



BAXTER – DECATUR, GA

# Q3 2023 Management Presentation

 Equity Residential



NOVEMBER 2023



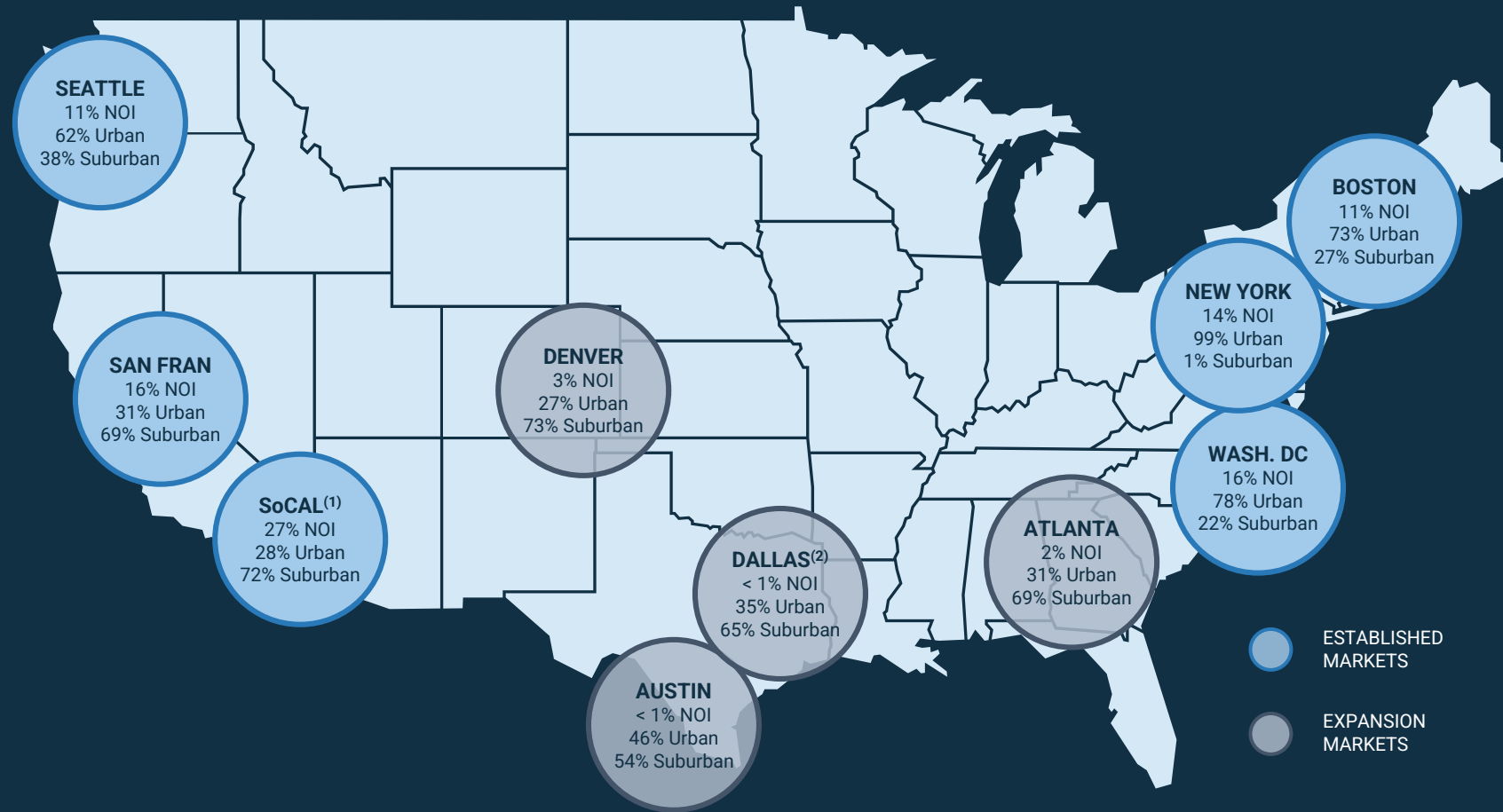
*This presentation is complementary to the Company's conference call to discuss its Third Quarter 2023 earnings on November 1, 2023 and should be read in conjunction with the Company's earnings release dated October 31, 2023. See pages 12 through 16 for information about forward-looking statements, a glossary of defined terms and a related reconciliation of non-GAAP financial measures including the reconciliations of Earnings Per Share ("EPS") to Funds From Operations ("FFO") per share and Normalized Funds From Operations ("Normalized FFO") per share.*

# Equity Residential's Portfolio is Well-Positioned to Drive Near Term Results

- Lower exposure to oversupplied markets.
- Good exposure to markets expected to have above average job growth.
- Our Affluent Renter is well-employed and better able to weather inflationary pressures.

