

**Douglas  
Emmett**



## INVESTOR OVERVIEW

December 31, 2022





# Douglas Emmett (DEI) Overview

## Sharpshooter Focus & Best-in-Class Operating Platform

### Submarket Strategy

- ✓ High barriers to entry reduce competitive pressures from new supply
- ✓ Proximity to premier housing markets attracts affluent tenants
- ✓ Small affluent tenants in diverse industries mitigate risk and reduce volatility
- ✓ Dominant market share creates leasing and operational synergies

### Fully-Integrated Operating Platform

- ✓ Includes in-house leasing, space planning, legal, construction and design
- ✓ Major competitive advantage with our small affluent tenants
- ✓ Lowers operating, G&A, leasing and tenant improvement costs

### Strong Internal and External Growth

- ✓ Better long-term rent growth and less volatility than other gateway markets
- ✓ Our leases benefit from strong 3% to 5% annual rent increases
- ✓ Strong portfolio growth since IPO: office up 56% and multifamily up 75%
- ✓ Ample development opportunities within existing portfolio



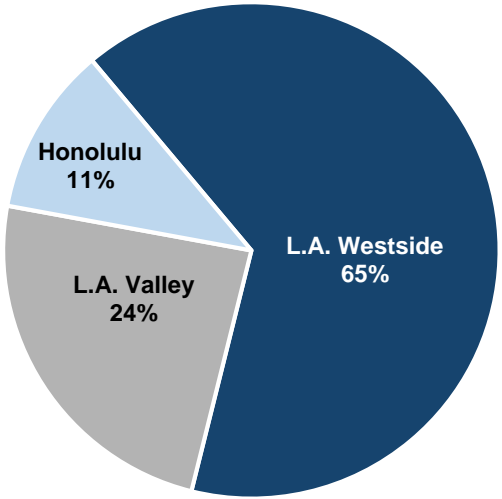
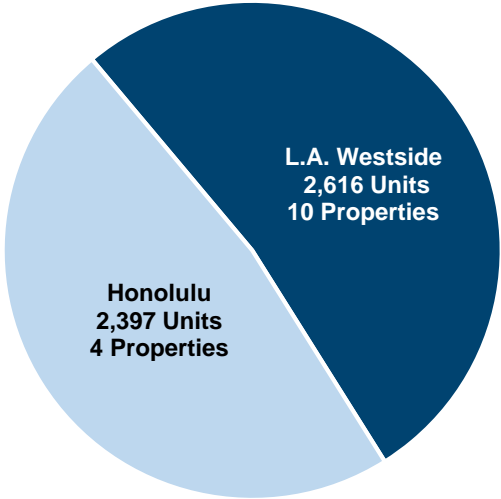
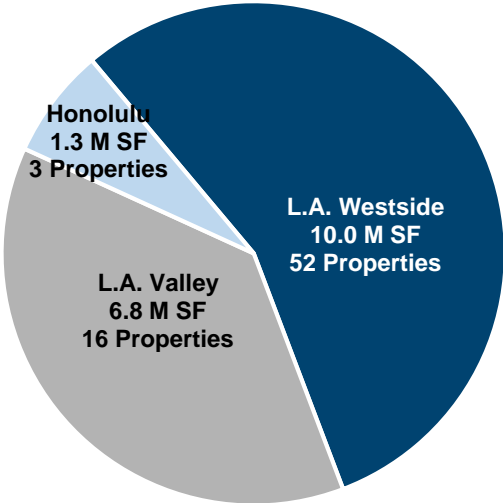
# DEI Portfolio Snapshot

Our Properties are located in premium Los Angeles and Honolulu markets

Office Portfolio  
18.1M SF / 82% of Total Annual Rent

Multifamily Portfolio  
5,013 Units / 18% of Total Annual Rent

Combined Portfolio  
Total Annual Rent



## Douglas Emmett by the Numbers

- Founded 51 years ago in 1971
- Approximately 37% average market share of Class A office space in our submarkets
- Largest office landlord in Los Angeles and Honolulu
- Approximately 2,700 offices leases in our total portfolio, with a median size of approximately 2,500 square feet
- Total capitalization of approximately \$7.4 billion
- Annual revenues of approximately \$1 billion
- Approximately 700 employees
- Annualized 2023 dividend of \$.76 per share and dividend yield of approximately 5%



## Los Angeles County Economic Highlights

- **Ranks 3rd among the world's cities**, with GDP of approximately \$1 trillion, behind only Tokyo and New York
- **Population of approximately 10,000,000**, more than 43 states
- **World entertainment capital**, with more than 200,000 employed in motion pictures and television
- **Largest U.S. tech center**, with over 350,000 jobs, more than Silicon Valley
- **Largest U.S. manufacturing center**, with more than 365,000 workers
- **Largest U.S. Port**, LA/Long Beach handles 44% of all containerized US imports
- **World's largest higher education concentration**, with more than 112 colleges and research universities, which produce more Ph.D.s and graduate degrees than any other county in America
- **Diverse vibrant industries**, such as international trade, entertainment, tourism, technology, education, healthcare services and manufacturing





# Irreplaceable Portfolio and Dominant Market Share

Warner Center

Encino Sherman Oaks

Burbank

## Office Market Share

| Submarket             | Share |
|-----------------------|-------|
| Brentwood             | 60%   |
| Sherman Oaks / Encino | 54%   |
| Westwood              | 44%   |
| Warner Center         | 38%   |
| Olympic Corridor      | 30%   |
| Honolulu              | 25%   |
| Beverly Hills         | 28%   |
| Santa Monica          | 14%   |
| Century City          | 9%    |
| Burbank               | 6%    |
| Weighted Average      | 37%   |

