



ESSEX
PROPERTY TRUST, INC.
INVESTOR PRESENTATION
JUNE 2023



TABLE OF CONTENTS

3 Track Record & Company Highlights

11 Operating Update

16 West Coast Demand Fundamentals

20 West Coast Supply Fundamentals

23 Guidance & Balance Sheet

27 ESG Highlights

30 Definitions and Reconciliations



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TRACK RECORD & COMPANY HIGHLIGHTS

Bridgeport Coast
Valencia, CA

June 2023 Investor Presentation - 3

CORPORATE HIGHLIGHTS

Established in
1971

Focused in the coastal markets of California and Washington with superior long-term rent growth

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 29-year history of increasing cash dividends

Top executives share an average tenure of approximately 13 years

Investment Grade Rated

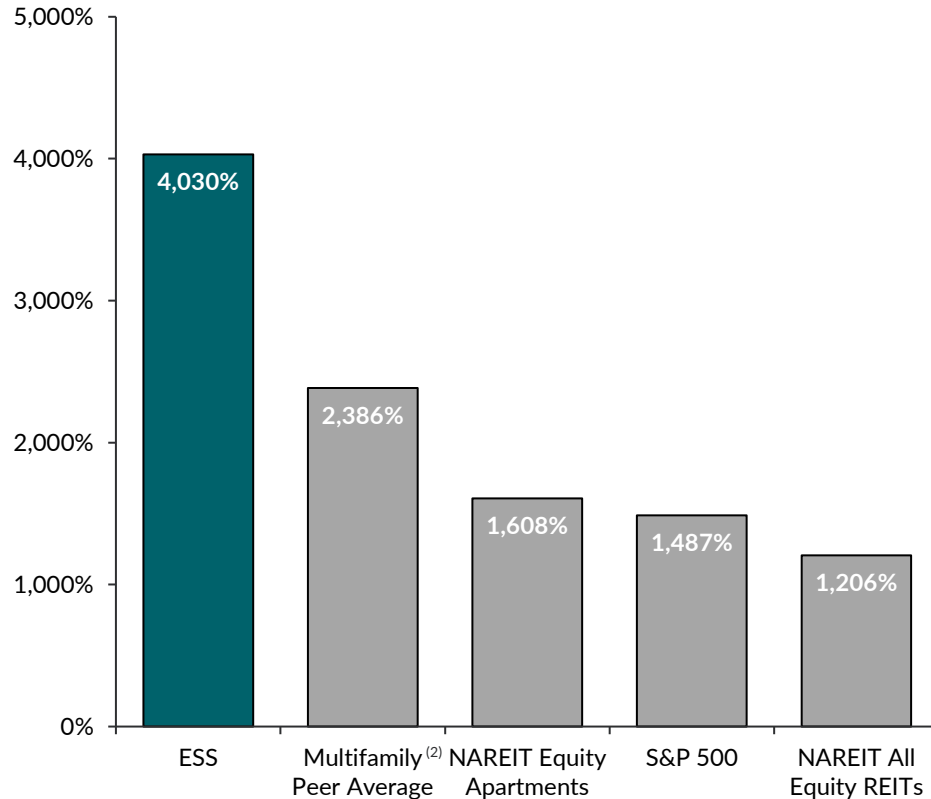
\$19.8 Billion Total Market Cap⁽¹⁾

S&P 500 Company

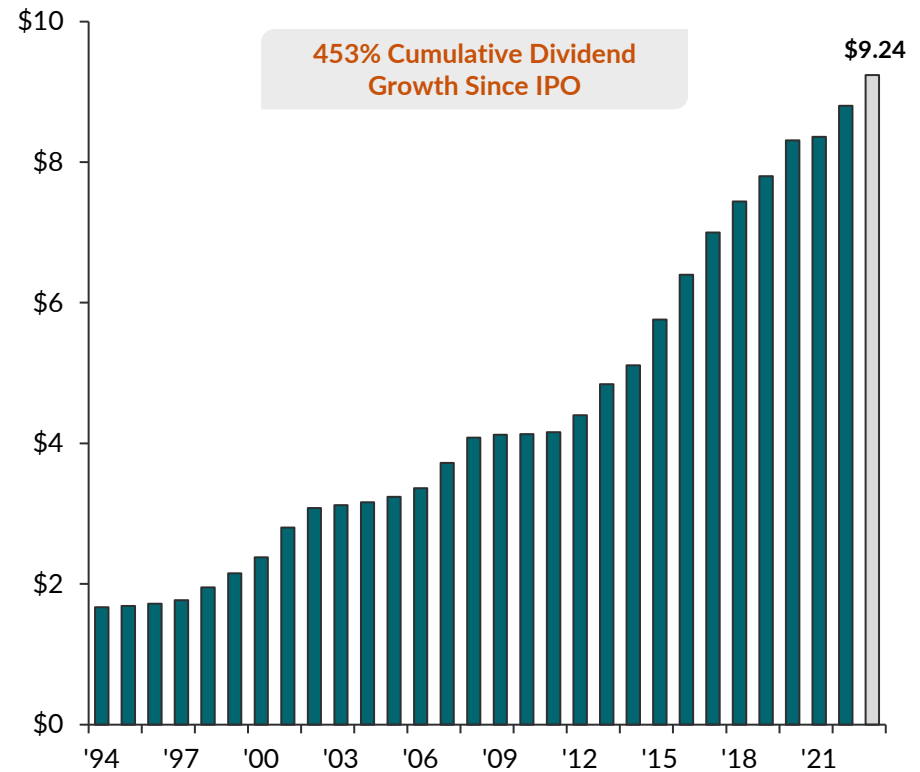
TOTAL RETURNS OUTPERFORM

- Robust value creation for shareholders since IPO
- **A S&P Dividend Aristocrat**, Essex has increased its cash dividend for 29 consecutive years, with **453% cumulative dividend growth** since the Company's IPO in 1994

Total Shareholder Return Since ESS IPO⁽¹⁾
Through April 2023



Dividend Per Share Growth
(1994 - 2023E)



Source: Company Disclosures, S&P Global Market Intelligence

1) June 1994 – April 2023.

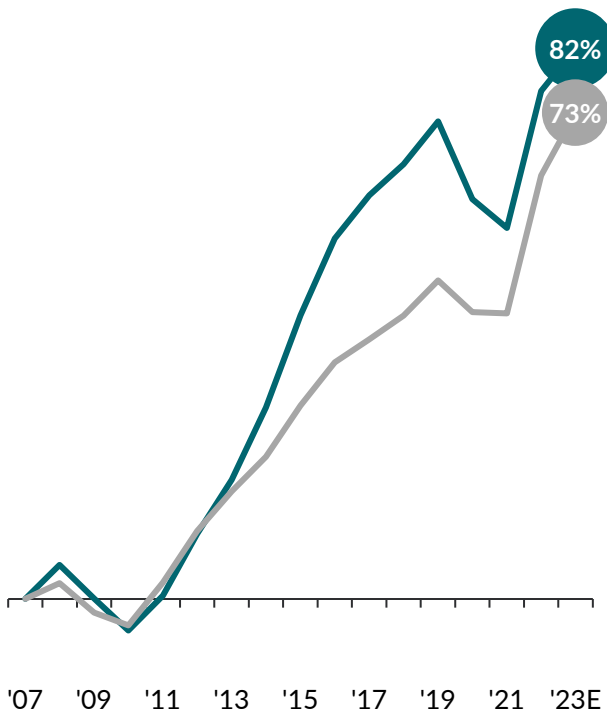
2) Includes the multifamily peer group of EQR, AVB, UDR, MAA, and CPT.