## PORTFOLIO SUMMARY

as of September 30, 2023 — 80,683 total apartment units



# Executive Summary

## Key Operating Metrics

| New Lease Change <sup>(1)</sup>  |          | Renewal Rate Achieved |                    | Blended Rate |          |
|----------------------------------|----------|-----------------------|--------------------|--------------|----------|
| 0.5%                             | (3.1%)   | 5.5%                  | 5.0%               | 3.1%         | 1.6%     |
| Q3 2023                          | Oct 2023 | Q3 2023               | Oct 2023           | Q3 2023      | Oct 2023 |
| Percentage of Residents Renewing |          |                       | Physical Occupancy |              |          |
| 54%                              |          |                       | 95.9%              |              |          |
| 59%                              |          |                       | 96.0%              |              |          |
| Q3 2023                          |          | Oct 2023              | 2023 Guidance      | Oct 2023     |          |

- The long-term health and outlook of our business remains solid as we continue to benefit from a constructive labor market and lower deliveries of new supply in our Established Markets compared to the elevated deliveries in the Sunbelt markets. We serve a well employed and financially resilient resident base that is showing strong demand for our well located suburban and urban properties. Housing alternatives, especially the for sale market, are expensive relative to our apartment homes.
- The quarter saw strong performance in our East Coast markets of Boston, New York and Washington D.C. which comprise 41% of our NOI. As expected, we experienced a return to pricing seasonality that is largely consistent with pre-pandemic patterns outside of San Francisco and Seattle. In these two markets, pricing has recently declined faster than we anticipated, including requiring more concessions to maintain Physical Occupancy despite some prior signs of improvement in the middle months of the year.
- During Q3 2023, Bad Debt, Net also continued to improve but at a more modest pace than anticipated. The extended backlog of evictions and difficulty in predicting timing drove this variance relative to expectations despite significant improvement overall during 2023.
- These items, combined with the Rite Aid bankruptcy described in the Earnings Release, drove us to adjust our same store revenue guidance midpoint to 5.5% from 5.875% which correspondingly drove our EPS, FFO per share and Normalized FFO per share adjustments.
- Favorable portfolio positioning and an expectation of continued job growth (though likely less robust than 2023) drives our view of solid 2024 Same Store Revenue performance. See page 8 for a discussion of the building blocks for this performance.

Note: Reflects 2023 Same Store Properties. Data for October 2023 is preliminary. Data presented as of 10/27/2023. See pages 12 through 16 for information on forward-looking statements and a glossary of defined terms.  
(1) Excluding the impact of San Francisco and Seattle, New Lease Change for Q3 2023 and October 2023 are 2.1% and (0.3%), respectively.