West Hollywood

Beverly Hills

Bel Air

Westwood

Century City

Brentwood

Pacific Palisades

Olympic Corridor

Santa Monica

## Legend

Office



Multifamily

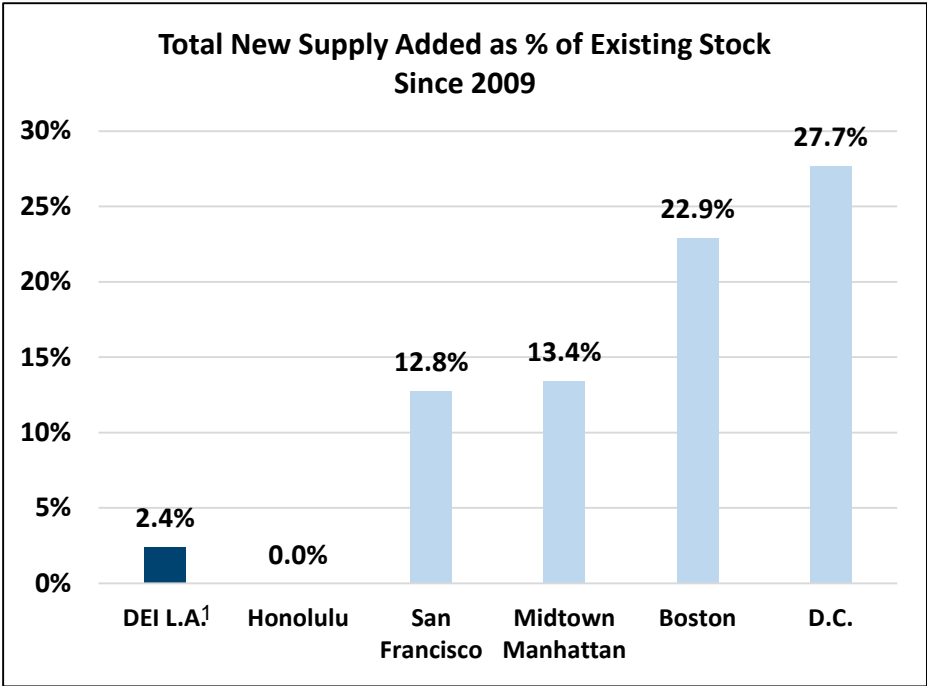




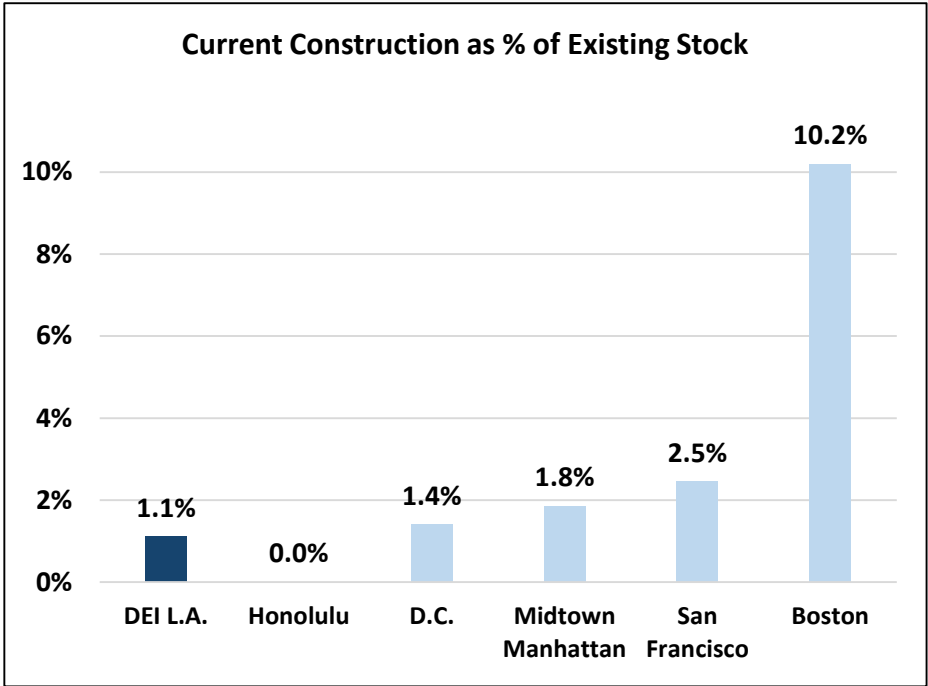
# Our Markets: Highest Barriers to Entry of any Gateway Market In the U.S.

## Lowest New Office Construction in Gateway Markets

Historical Construction



Current Construction



New office development in our Core L.A. submarkets is effectively capped:

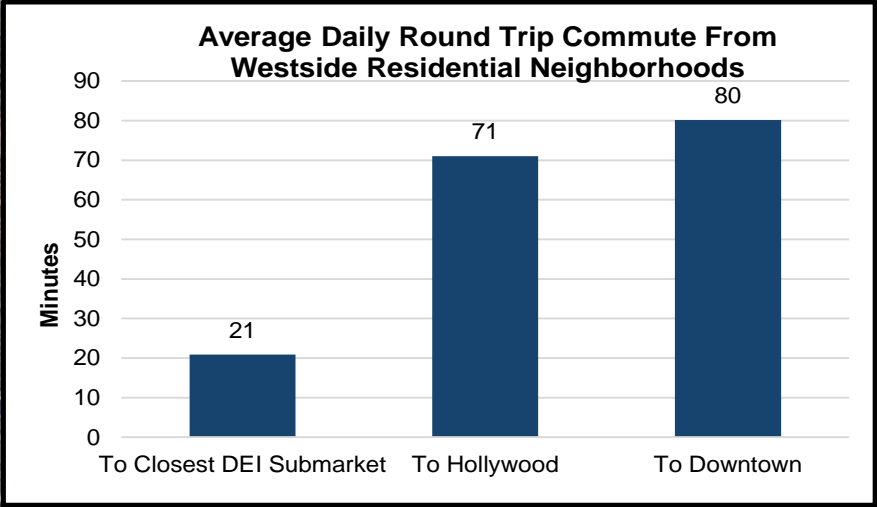
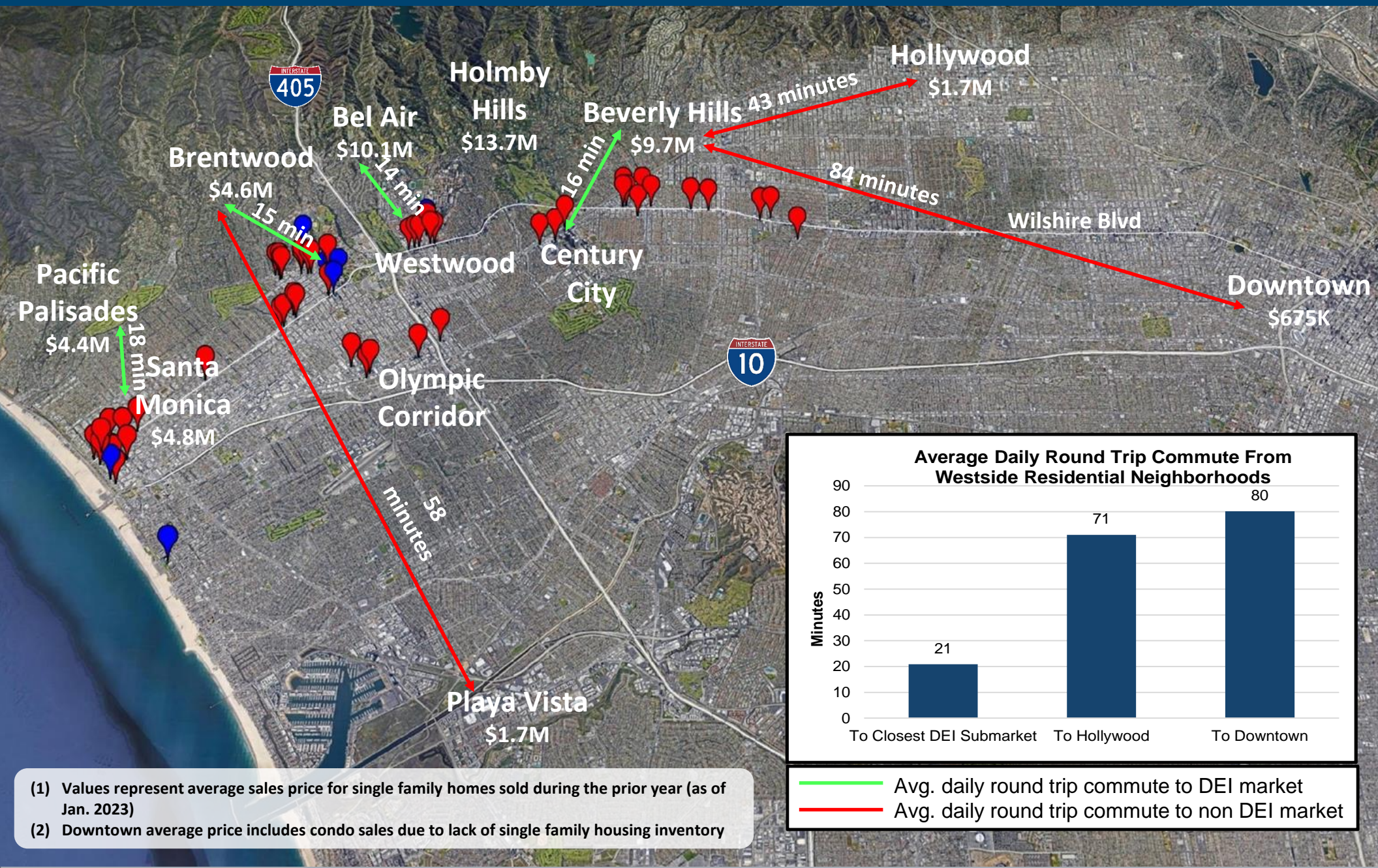
- ✓ Restrictive zoning laws and Proposition U (density limits)
- ✓ Potent community “NIMBY” anti-growth sentiment

Source: Costar.  
1. Adjusted to reflect only the net addition to the market from one office property which was expanded.