CORE METRICS OUTPERFORM

- 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

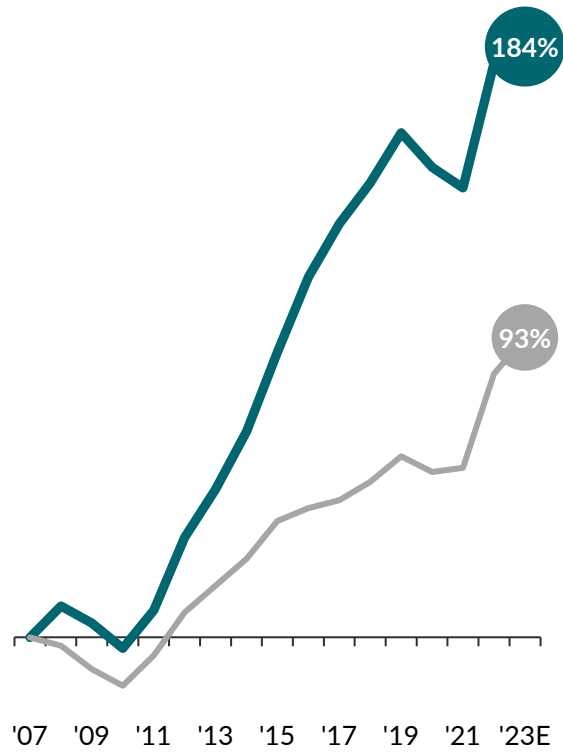
Same-Property NOI Growth

— ESS — Peer Average



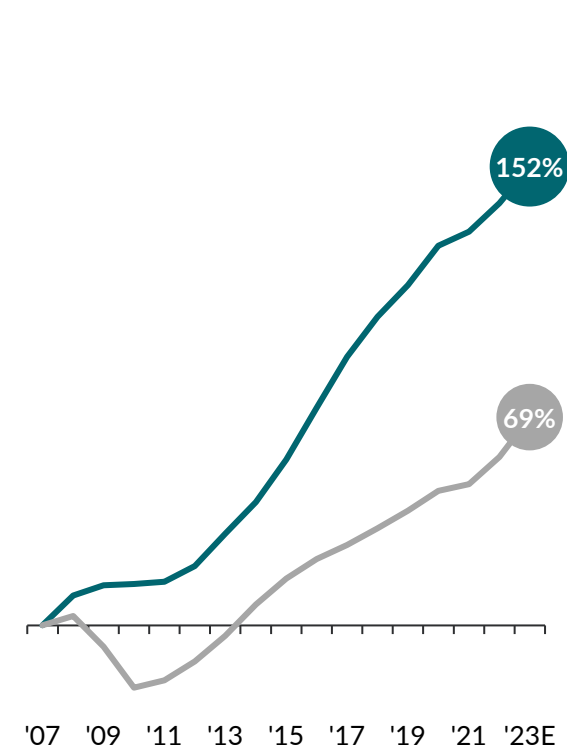
Core FFO per Share Growth⁽¹⁾

— ESS — Peer Average



Dividend Growth

— ESS — Peer Average



Source: Company Disclosures as of 3/31/2023

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

1) Includes CPT's reported Total FFO prior to 2023 and MAA's reported total FFO prior to 2020.

STRONG DEMAND DRIVERS

Economy

Highest GDP in the U.S. and 4th highest globally

Jobs / Income

Centers of innovation that drive leading job and income growth, resulting in higher median household income amongst renter cohort

Affordability

High median home prices make purchasing a home substantially more expensive than renting

LIMITED SUPPLY

New Supply

New supply of multifamily and for-sale housing has historically increased by less than 1% of existing stock in CA

Cost

High cost of homeownership and limited new supply makes transition from renter to homeowner challenging

Barriers to Entry

Difficult and costly to build with restrictive and lengthy entitlement processes



ACQUISITIONS & DISPOSITIONS

Improve the NAV per share, cash flow per share and growth prospects of the company as well as selling properties and repurchasing stock when accretive to NAV and FFO per share



DEVELOPMENT

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



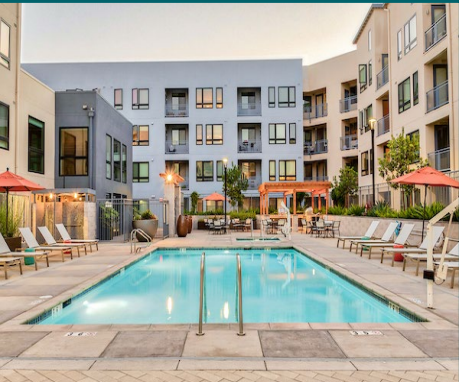
REDEVELOPMENT & VALUE ADD

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



CO-INVESTMENT PLATFORM

Alternative source of capital to 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 periods in the economic cycle



CAPITAL ALLOCATION

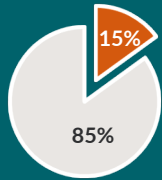
Arbitrage between public and private market values, using a variety of capital sources to create value for shareholders during any economic cycle

- The only public multifamily REIT dedicated to the *West Coast*
- Together, California and Washington represent the *4th highest GDP in the world*

8 Major Markets
252 Apartment Communities
~62,000 Apartment Homes

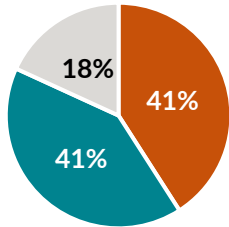
Portfolio Composition⁽¹⁾

Urban Suburban



% of Portfolio NOI

SoCal NorCal Seattle



Southern California

Market	% of NOI
West / Other LA	15%
Orange	10%
San Diego	9%
Ventura	5%
Downtown LA	2%

Northern California⁽²⁾

Santa Clara	20%
Oakland ⁽³⁾	13%
San Mateo	5%
SF CBD	2%

Seattle

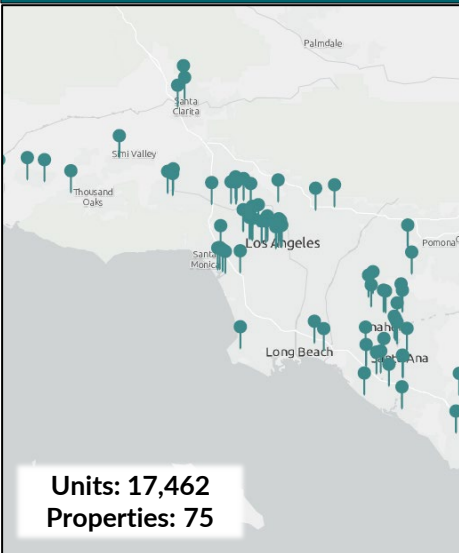
Eastside ⁽⁴⁾	11%
Other Seattle	4%
Seattle CBD	3%

Source: Essex and RealPage; data as of 3/31/2023

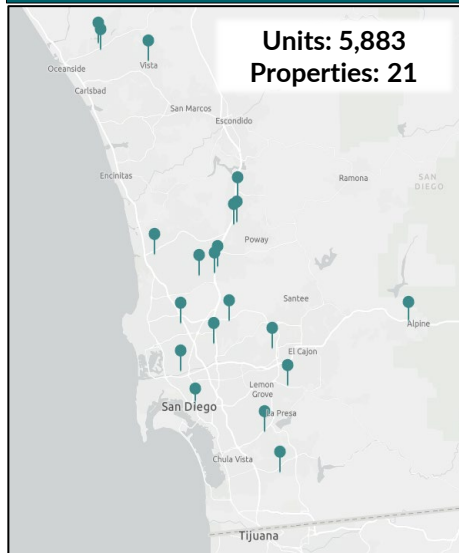
- 1) Defined by RealPage based on geographical location and density.
- 2) Excludes two properties in Marin County which account for 0.6% of ESS total NOI.
- 3) Oakland includes Alameda and Contra Costa counties.
- 4) Eastside includes the cities of Bellevue, Redmond, Issaquah, Kirkland, Bothell, Mercer Island, and Newcastle.