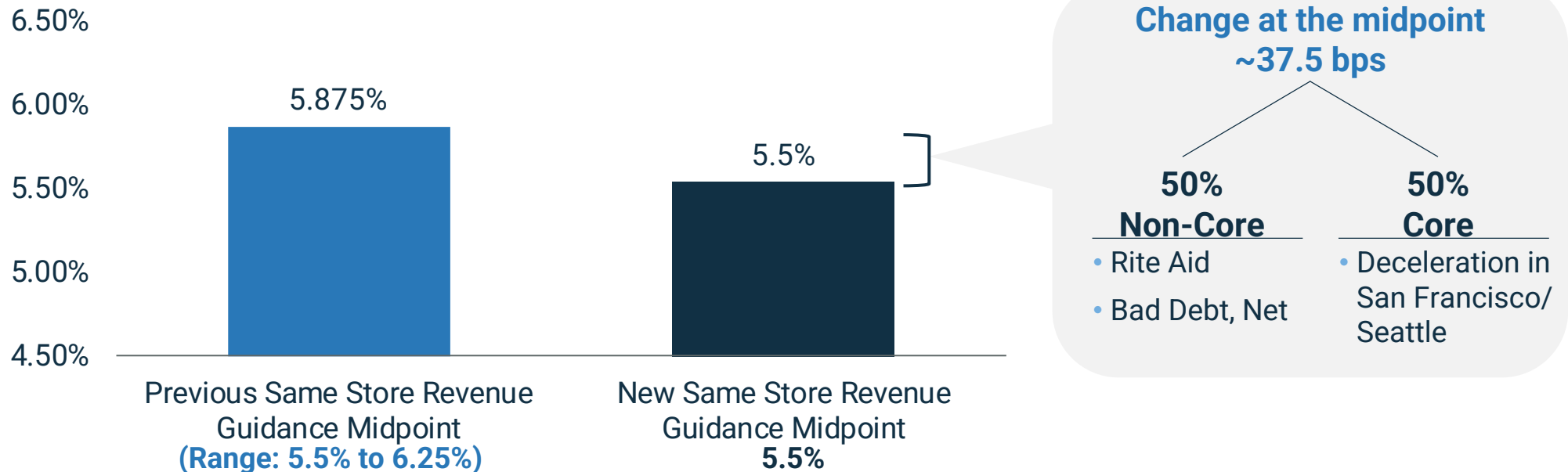
# Revised Guidance

|                                                                         | Revised          | Previous         | Change at Midpoint |
|-------------------------------------------------------------------------|------------------|------------------|--------------------|
| <b>Same Store</b><br><i>(includes Residential and Non-Residential):</i> |                  |                  |                    |
| <b>Physical Occupancy</b>                                               | 95.9%            | 96.0%            | (0.1%)             |
| <b>Revenue change</b>                                                   | 5.5%             | 5.5% to 6.25%    | (0.375%)           |
| <b>Expense change</b>                                                   | 4.25%            | 4.0% to 4.5%     | -                  |
| <b>Net Operating Income (NOI) change</b>                                | 6.2%             | 6.3% to 7.0%     | (0.45%)            |
| <b>EPS</b>                                                              | \$2.20 to \$2.22 | \$1.95 to \$2.01 | \$0.23             |
| <b>FFO per share</b>                                                    | \$3.74 to \$3.76 | \$3.72 to \$3.78 | -                  |
| <b>Normalized FFO per share</b>                                         | \$3.77 to \$3.79 | \$3.77 to \$3.83 | (\$0.02)           |

# 2023 Same Store Revenue Guidance Change

The decline (at the midpoint) in our new same store revenue guidance range is driven by:

- Greater seasonality and pricing pressure in San Francisco and Seattle than we anticipated.
- A reduction in Non-Residential Revenue due to the recent Rite Aid bankruptcy.
- Volatility in the expected improvement of Bad Debt, Net.

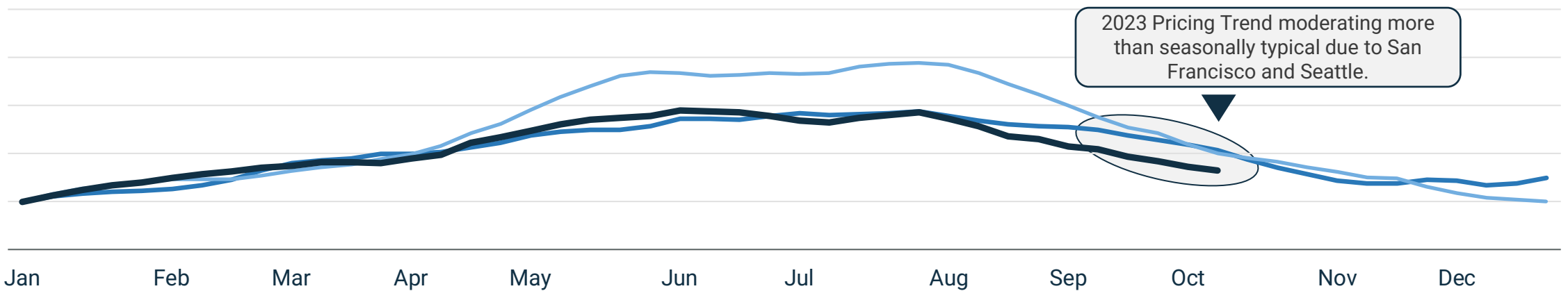


Pricing pressure accelerated in San Francisco and Seattle during the back half of Q3 and into October.