# Our Markets: High barriers to competition from nearby submarkets

## LA's heavy traffic limits competition from other submarkets



(1) Values represent average sales price for single family homes sold during the prior year (as of Jan. 2023)  
(2) Downtown average price includes condo sales due to lack of single family housing inventory

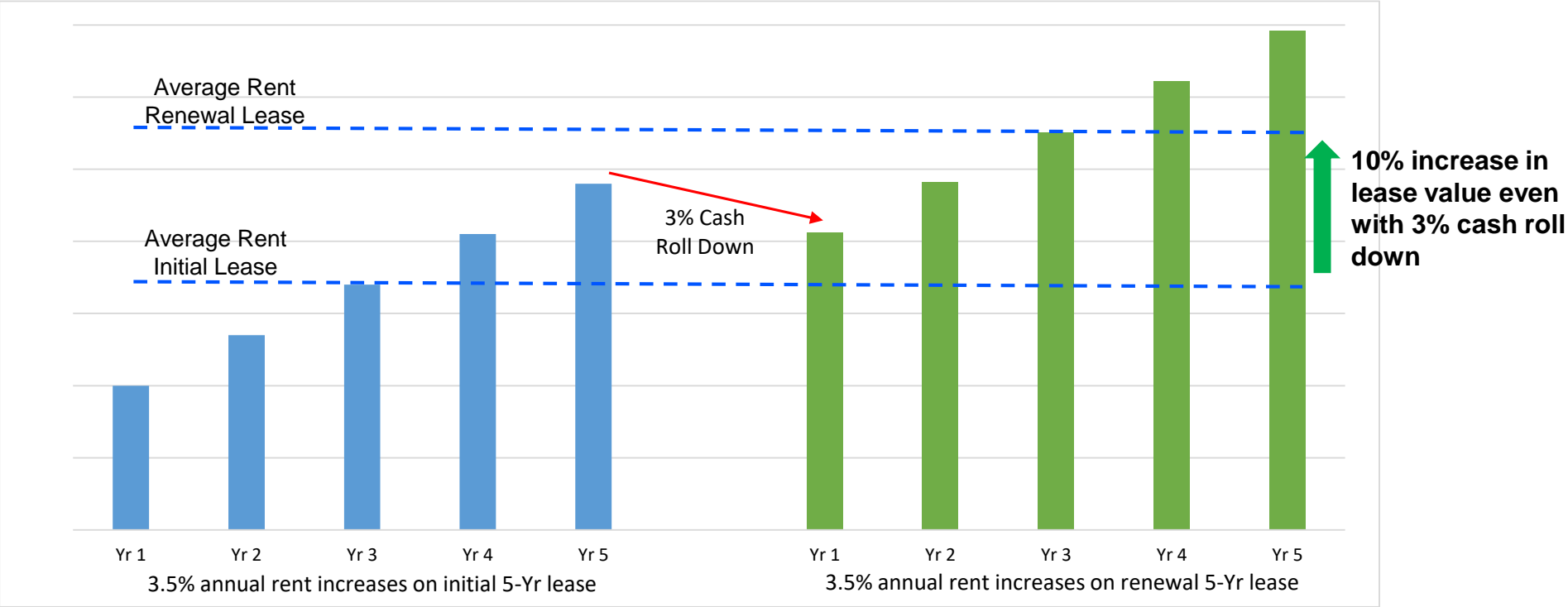
— Avg. daily round trip commute to DEI market  
— Avg. daily round trip commute to non DEI market



# Our Markets: Higher Rent Growth and Lower Volatility

## High Annual Rent Escalations Lower Risks

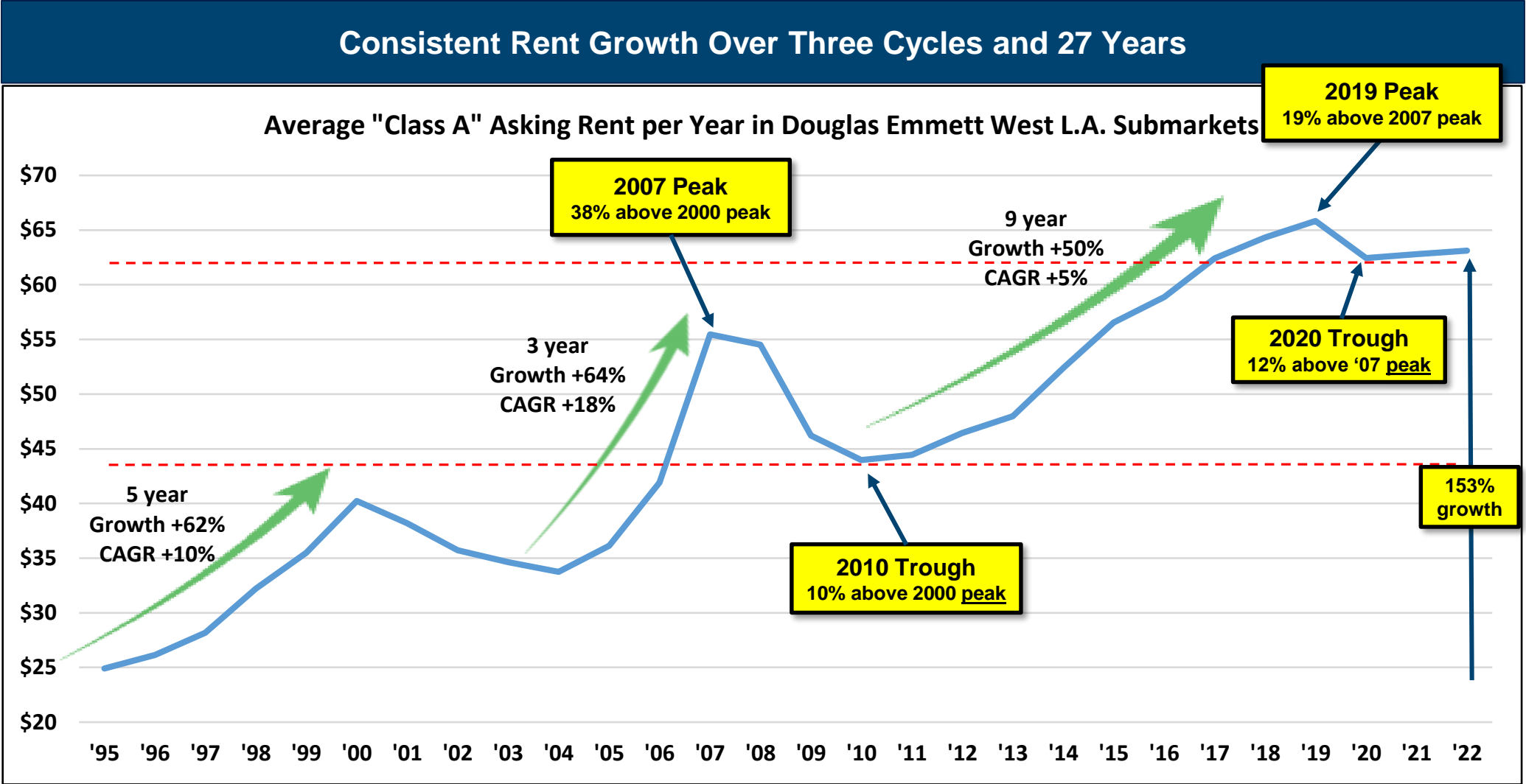
- ✓ Almost all of our office leases contain contractual annual rent increases of 3% to 5%, which:
  - Protects our cash flow during downturns
  - Can accelerate cash flow growth during expansions
  - Allows us to lower starting rents during challenging periods while still increasing the overall value of the lease:



In the example above, the renewal lease has a starting rent 3% below the prior ending rent, but an overall value 10% higher due to 3.5% annual rent increases.



# Our Markets: Higher Rent Growth and Lower Volatility



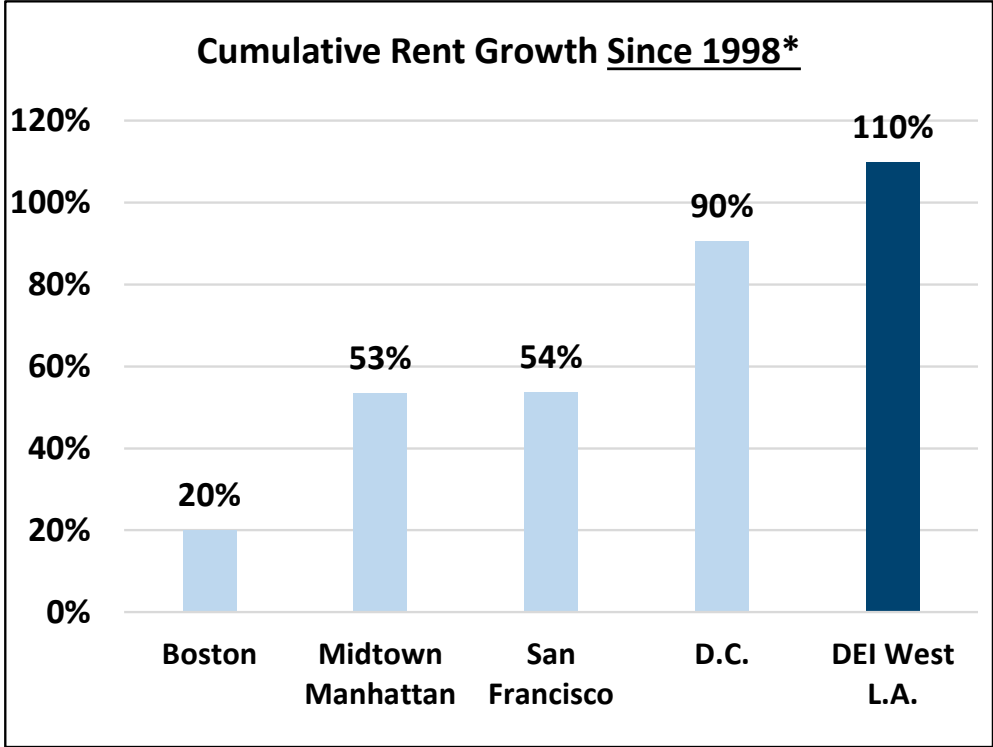
Rents in our West Los Angeles Submarkets have increased by 153% over the last 27 years, a 3.5% compounded annual growth rate. The best CAGR among all major U.S. gateway markets.