PROPERTY MAPS AND KEY MARKET STATISTICS

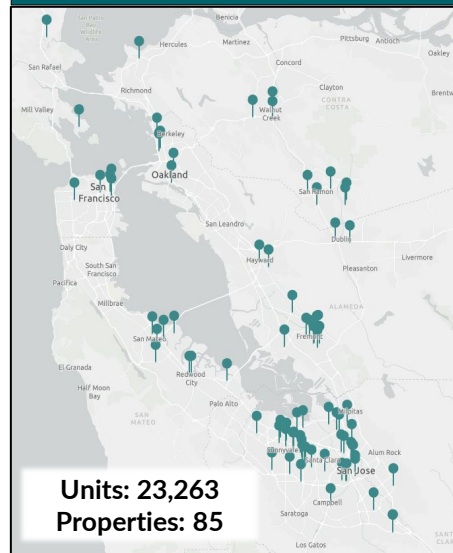
LOS ANGELES/OC



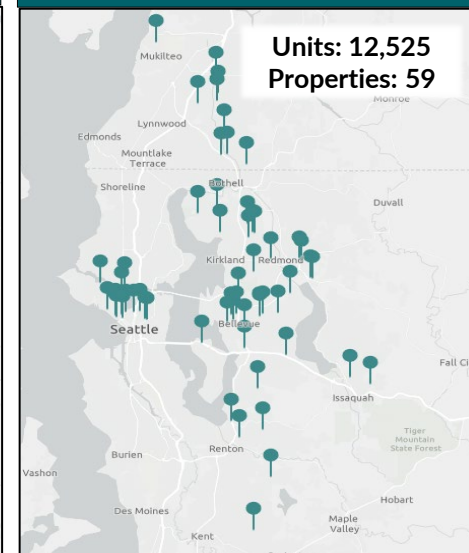
SAN DIEGO



NORTHERN CALIFORNIA



SEATTLE



Market	% of Total NOI	Average Rental Rate	Average Rent-to-Income ⁽¹⁾	Median Household Income ⁽¹⁾	Median Home Price ⁽²⁾	Median Home Price to Median Income	2023E Total Supply as a % of stock ⁽³⁾
Los Angeles	17%	\$2,632	23.1%	\$101,000	\$816,000	8.1x	0.5%
Orange County	10%	\$2,609	25.5%	\$110,000	\$1,006,000	9.1x	0.5%
San Diego	9%	\$2,459	26.4%	\$98,000	\$850,000	8.7x	0.5%
San Francisco MD ⁽⁴⁾	8%	\$3,004	22.7%	\$144,000	\$1,273,000	8.8x	0.4%
Oakland ⁽⁵⁾	13%	\$2,605	21.3%	\$120,000	\$938,000	7.8x	0.5%
Santa Clara County	20%	\$2,925	20.8%	\$154,000	\$1,468,000	9.5x	0.6%
Seattle	18%	\$2,148	18.9%	\$116,000	\$692,000	6.0x	1.1%
Essex Portfolio⁽⁶⁾⁽⁷⁾		\$2,575	22.4%	\$115,000	\$1,000,500	8.2x	0.6%

Source: CoStar, Oxford Economics, RCG, CoreLogic, NWMLS NAR, Zillow Home Price Index and Essex, as of 3/31/2023

- 1) Based on market level economic data.
- 2) Median home price based on median sales price for single-family and condominiums in 1Q23.
- 3) Total supply as a % of stock for both single family and multifamily.
- 4) Includes San Francisco and San Mateo counties.
- 5) Includes Alameda and Contra Costa counties.
- 6) ESS markets weighted by 1Q23 same-property revenues.
- 7) Excludes Ventura County and Other which accounts for approximately 5.0% of ESS total NOI.



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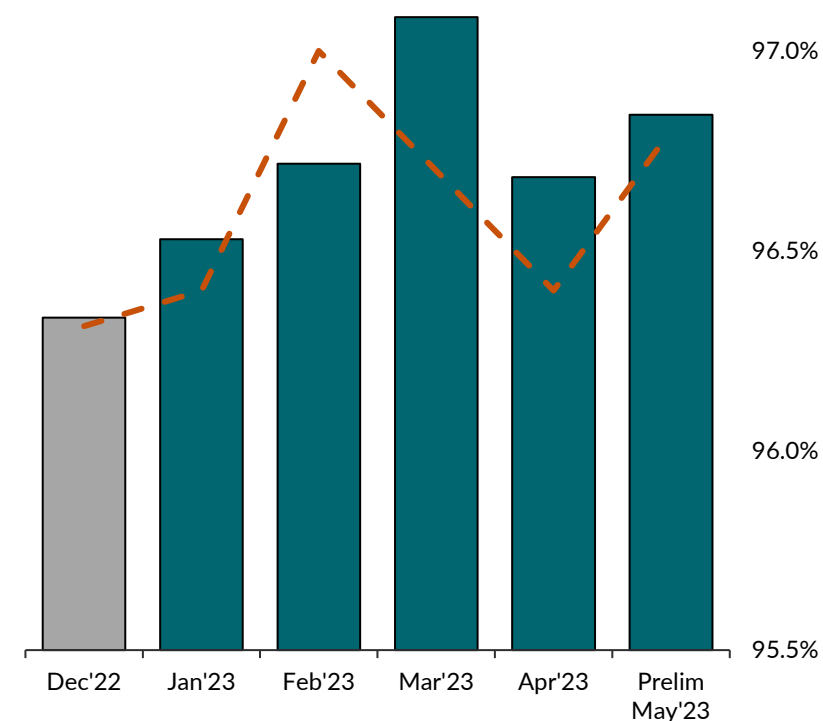
OPERATING UPDATE

SAME-PROPERTY OPERATIONS UPDATE

- New lease rents and occupancy have rebounded in May after the Company's strategic use of concessions to favor occupancy in April
- The impact of concessions have resulted in modest new lease growth to start the second quarter, but stable market rents and Essex's strong occupancy position the Company to increase rents during peak leasing

Sequential Net Effective Rents⁽⁴⁾ and Occupancy Trends

■ New Lease Rents (\$) - - - Financial Occupancy (Right)



Same-Property Revenue Growth ⁽¹⁾	Actuals Q1 2023	Preliminary Apr-May 2023	Preliminary YTD through May 2023
Southern California	8.1%	4.7%	6.7%
Northern California	6.4%	3.6%	5.3%
Seattle	9.1%	4.1%	7.0%
Total Same-Property	7.6%	4.2%	6.2%

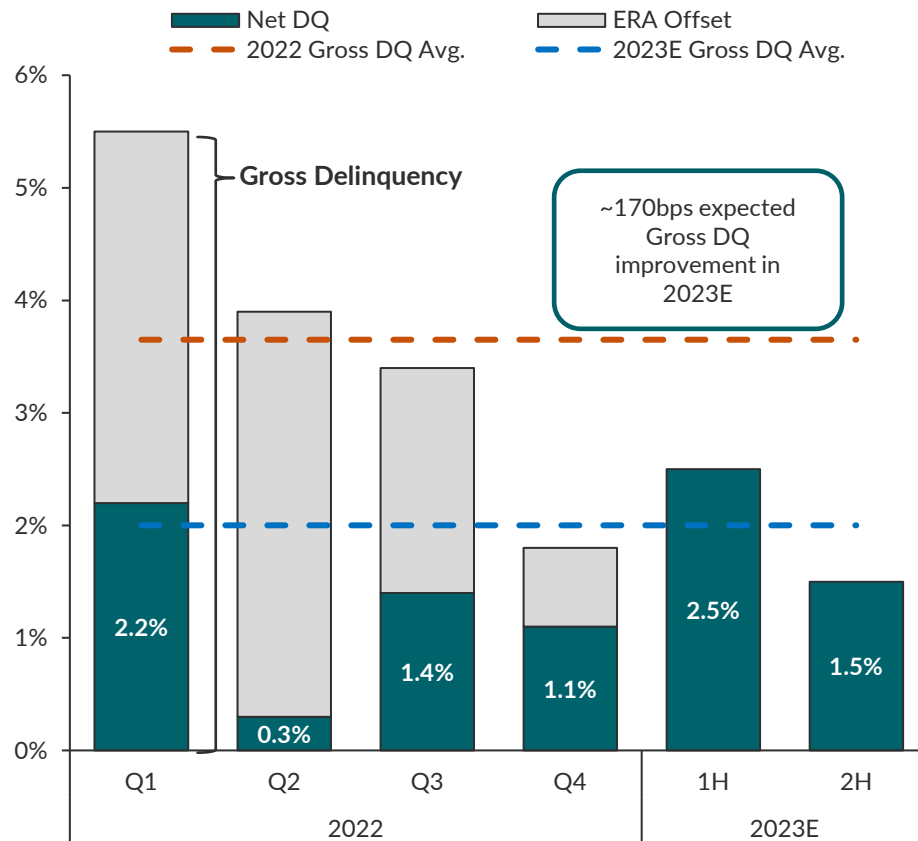
Same-Property Operating Statistics	Actuals Q1 2023	Preliminary Apr-May 2023
Cash delinquencies as a % of scheduled rent ⁽²⁾	2.1%	2.1%
New lease rates ⁽³⁾	1.2%	0.4%
Renewal rates ⁽³⁾	4.7%	3.8%
Blended rates	2.9%	2.1%
Financial Occupancy	96.7%	96.6%