# 2023 Same Store Revenue Drivers - Pricing

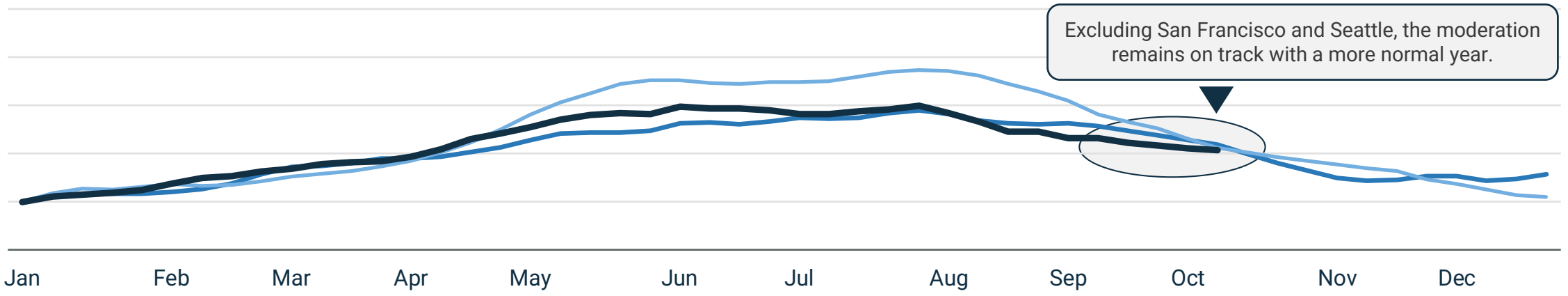
Pricing Trend Seasonality – Total Same Store