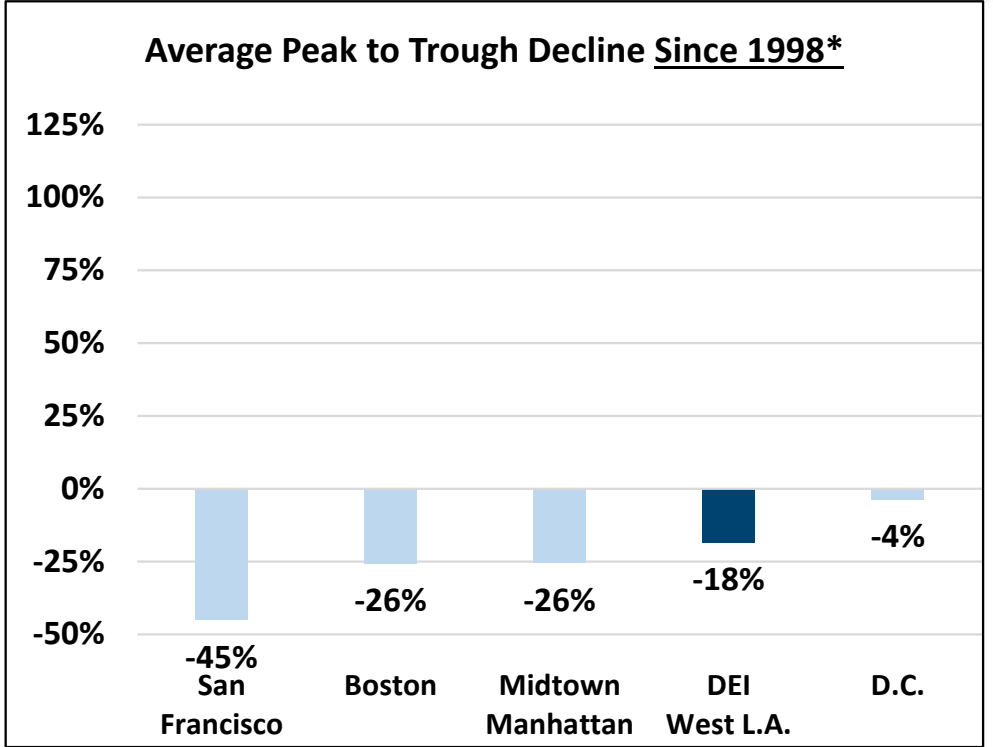
# Our Markets: Higher Rent Growth and Lower Volatility

West Los Angeles has demonstrated higher long term growth and less volatility

## Better Rent Growth



## Lower Volatility Risk



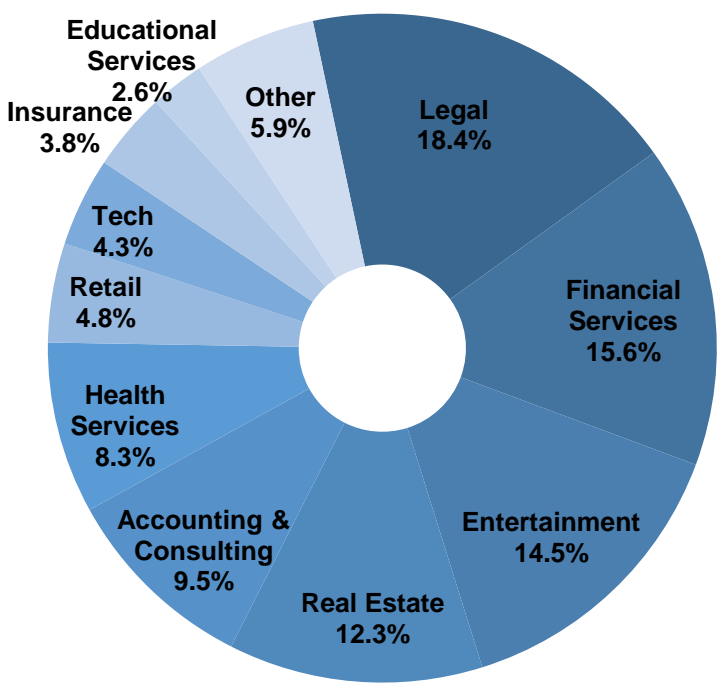
Source: Co-Star.  
\* First year of available data for all of the markets  
Volatility is measured as the average difference between peak and trough rent over the past two cycles  
West LA data includes DEI submarkets Beverly Hills, Brentwood, Century City, Olympic Corridor, Santa Monica and Westwood



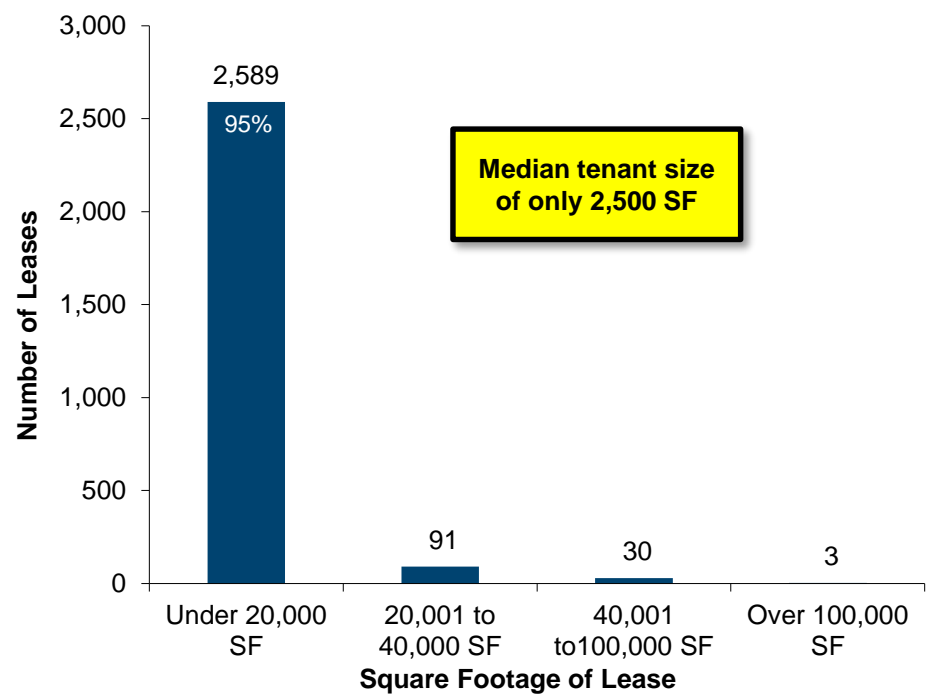
# Our Markets: Higher Rent Growth and Lower Volatility

Smaller affluent tenants in diverse industries limits exposure to one tenant or industry

## Diverse Tenant Industry Mix



## Small Tenant Size



- ✓ The tenant decision maker typically works in our suite and lives nearby, so the significant personal impact makes moving less likely
- ✓ Rent is typically a very small portion of the tenant's revenues and not the paramount factor in their leasing decision
- ✓ Our targeted smaller tenants are willing to pay premium for proximity of home and office and need lower tenant improvement costs



# Our Markets: Higher Rent Growth and Lower Volatility

High annual rent escalations and consistent annual roll lower risks



(1) Average of the percentage of leases at December 31, 2019, 2020, and 2021 with the same remaining duration as the leases for the labeled year had at December 31, 2022. Acquisitions are included in the prior year average commencing in the quarter after the acquisition.