Source: Essex

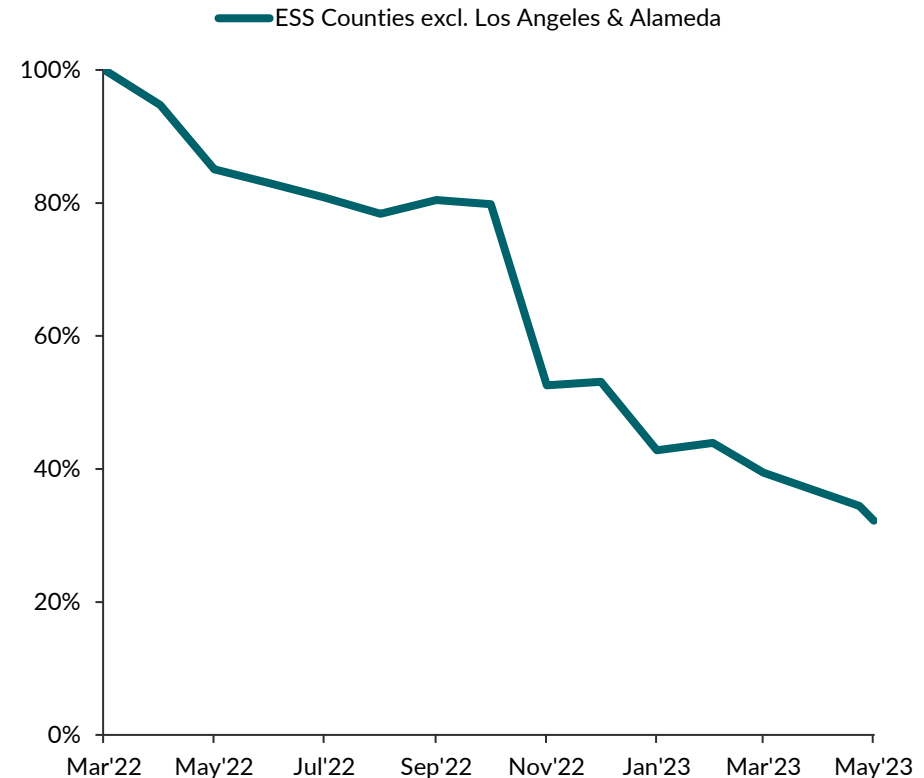
- 1) Reflects year-over-year same-property revenue growth with concessions on a cash-basis.
- 2) Represents total same-property portfolio net cash delinquencies as a percentage of scheduled rent reflected in the financial statements of the reporting period.
- 3) Represents the YOY % change in similar term lease tradeouts, including the impact of leasing incentives.
- 4) Represents new net effective rents at move-in, including the impact of leasing incentives.

- The ending of eviction moratoria in all of Essex markets is expected to result in an ~170 bps improvement in gross delinquency in 2023; however, depleted Emergency Rental Assistance (“ERA”) funds will result in net delinquency of ~2% of scheduled rent
- The Company continues to make good progress in recapturing delinquent units

Delinquency (“DQ”) Components as a % of Scheduled Rent



Long-Term Delinquent Residents⁽¹⁾ Compared to March 2022 Peak



Source: Essex

1) Represents units that are delinquent by 3 months or greater.

- The Company's investments in technology have driven the transformation of its operating platform which is generating operating efficiencies across the organization, enhancing the resident experience, increasing employee engagement, and improving sector-leading operating margins

FULLY INTEGRATED OPERATING PLATFORM



Property Collections

- Leverages Essex's uniquely positioned portfolio to operate collections of properties as centralized business units
- Enhanced business continuity across the organization
- Allows each associate to focus on a specific function on all assets in a collection



Maintenance Collections (in Pilot)

- Specialized maintenance functions to leverage talent and increase efficiencies
- Improved processing times of maintenance requests and expedited turn times
- Minimized reliance on external vendors and increased internal controls



Data Analytics

- Utilizes CRM data to gain insights on prospect and residents, leading to increased retention and conversion rates
- Provides market level analysis that drives informed decision making at all levels of the organization
- Drives revenue generating and cross selling opportunities



Proprietary Revenue Management System

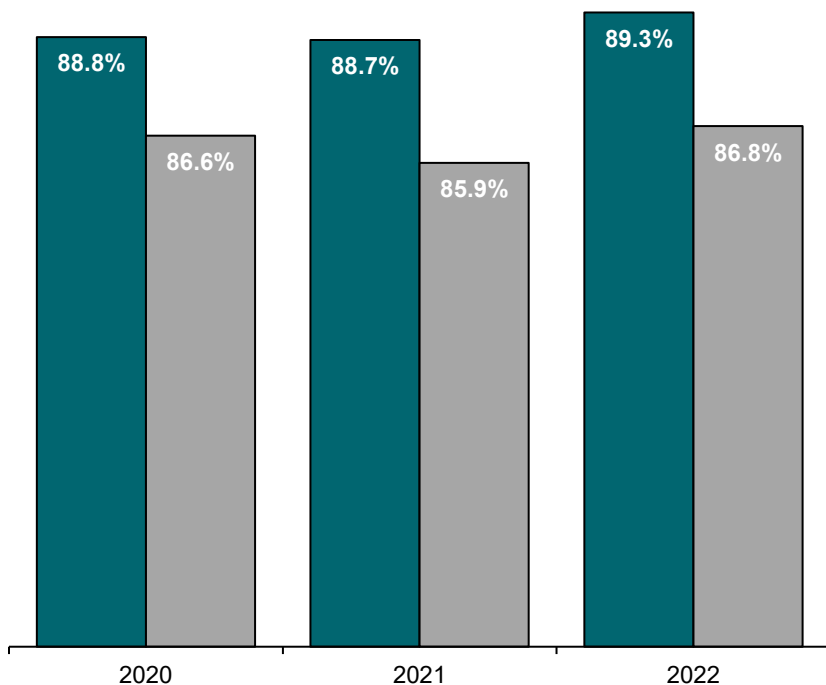
- Customized pricing model with intelligent automation features
- Revenue optimizing opportunities including amenity pricing (early development)
- Integration with Property Collections enables holistic pricing at the collection level

OPERATING INITIATIVES DRIVE OUTPERFORMANCE

- The Company's implementation of Property Collections and other operating initiatives have led to improved operating margins and efficiencies despite inflationary pressures and delinquency headwinds
- Proven efficiencies of 45:1 unit-to-staff ratio at YE 2022, a significant improvement from 40:1 in 2019
- Since 2020, the Company's controllable operating margins have improved 50 basis points compared to the peer average of 20 basis points

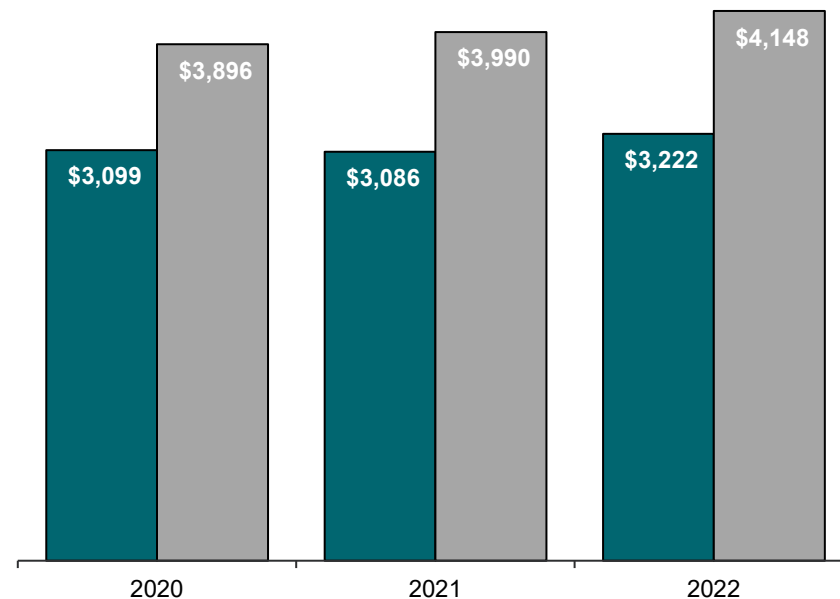
Controllable Expense⁽¹⁾ Operating Margin⁽²⁾

■ ESS ■ Multifamily Peer Average⁽³⁾



Controllable Expenses⁽¹⁾ per Unit

■ ESS ■ Multifamily Peer Average⁽³⁾



Source: Company Disclosures

(1) Controllable expenses exclude real estate taxes, insurance, and utilities.

(2) Controllable expense operating margin is calculated as revenues less controllable expenses divided by revenues.

(3) Multifamily peer average includes EQR, AVB, and UDR.