Typical Year 2022 2023



Pricing Trend Seasonality – Total Same Store ex Seattle and San Francisco

Typical Year 2022 2023

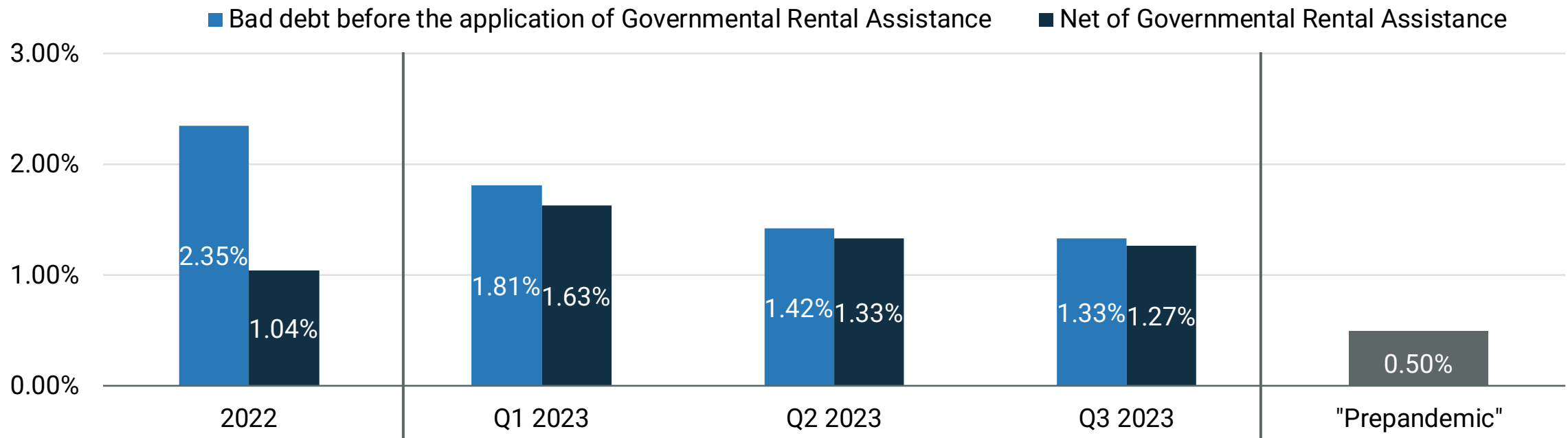


**Bad Debt, Net has improved but remains elevated relative to historical norms.**

# Same Store Revenue Growth – Bad Debt, Net

- Bad debt before the application of governmental rental assistance has improved materially since 2022.
- The Company has not seen changes in the high credit quality of its customers. Quarterly results and prior period comparisons of Bad Debt, Net are impacted by the speed of legal processes and the amount of governmental rental assistance.
- Despite improvements in Bad Debt, Net, the legal processes in many of our markets remain delayed resulting in slower improvement than we had previously anticipated.

## Bad Debt, Net as a Percentage of Same Store Residential Revenue



# 2024 Performance Considerations

- Long-term fundamentals in Equity Residential's markets support a healthy multifamily operating environment.

## Factors Supporting 2024 Growth

**Job market remains constructive with low unemployment, solid wage growth, and good job creation. Our high earning consumer also remains financially resilient.**

**New supply in Established Markets (~95% of portfolio) manageable relative to highly supplied Sunbelt.**

**General undersupply of housing with single family home costs expected to remain high.**

**Forecasted Embedded Growth is expected to be at or better than pre-pandemic norms.**

**Bad Debt, Net should continue to improve.**

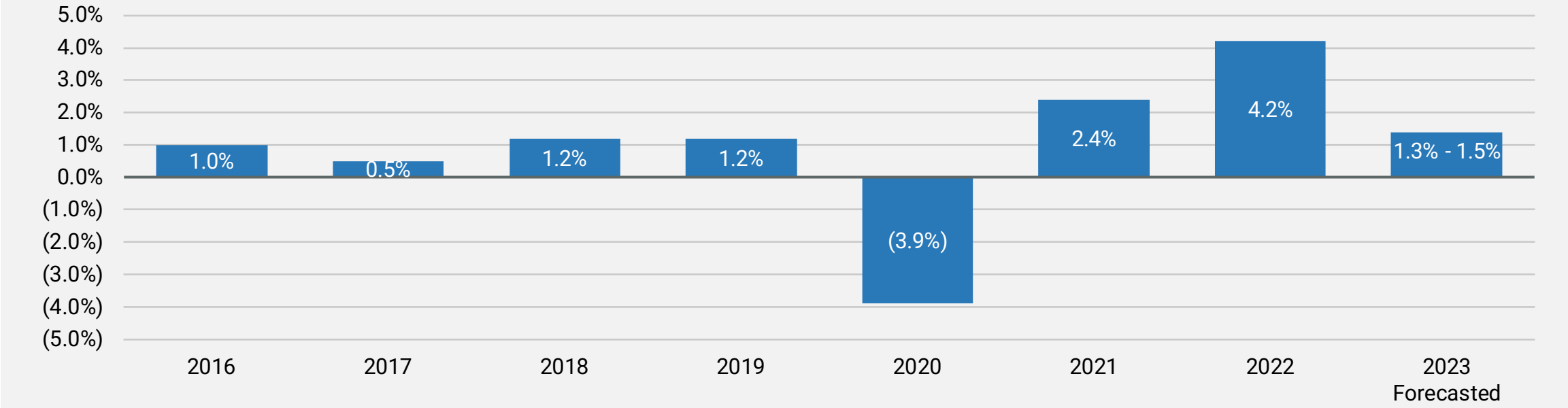
**Delayed marriage and smaller families should keep people renting longer.**

**Good performance in 2023 positively sets up 2024 for healthy Same Store Revenue Growth.**

# Driver of Same Store Revenue Growth for 2024: Forecasted Embedded Growth

- Forecasted Embedded Growth is the positive or negative contribution to revenue growth implied by annualizing total lease income anticipated for the last month of the current year (without regard to vacancy) compared to anticipated actual full year lease income for the current year (without regard to vacancy) and excluding the impact of Leasing Concessions and other income.
- **This metric is a helpful data point in that it captures the impact of leases in existence at the end of the current year and their impact on rental income for the following year. Others in the industry may call this “Earn-In” and methods of calculation can vary.**

