles	10,700	6,450	17,150	0.7%	0.5%	0	0.0%	0.4%	2.4%
Orange County	2,500	3,300	5,800	0.6%	0.5%	0	0.0%	0.3%	2.0%
San Diego	3,300	2,950	6,250	0.7%	0.5%	2,000	0.1%	0.2%	1.9%
Ventura	900	200	1,100	1.4%	0.4%	0	0.0%	0.4%	1.6%
So. Cal.	17,400	12,900	30,300	0.7%	0.5%	2,000	0.0%	0.3%	2.1%
San Francisco	2,150	550	2,700	0.6%	0.4%	2,000	0.2%	1.2%	2.3%
Oakland	2,500	3,050	5,550	0.7%	0.5%	500	0.0%	0.3%	1.2%
San Jose	2,300	2,200	4,500	0.9%	0.6%	2,000	0.2%	0.5%	2.6%
No. Cal.	6,950	5,800	12,750	0.7%	0.5%	4,500	0.1%	0.7%	2.1%
Seattle	9,550	4,900	14,450	1.9%	1.1%	3,000	0.2%	0.4%	1.3%
Total/Weighted Avg. ⁽⁴⁾	33,900	23,600	57,500	0.8%	0.6%	9,500	0.1%	0.4%	2.0%

Data based on third-party macroeconomic projections and Essex Market Analytics 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 enhancement ("delay-adjusted supply") to reflect the anticipated impact of continued construction delays in Essex markets.

⁽²⁾ **Job Forecast:** Refers to the difference between total non-farm industry employment (not seasonally adjusted) projected 4Q23 over 4Q22, expressed as total new jobs and growth rates, and trailing 12-month 2023 vs 2022 growth rates.

⁽³⁾ **Rent Forecast:** The estimated rent growth represents the forecasted change in economic rents for trailing 12-month 2023 vs 2022, and excludes submarkets not targeted by Essex.

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

ESSEX PROPERTY TRUST, INC.

Reconciliations of Non-GAAP Financial Measures and Other Terms

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, 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:

	Three Months Ended March 31, 2023
<i>(Dollars in thousands)</i>	
Net income available to common stockholders	\$ 153,532
Adjustments:	
Net income attributable to noncontrolling interest	8,062
Interest expense, net ⁽¹⁾	50,012
Depreciation and amortization	136,347
Income tax provision	90
Gain on sale of real estate and land	(59,238)
Casualty loss	433
Co-investment EBITDAre adjustments	29,127
EBITDAre	318,365
Gain on sale of marketable securities	(912)
Change in unrealized gains (losses) on marketable securities, net	(368)
Provision for credit losses	18
Equity loss from non-core co-investments	94
Deferred tax benefit on unconsolidated co-investments	(900)
General and administrative and other, net	266
Insurance reimbursements and legal settlements, net	(8,504)
Expensed acquisition and investment related costs	339
Adjusted EBITDAre	\$ 308,398

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

ESSEX PROPERTY TRUST, INC.

Reconciliations of Non-GAAP Financial Measures and Other Terms

Disposition Yield

Net operating income that the Company anticipates giving up in the next 12 months less an estimate of property management costs allocated to the project divided by the gross sales price of the asset.

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 in the section titled "Consolidated Funds From Operations".

Interest Expense, Net

Interest expense, net is presented on page S-1 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:

	Three Months Ended March 31, 2023
<i>(Dollars in thousands)</i>	
Interest expense	\$ 51,045
Adjustments:	
Total return swap income	(1,033)
Interest expense, net	<u>\$ 50,012</u>

Immediately Available Liquidity

The Company's immediately available liquidity as of April 26, 2023, consisted of the following:

	April 26, 2023
<i>(Dollars in millions)</i>	
Unsecured credit facility - committed	\$ 1,235
Balance outstanding	2
Undrawn portion of line of credit	\$ 1,233
Cash, cash equivalents & marketable securities	226
Total liquidity	<u>\$ 1,459</u>

ESSEX PROPERTY TRUST, INC.

Reconciliations of Non-GAAP Financial Measures and Other Terms

Net Indebtedness Divided by Adjusted EBITDAre

This credit ratio is presented on page S-6 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 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:

<i>(Dollars in thousands)</i>	March 31, 2023
Total consolidated debt, net	\$ 5,907,305
Total debt from co-investments at pro rata share	1,327,980
Adjustments:	
Consolidated unamortized premiums, discounts, and debt issuance costs	37,167
Pro rata co-investments unamortized premiums, discounts, and debt issuance costs	6,141
Consolidated cash and cash equivalents-unrestricted	(67,712)
Pro rata co-investment cash and cash equivalents-unrestricted	(45,076)
Marketable securities	(118,887)
Net Indebtedness	<u>\$ 7,046,918</u>
Adjusted EBITDAre, annualized ⁽¹⁾	\$ 1,233,592
Other EBITDAre normalization adjustments, net, annualized ⁽²⁾	(3,262)
Adjusted EBITDAre, normalized and annualized	<u>\$ 1,230,330</u>
Net Indebtedness Divided by Adjusted EBITDAre, normalized and annualized	<u>5.7</u>

⁽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

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:

<i>(Dollars in thousands)</i>	Three Months Ended	
	March 31, 2023	March 31, 2022
Earnings from operations	\$ 187,385	\$ 109,850
Adjustments:		
Corporate-level property management expenses	11,432	10,172
Depreciation and amortization	136,347	133,533
Management and other fees from affiliates	(2,765)	(2,689)
General and administrative	15,311	12,242
Expensed acquisition and investment related costs	339	8
Casualty loss	433	-
Gain on sale of real estate and land	(59,238)	-
NOI	<u>289,244</u>	<u>263,116</u>
Less: Non-same property NOI	<u>(15,145)</u>	<u>(12,088)</u>
Same-Property NOI	<u>\$ 274,099</u>	<u>\$ 251,028</u>

ESSEX PROPERTY TRUST, INC.

Reconciliations of Non-GAAP Financial Measures and Other Terms

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.

Unencumbered NOI to Adjusted Total NOI

This ratio is presented on page S-6 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, 2023, annualized, is calculated by dividing Unencumbered NOI, annualized for the three months ended March 31, 2023 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:

<i>(Dollars in thousands)</i>	Annualized Q1'23 ⁽¹⁾
NOI	\$ 1,156,976
Adjustments:	
NOI from real estate assets sold or held for sale	(3,802)
Other, net ⁽²⁾	(6,171)
Adjusted Total NOI	1,147,003
Less: Encumbered NOI	(59,695)
Unencumbered NOI	<u>\$ 1,087,308</u>
Encumbered NOI	\$ 59,695
Unencumbered NOI	1,087,308
Adjusted Total NOI	<u>\$ 1,147,003</u>
Unencumbered NOI to Adjusted Total NOI	<u>95%</u>

⁽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.