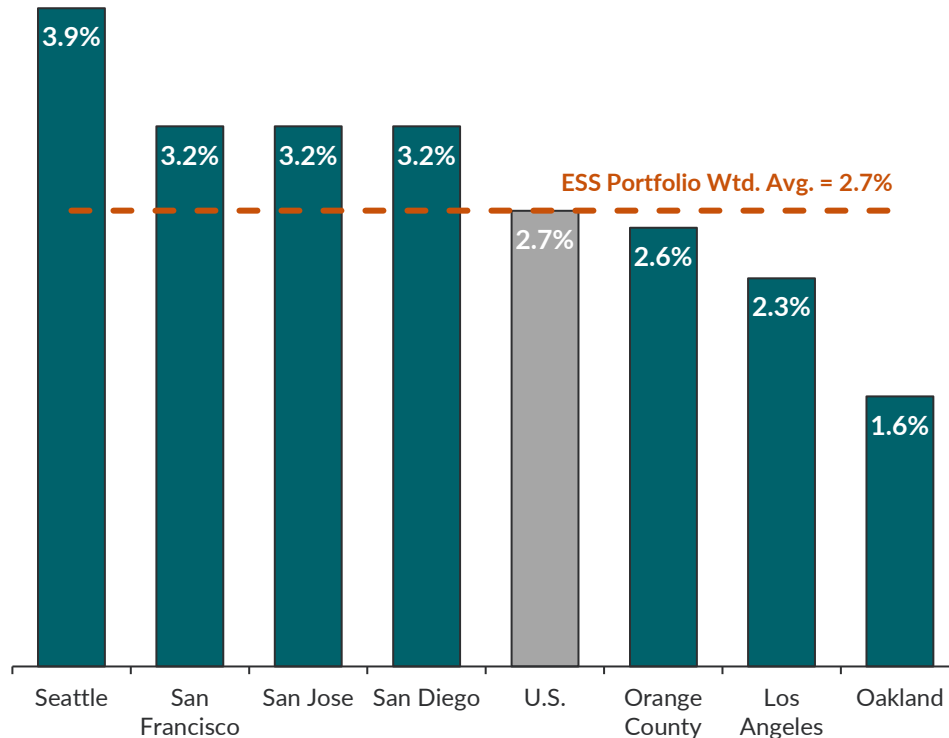
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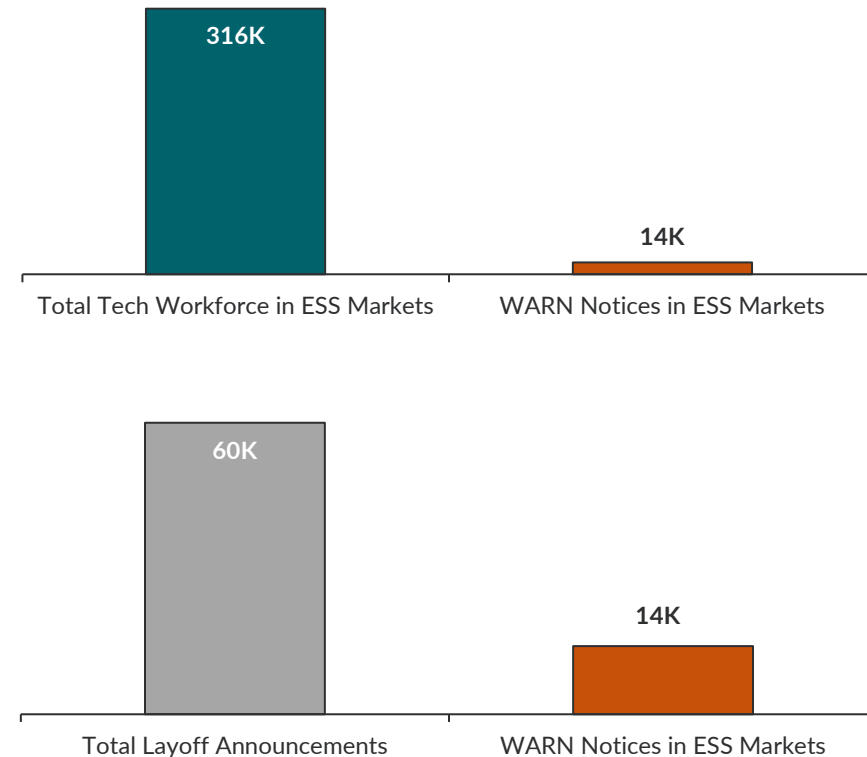
WEST COAST DEMAND FUNDAMENTALS

- Essex markets continue to demonstrate solid job growth to start the year
- WARN notice filings from five of the largest technology companies represent a fraction of their workforce in Essex markets, with the vast majority of announced layoffs occurring outside our markets
- Approximately 90% of technology workers impacted by layoffs have quickly found new employment⁽¹⁾

Trailing 3-Month Year-over-Year Job Growth in Essex Markets



Impact of Tech Layoffs in Essex Markets
Five of the Largest Technology Companies⁽²⁾⁽³⁾



Source: BLS.gov, California EDD, Washington ESD, Layoffs.fyi, LinkedIn, WSJ

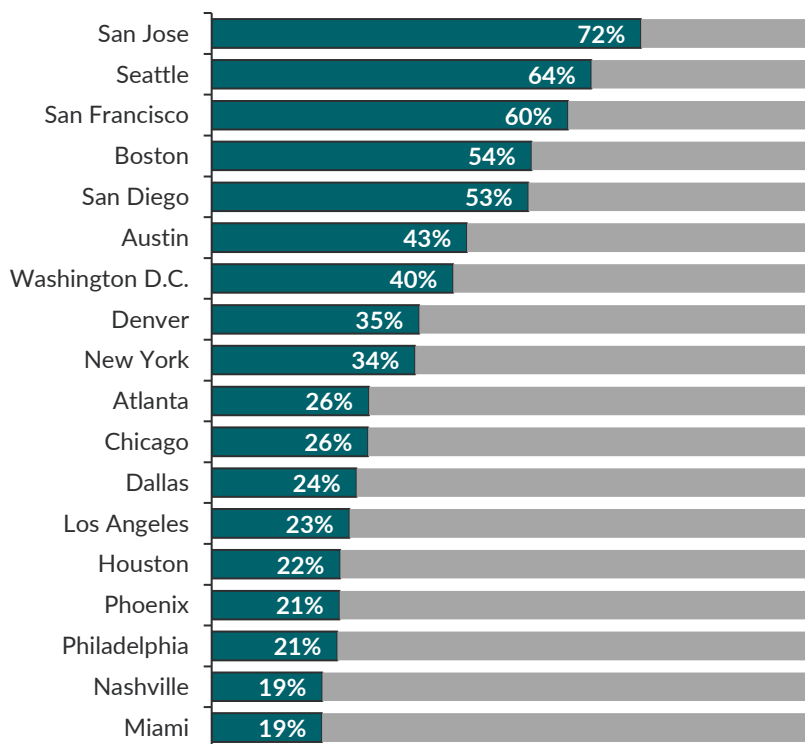
- 1) Per Wall Street Journal article on 5/17/2023 titled: "Not a Tech Firm? Snaring Top Laid-Off Tech Talent Won't be Easy."
- 2) Five of the largest technology Companies that announced layoffs include Google, Microsoft, Meta, Amazon, and Salesforce.
- 3) Represents total WARN notice filings through May 2023 compared to total employment base in Essex markets per LinkedIn. Total employment base does not account for employees listed in an Essex market but working remotely.

- The largest technology companies employ the majority of their tech talent in Essex markets of Northern California and Seattle, which drives future innovation and enterprise
- The rapidly growing Artificial Intelligence (“AI”) industry is concentrated in the Bay Area as measured by promising startups, fundraising, and employees, with VC funding up 70% in 2022
- Large technology companies continue to expand investments in Northern California – most recently Applied Materials announced plans for the world’s largest chip facility in Sunnyvale, CA

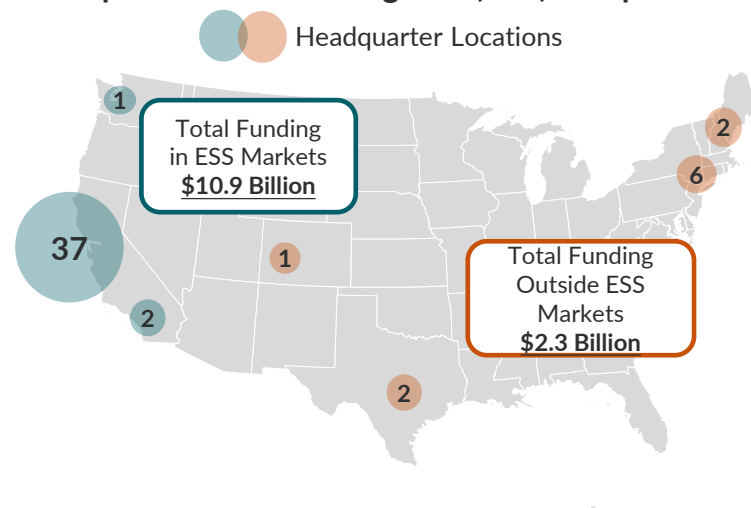
High Tech Occupations by Market

at the 5 Largest Technology Companies⁽¹⁾⁽²⁾

■ Tech Employees ■ Non-Tech Employees



Top 50 Artificial Intelligence (“AI”) Companies⁽³⁾



- Applied Materials announces plans to construct a **\$4 billion** semiconductor research and development facility in **Silicon Valley**
- The project to be delivered in 2026 expects to create **~2K engineering jobs** and **~11K potential jobs** in related industries

Sources: Lightcast, Forbes, UPI

1) Top 5 technology companies include Google, Apple, Meta, Microsoft, and Amazon.