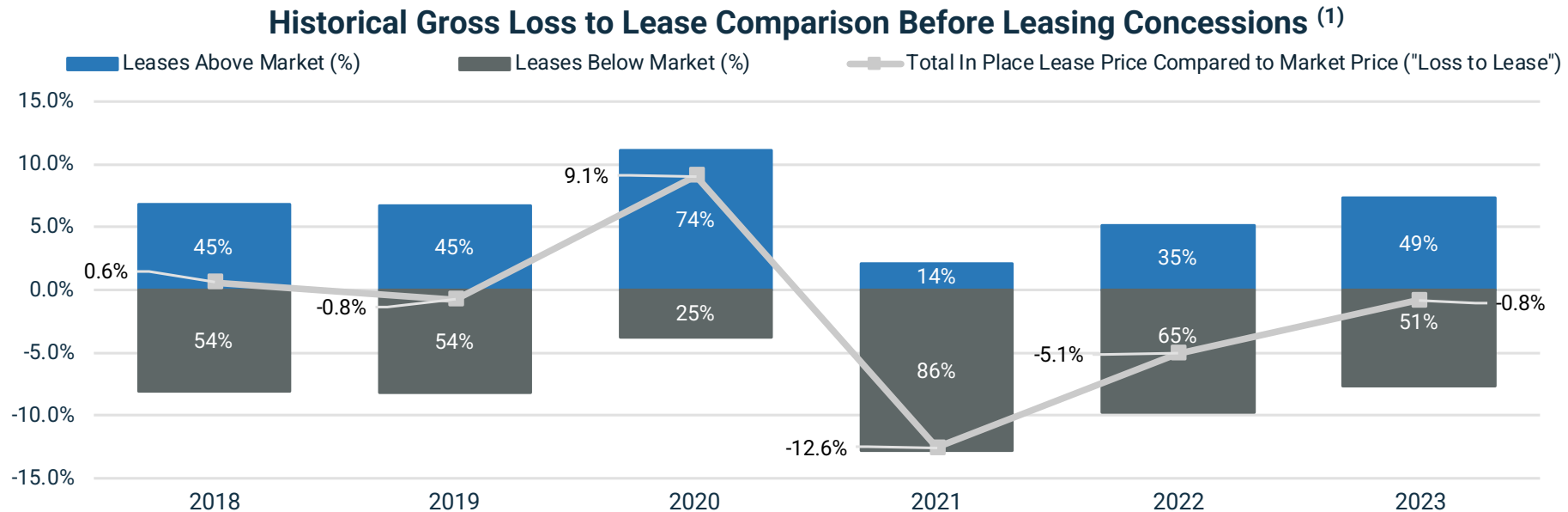
**Embedded Growth (at end of each period)**



# Driver of Same Store Revenue Growth for 2024 – Loss to Lease

**We expect to see continued rental rate growth as in-place leases expire and are renewed over the course of next year at or close to prevailing market prices.**

- Loss to Lease is the total in-place lease price compared to current market lease prices at the end of the period presented (before the effect of Leasing Concessions unless otherwise noted).
- **This metric is helpful in assessing where the existing lease portfolio is positioned relative to current market rents. It seeks to capture likely changes in rental rates as contractual rents are moved up (or down) to match current market rent levels as existing leases expire.**
- EQR's in-place lease rates ("Loss to Lease") are approximately 0.8% below market as of mid October 2023.



Note: Data presented as of 10/17/23 and reflects leases from Same Store Properties. Prior years are also presented as of mid October of each year. Left axis refers to total in place lease price compared to market price ("Loss to Lease").

(1) Includes leases above, below and at market pricing.