- ✓ Consistent annual lease expirations of between 11% and 15% limits our exposure in any single year
- ✓ Almost all of our office leases contain contractual annual rent increases of 3% to 5%, which:
  - Protects our cash flow during downturns
  - Can accelerate cash flow growth during expansions

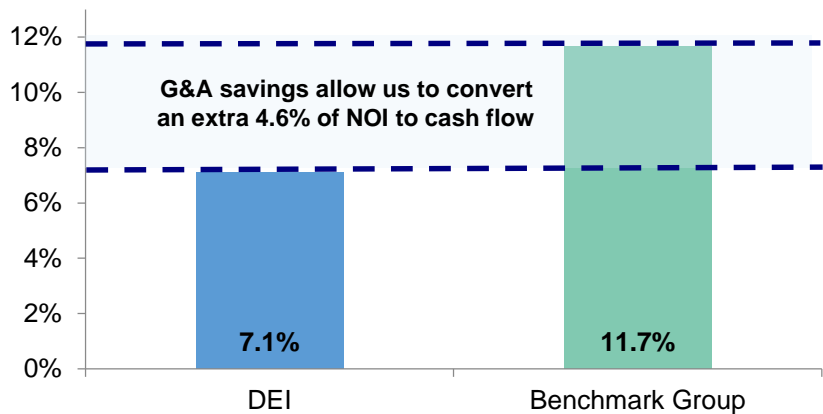
# Our Efficient Integrated Operating Platform

## Our operating platform minimizes tenant improvements, capex and G&A

- ✓ Our unsurpassed tenant service is a key advantage in handling a very large number of small, affluent tenants
- ✓ Our in-house leasing agents and lawyers execute about 3 office leases and 9 residential leases each business day
- ✓ Our average tenant moves into occupancy less than four months after initial contact
- ✓ Our internal tenant improvement, design and construction team standardizes build outs and compresses vacancy time, resulting in lower costs and easier transitions for tenants inexperienced in office build-outs
- ✓ By keeping our G&A and recurring leasing costs low, we typically converted between 15% and 20% more of our NOI into cash flow than our Benchmark Group.

### Efficient Management and Overhead

G&A Expense as Percent of NOI <sup>(1)</sup>



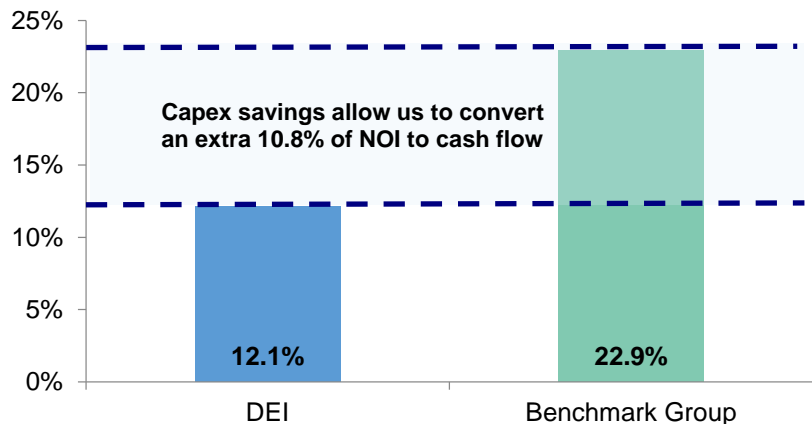
(1) Quarter ended 9/30/22.

(2) Year ended 12/31/19. We are displaying 2019 data as the pandemic has unnaturally impacted new lease expenditures for the Benchmark Group.

Benchmark Group include BXP, HPP, KRC, PGRE, SLG, and VNO.