2) Tech employees include Software Developers, Engineers, Data Scientists, Network and Systems roles, etc; Non-tech employees include all other occupations.

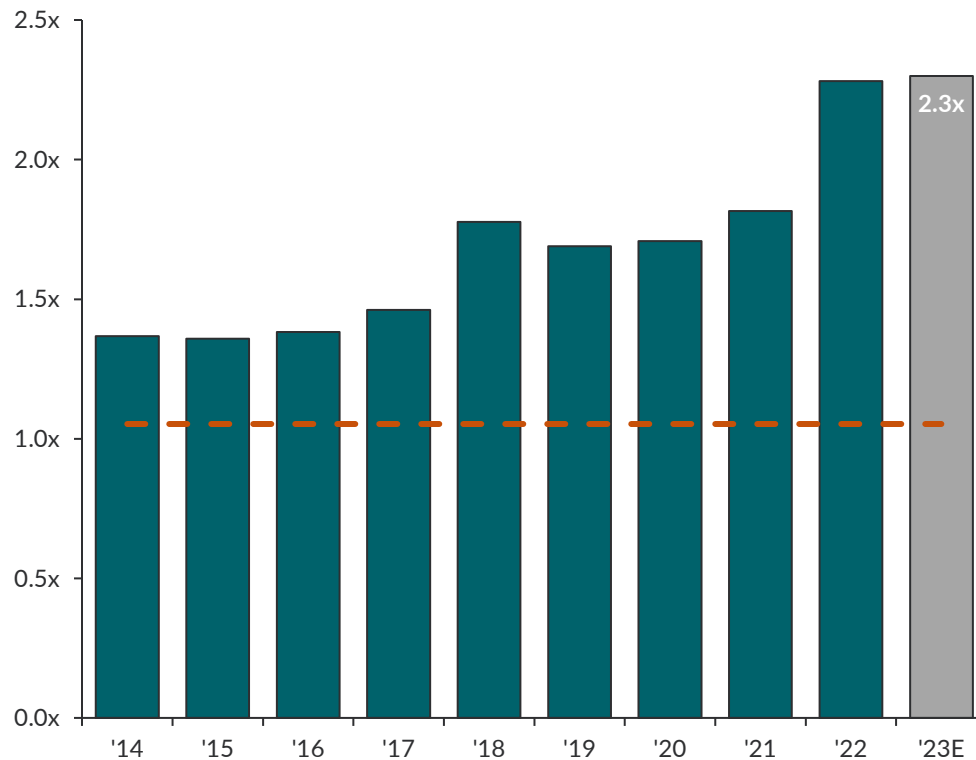
3) Top 50 AI companies based on Forbes 2022 The AI 50 list; excludes two companies headquartered in Toronto.

THE RENT INCENTIVE IN ESSEX MARKETS

- Rising interest rates and among the highest median home prices in the country have made it **2.3x more expensive to own vs. rent in Essex markets**, significantly more expensive than the U.S. average and other major markets
- Essex markets benefit from a large renter base as a result of the high cost to transition to home ownership

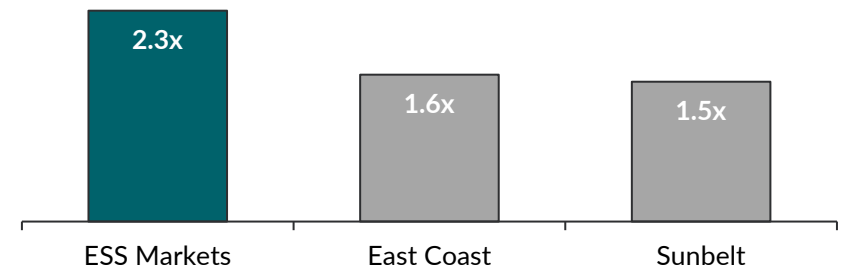
After-Tax Cost to Own vs. Rent in Essex Markets⁽¹⁾

■ Cost to Own vs. Rent Premium - - - 10-Year U.S. Average



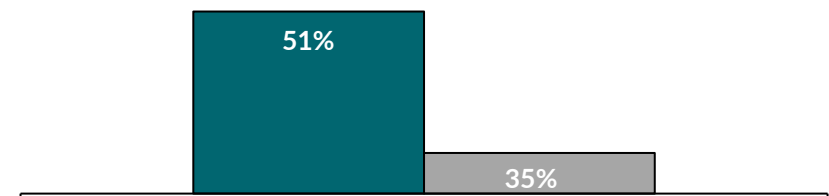
Cost to Own vs. Rent⁽¹⁾⁽²⁾

ESS Markets vs. Other Major Markets as of 1Q23



% of Renter Occupied Households⁽³⁾

■ ESS Markets ■ U.S. Average



Sources: RealPage, CoreLogic, FHFA, Census Bureau, BLS, FRED, Zillow, Essex internal research

- 1) Data as of April 2023. 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.
- 2) East Coast markets include: New York, Boston, and Washington D.C. Sunbelt markets include: Austin, Dallas, Houston, Charlotte, Raleigh, Atlanta, Nashville, Las Vegas, Phoenix, Miami, Orlando, and Tampa.
- 3) Represents total rental households based on most recent 2021 American Census Survey data.



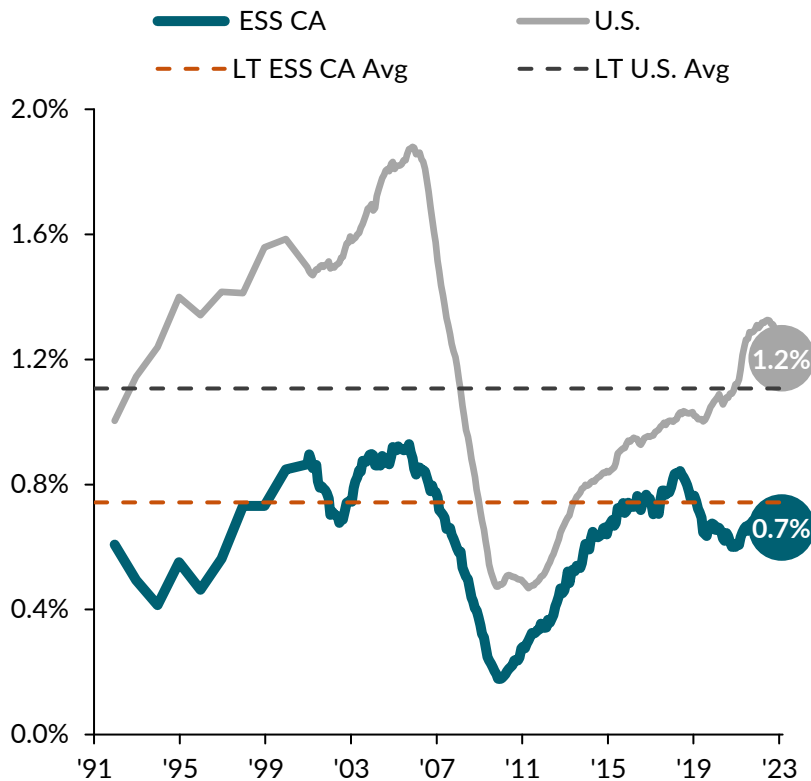
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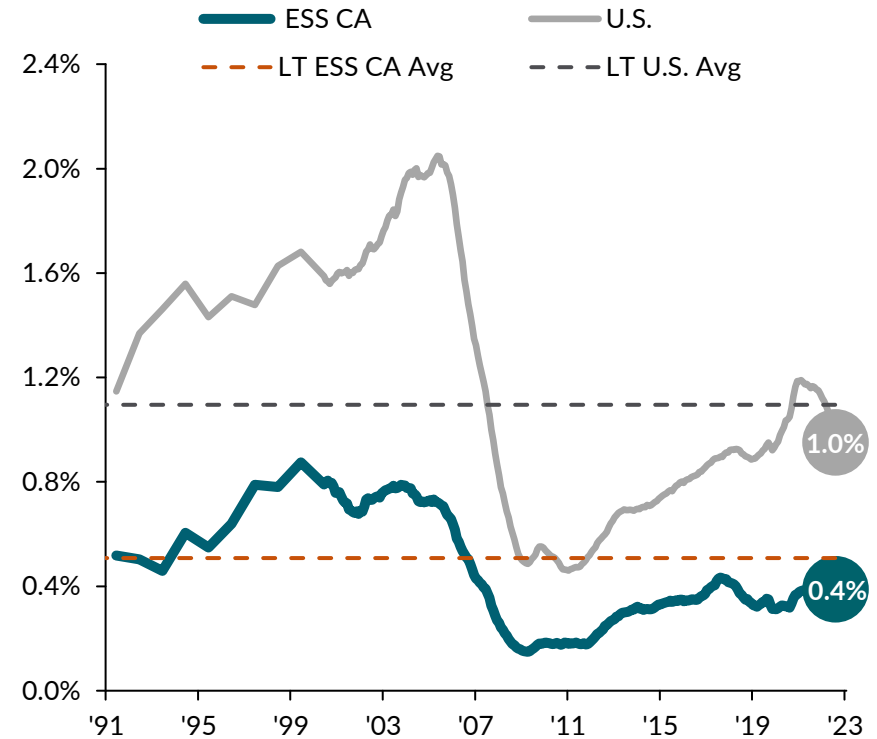
WEST COAST SUPPLY FUNDAMENTALS