SAVANNA NINE MILE – LAFAYETTE, CO

# Appendix

# Glossary of Terms

Please reference the Company's "Third Quarter 2023 Earnings Release and Supplemental Financial Information" from October 31, 2023, including "Additional Reconciliations and Definitions of Non-GAAP Financial Measures and Other Terms" for terms such as Earnings Per Share ("EPS"), Funds From Operations ("FFO"), Normalized Funds From Operations ("Normalized FFO") and Net Operating Income ("NOI").

| Terms                      | Definition                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |
|----------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Affluent Renters           | Affluent Renters are defined as those with annual household incomes of more than \$150,000 in New York, \$100,000 in Boston, Washington, D.C., Seattle, San Francisco and Southern California and \$75,000 in Denver, Atlanta, Dallas/Ft. Worth and Austin.                                                                                                                                                                                                                                                                                  |
| Bad Debt, Net              | Change in rental income due to bad debt write-offs and reserves, net of amounts collected on previously written-off or reserved accounts.                                                                                                                                                                                                                                                                                                                                                                                                    |
| Blended Rate               | The weighted average of New Lease Change and Renewal Rate Achieved.                                                                                                                                                                                                                                                                                                                                                                                                                                                                          |
| Forecasted Embedded Growth | The positive or negative contribution to revenue growth implied by annualizing total lease income anticipated for the last month of the current year (without regard to vacancy) compared to anticipated actual full year lease income for the current year (without regard to vacancy) and excluding the impact of Leasing Concessions and other income. This metric is a helpful data point in that it captures the impact of leases in existence at the end of the current year and their impact on rental income for the following year. |
| Leasing Concessions        | Reflects upfront discounts on both new move-in and renewal leases on a straight-line basis.                                                                                                                                                                                                                                                                                                                                                                                                                                                  |
| Loss to Lease              | Total in place lease price compared to current market lease prices as of the end of the period presented. Data presented before the effect of Leasing Concessions unless otherwise noted. This metric seeks to capture likely changes in rental rates as contractual rents are moved up (or down) to match current market rent levels as existing leases expire.                                                                                                                                                                             |
| New Lease Change           | The net effective change in rent (inclusive of Leasing Concessions) for a lease with a new or transferring resident compared to the rent for the prior lease of the identical apartment unit, regardless of lease term.                                                                                                                                                                                                                                                                                                                      |

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| Terms                            | Definition                                                                                                                                                                                                                                                                               |
|----------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Non-Residential                  | Consists of revenues and expenses from retail and public parking garage operations.                                                                                                                                                                                                      |
| Percentage of Residents Renewing | Leases renewed expressed as a percentage of total renewal offers extended during the reporting period.                                                                                                                                                                                   |
| Physical Occupancy               | The weighted average occupied apartment units for the reporting period divided by the average of total apartment units available for rent for the reporting period.                                                                                                                      |
| Pricing Trend                    | Weighted average of 12-month base rent including amenity amount less Leasing Concessions on 12-month signed leases for the reporting period.                                                                                                                                             |
| Renewal Rate Achieved            | The net effective change in rent (inclusive of Leasing Concessions) for a new lease on an apartment unit where the lease has been renewed as compared to the rent for the prior lease of the identical apartment unit, regardless of lease term.                                         |
| Residential                      | Consists of multifamily apartment revenues and expenses.                                                                                                                                                                                                                                 |
| Same Store Properties            | For annual comparisons, primarily includes all properties acquired or completed that are stabilized prior to January 1, 2022, less properties subsequently sold. Properties are included in Same Store when they are stabilized for all of the current and comparable periods presented. |

# Non-GAAP Financial Measures

**Equity Residential**  
**Non-GAAP Financial Measures - Reconciliations of EPS to FFO per share and Normalized FFO per share**  
 (All per share data is diluted)

The guidance/projections below are based on current expectations and are forward-looking.

|                                                                   | <b>Expected<br/>Q4 2023<br/>Per Share</b> | <b>Expected<br/>2023<br/>Per Share</b> |
|-------------------------------------------------------------------|-------------------------------------------|----------------------------------------|
| EPS – Diluted                                                     | \$0.82 - \$0.84                           | \$2.20- \$2.22                         |
| Depreciation expense                                              | 0.58                                      | 2.26                                   |
| Net (gain) loss on sales                                          | (0.40)                                    | (0.72)                                 |
| Impairment – operating real estate assets                         | -                                         | -                                      |
| FFO per share – Diluted                                           | 1.00 - 1.02                               | 3.74 - 3.76                            |
| Impairment – non-operating real estate assets                     | -                                         | -                                      |
| Write-off of pursuit costs                                        | -                                         | 0.01                                   |
| Debt extinguishment and preferred share redemption (gains) losses | -                                         | -                                      |
| Non-operating asset (gains) losses                                | (0.01)                                    | (0.02)                                 |
| Other miscellaneous items                                         | -                                         | 0.04                                   |
| Normalized FFO per share – Diluted                                | <u>\$0.99 - \$1.01</u>                    | <u>\$3.77 - \$3.79</u>                 |