- Total permitting activity in Essex’s markets remains below historical averages, implying minimal supply pressure looking ahead
- In Essex’s California markets, new supply as a percent of stock has *historically remained below 1%, while the U.S. is above long-term averages*, positioning Essex to increase rent through incremental job growth

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



Single Family Permits as a % of Single Family Stock
ESS CA vs. U.S.



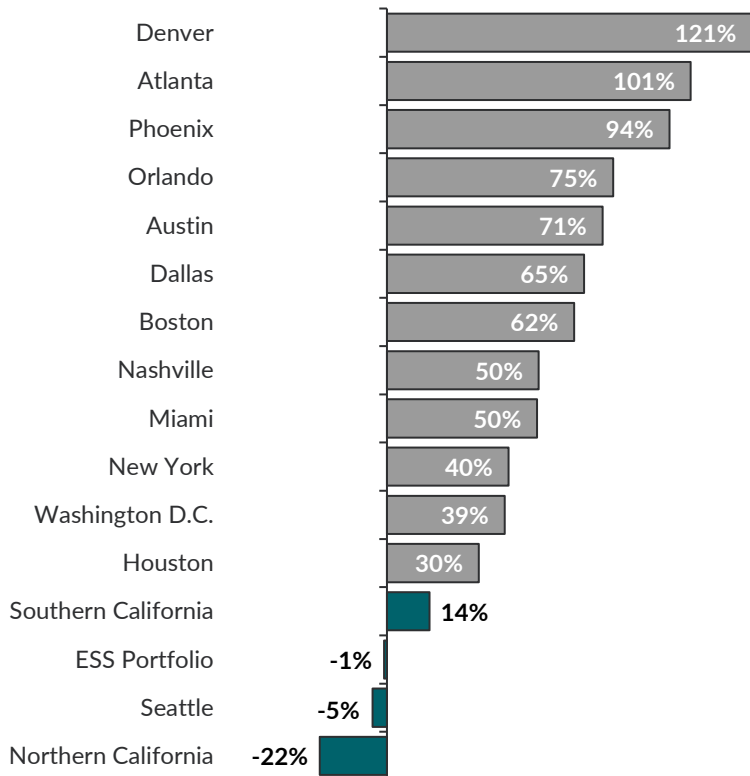
Sources: Census Bureau, Essex internal research, and Rosen Consulting Group

1) Total permits include single-family and multifamily permits through March 2023.

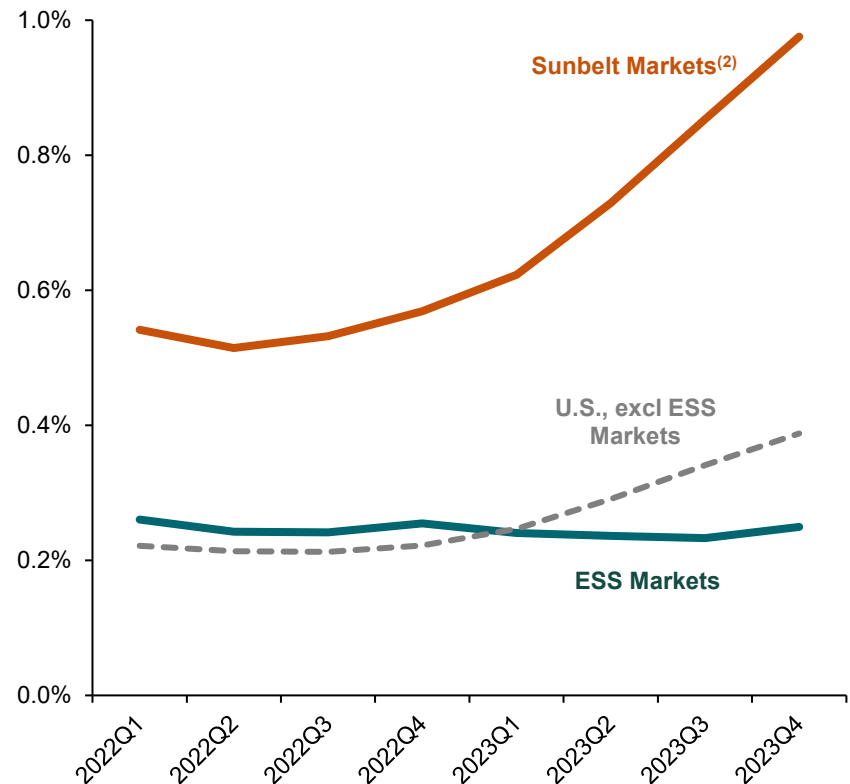
2) Long-term averages from 1991 – 2022.

- The Essex portfolio is expected to benefit from a year-over-year decline in multifamily supply, while many markets outside of the West Coast are starting to experience significant supply pressures in 2023
- Contrary to the rest of the country where multifamily supply is increasing relative to their employed populations in 2023, Essex's supply-constrained markets are expected to benefit from fewer apartment deliveries

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



New Multifamily Supply relative to Employment Base
Trailing twelve months expected deliveries relative to total nonfarm payrolls



Sources: Rosen Consulting, Census Bureau, RealPage, and Essex internal research

1) RealPage data for non-ESS markets.

2) Sunbelt markets include: Austin, Dallas, Houston, Charlotte, Raleigh, Atlanta, Nashville, Las Vegas, Phoenix, Miami, Orlando, and Tampa.



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GUIDANCE AND BALANCE SHEET

Per Diluted Share	Original Range	Original Midpoint	Current Range	Current Midpoint	Change at Midpoint
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 ⁽¹⁾	\$14.53 - \$14.97	\$14.75	\$14.59 - \$14.97	\$14.78	\$0.03
Q2'23 Core FFO ⁽¹⁾	-	-	\$3.63 - \$3.75	\$3.69	-

Same-Property Portfolio 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	-	-

Other Key Assumptions

- Acquisition and disposition investment activities will be subject to market conditions and cost of capital, consistent with the Company's historical practice of creating NAV and FFO per share.
- Structured finance redemptions are expected to be approximately \$100 million, the proceeds of which will be reinvested back into structured finance investments or other new investments, subject to market conditions and cost of capital.
- Total development spending in 2023 for one existing project under construction is expected to be approximately \$15 million at the Company's pro rata share. The Company does not currently plan to start any new developments during 2023.
- Revenue generating capital expenditures are expected to be approximately \$50 - \$100 million at the Company's pro rata share.

1) Core FFO excludes acquisitions costs and other non-routine items.

2023 MSA LEVEL FORECAST (UNCHANGED FROM Q1 2023 EARNINGS)

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.

CAPITAL STRUCTURE AND LIQUIDITY PROFILE⁽¹⁾

**Baa1/BBB+
Stable**
Credit Ratings

\$19.8B
Total Market
Capitalization

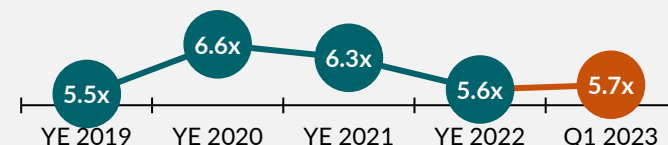
585%
Interest
Coverage

95%
Unencumbered
NOI to
Adjusted Total
NOI

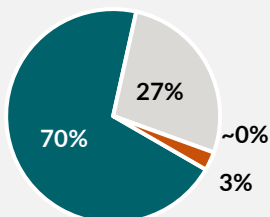
289%
Unsecured
Debt Ratio

\$1.2B
In Total
Liquidity⁽²⁾
as of
5/31/2023

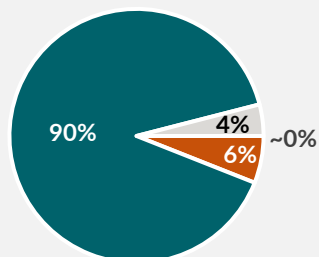
Net Debt to Adjusted EBITDA⁽³⁾⁽⁴⁾



Equity Unsecured Debt
Credit Facility Secured Debt



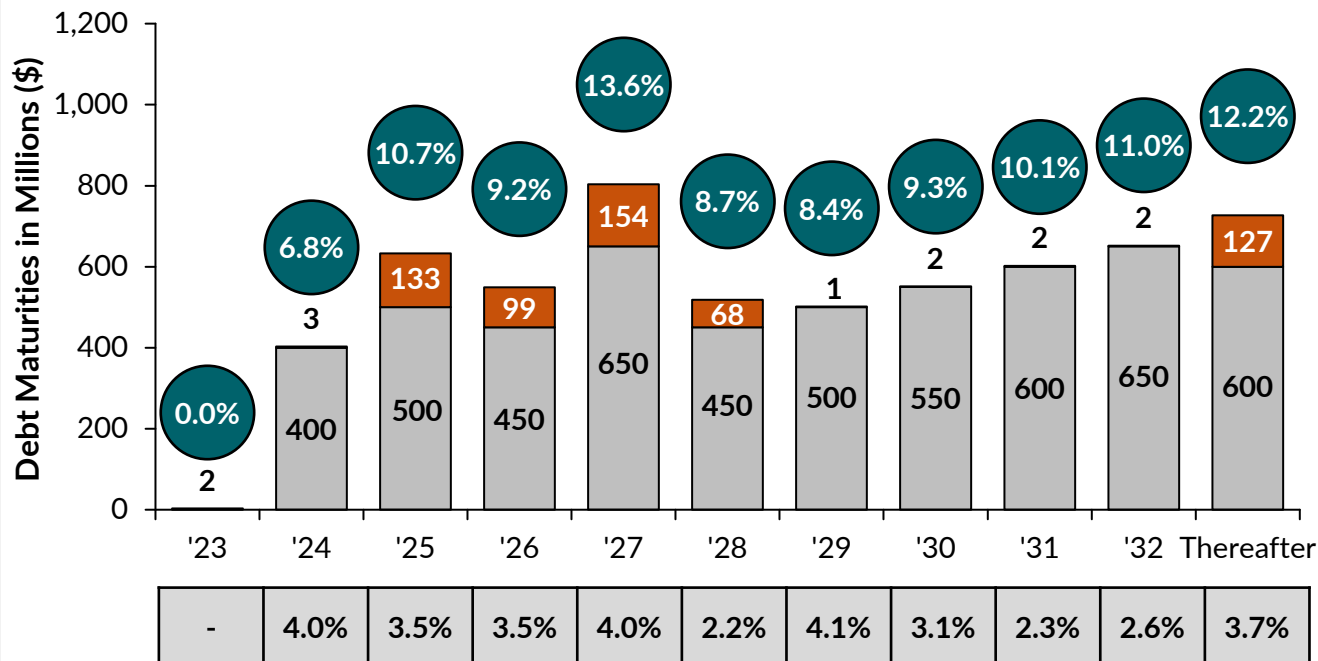
Secured Fixed Rate Unsecured Bonds
Secured Variable Rate Credit Facility



Debt Maturity Schedule⁽¹⁾

As of 5/31/2023

Unsecured Secured % of Total Debt



Weighted Average Interest Rate: 3.3%

As of 3/31/2023

- 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 27, 2023.



ESSEX

PROPERTY TRUST, INC.

ESG HIGHLIGHTS

Canyon Oaks
San Ramon, CA

June 2023 Investor Presentation - 27

- Recognized in Newsweek's 2023 list of *America's Most Responsible Companies*, ranking #1 among multifamily REITs
- *Third-party assurance* of 2022 GHG, Energy, Water, and Waste inventories completed by LRQA
- Essex remains committed to positive environmental impact and has **committed \$10 million** in investment to an RET Ventures *ESG focused 'Housing Impact Fund'*

PORTFOLIO HIGHLIGHTS



67% OF COMMUNITIES PARTICIPATING WITH ENERGY STAR (80 AVG SCORE)



32 DEVELOPED COMMUNITIES WITH GREEN BUILDING CERTIFICATIONS



91 SOLAR ENERGY SYSTEMS



66 COMMUNITIES WITH EV CHARGING STATIONS



\$10m+ REBATES COLLECTED SINCE 2009

ENVIRONMENTAL GOAL PROGRESS



GHG EMISSIONS (Scope 1 and Scope 2)

Goal: 35% reduction by 2030 (2018 baseline)
2022 Progress: 17.4%



WATER USAGE

Goal: 10% reduction by 2030 (2021 baseline)
2022 Progress: 0.7%



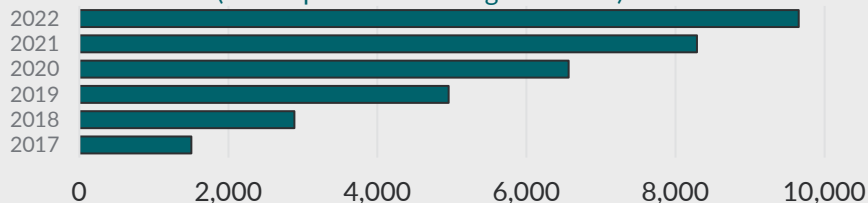
WASTE MANAGEMENT

Goal: 50% diversion rate by 2030
2022 Progress: 46.4%

PORTFOLIO ALIGNMENT



RENEWABLE ENERGY GENERATION (MWH produced through PV solar)



15 YEARS OF POSITIVE IMPACT

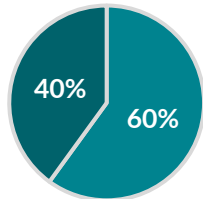
- \$58m+** Invested in Energy Efficiency
- \$36m+** Invested in Renewable Energy
- \$10m+** Invested in Water Conservancy
- \$1m+** Invested in Waste Reduction



- 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
- Recognized in *Bloomberg's Gender-Equality Index* for the second consecutive year
- Maintained *gender pay parity* for the second consecutive year

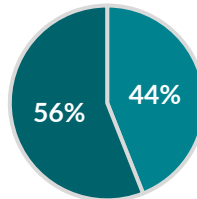
STRONG GOVERNANCE

Board of Directors



■ Male ■ Female

Senior Executives



■ Male ■ Female



AWARDS & RECOGNITION



GRESB
★★★★☆ 2022



SOCIAL IMPACT



12% Promotion Rate



54% Managerial Positions are Held by People of Color



Gender Pay Parity



Paid Parental Leave





ESSEX

PROPERTY TRUST, INC.

DEFINITIONS AND RECONCILIATIONS

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 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, 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 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 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.

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 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 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 2023, 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):

<i>(Dollars in thousands)</i>	Three Months Ended March 31, 2023
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	<u>\$ 308,398</u>

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

NET INDEBTEDNESS DIVIDED BY ADJUSTED EBITDAre

This credit ratio is presented on page S-6 of the earnings supplement for the first quarter of 2023 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 2023. 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):

<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 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):

<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	289,244	263,116
Less: Non-same property NOI	(15,145)	(12,088)
Same-Property NOI	<u>\$ 274,099</u>	<u>\$ 251,028</u>

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 of the earnings supplement for the first quarter of 2023 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 2023.

UNENCUMBERED NOI TO ADJUSTED TOTAL NOI

This ratio is presented on page S-6 of the earnings supplement for the first quarter of 2023 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 (Dollars in thousands):

<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	<u>1,147,003</u>
Less: Encumbered NOI	<u>(59,695)</u>
Unencumbered NOI	<u>\$ 1,087,308</u>
Encumbered NOI	\$ 59,695
Unencumbered NOI	<u>1,087,308</u>
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.