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# 2023 Revised Normalized FFO Guidance and Assumptions

The guidance/projections provided below are based on current expectations and are forward-looking. All guidance is given on a Normalized FFO basis. Therefore, certain items excluded from Normalized FFO, such as debt extinguishment costs/prepayment penalties and the write-off of pursuit costs, are not included in the estimates provided on this page. See pages 12 through 14 for the definitions of non-GAAP financial measures and other terms as well as the reconciliations of EPS to FFO per share and Normalized FFO per share. *New or updated guidance is highlighted in blue.*

| <b><u>2023 Normalized FFO Guidance (per share diluted)</u></b>                                              | <b>Q4 2023</b>   | <b>Revised<br/>Full Year 2023</b> |
|-------------------------------------------------------------------------------------------------------------|------------------|-----------------------------------|
| Expected Normalized FFO Per Share                                                                           | \$0.99 to \$1.01 | \$3.77 to \$3.79                  |
| <b><u>2023 Same Store Assumptions (includes Residential and Non-Residential)</u></b>                        |                  |                                   |
| Physical Occupancy                                                                                          |                  | 95.9%                             |
| Revenue change                                                                                              |                  | 5.5%                              |
| Expense change                                                                                              |                  | 4.25%                             |
| NOI change <sup>(1)</sup>                                                                                   |                  | 6.2%                              |
| <b><u>2023 Transaction Assumptions</u></b>                                                                  |                  |                                   |
| Consolidated rental acquisitions                                                                            |                  | \$366.3M                          |
| Consolidated rental dispositions                                                                            |                  | \$380.0M                          |
| Transaction Accretion (Dilution)                                                                            |                  | -                                 |
| <b><u>2023 Debt Assumptions</u></b>                                                                         |                  |                                   |
| Weighted average debt outstanding                                                                           |                  | \$7.45B to \$7.5B                 |
| Interest expense, net (on a Normalized FFO basis)                                                           |                  | \$267.5M to \$271.5M              |
| Capitalized interest                                                                                        |                  | \$12.0M to \$13.0M                |
| <b><u>2023 Capital Expenditures to Real Estate Assumptions for Same Store Properties <sup>(2)</sup></u></b> |                  |                                   |
| Capital Expenditures to Real Estate for Same Store Properties                                               |                  | \$276.4M                          |
| Capital Expenditures to Real Estate per Same Store Apartment Unit                                           |                  | \$3,600                           |
| <b><u>2023 Other Guidance Assumptions</u></b>                                                               |                  |                                   |
| Property management expense                                                                                 |                  | \$118.0M to \$119.0M              |
| General and administrative expense                                                                          |                  | \$60.0M to \$61.0M                |
| Debt offerings                                                                                              |                  | \$550.0M                          |
| Weighted average Common Shares and Units - Diluted                                                          |                  | 391.2M                            |

# Forward-Looking Statements

In addition to historical information, this presentation contains forward-looking statements and information within the meaning of the federal securities laws. These statements are based on current expectations, estimates, projections and assumptions made by management. While Equity Residential's management believes the assumptions underlying its forward-looking statements are reasonable, such information is inherently subject to uncertainties and may involve certain risks, including, without limitation, changes in general market conditions, including the rate of job growth and cost of labor and construction material, the level of new multifamily construction and development, government regulations and competition. These and other risks and uncertainties are described under the heading "Risk Factors" in our Annual Report on Form 10-K and subsequent periodic reports filed with the Securities and Exchange Commission (SEC) and available on our website, [www.equityapartments.com](http://www.equityapartments.com). Many of these uncertainties and risks are difficult to predict and beyond management's control. Forward-looking statements are not guarantees of future performance, results or events. Equity Residential assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.