### Efficient Operating Model

Recurring TI, LC and Capex as Percent of NOI <sup>(2)</sup>

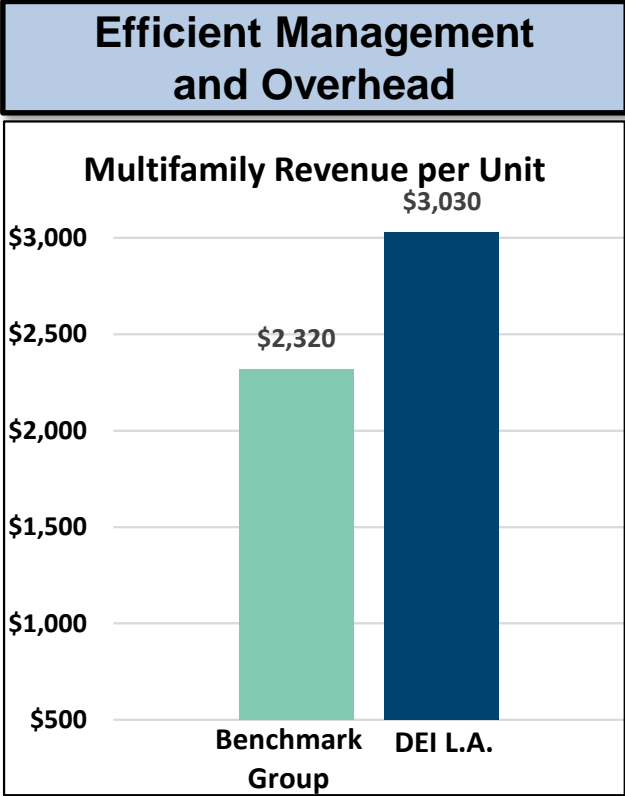
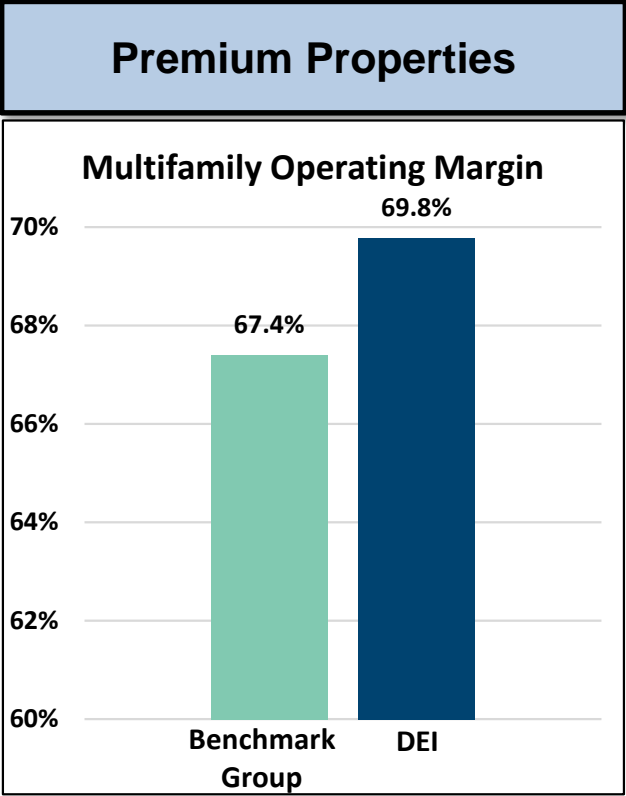




# Our Multifamily Portfolio

**Our premium multifamily assets outperform in revenue and operating margins**

- ✓ We own 14 multifamily properties with 5,013 total units in high-barrier premium submarkets in West LA and Honolulu
- ✓ Our apartment communities command premium rents and produce above average operating margins



# Disciplined Balance Sheet Management Strategy

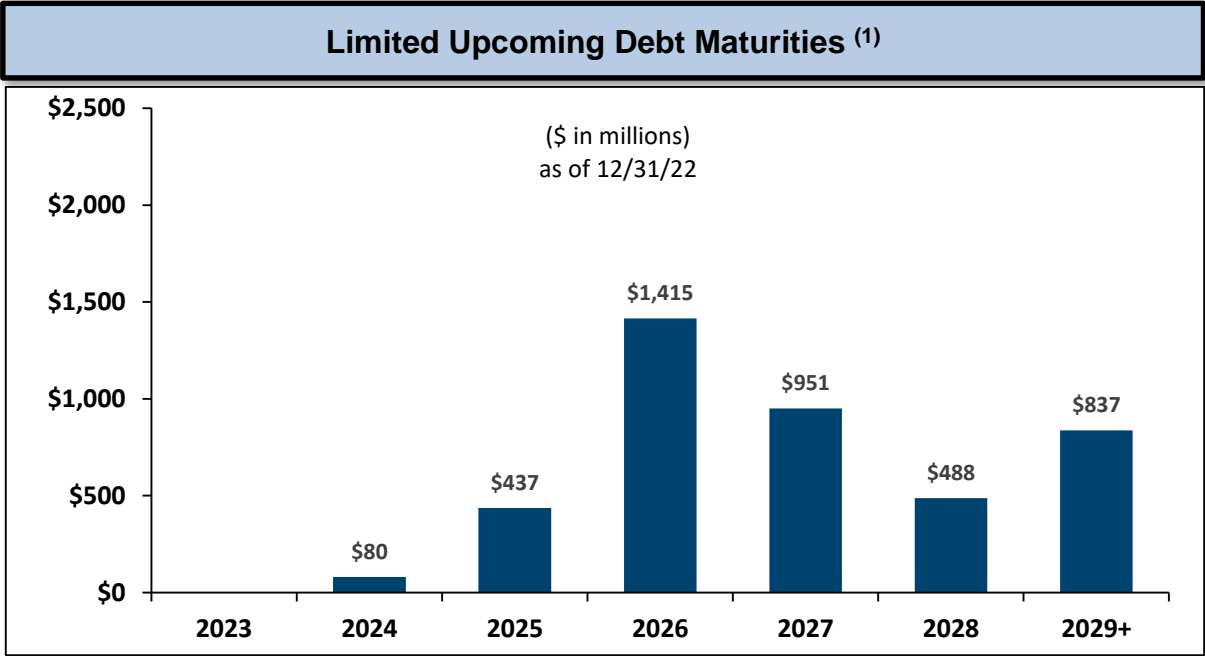
## Non Recourse Debt, Best Pricing from Lenders and Refinancing Flexibility

### Our Approach

- ✓ We only use property level, non-recourse debt without corporate or rating agency covenants
- ✓ We set leverage at levels that merit best pricing from banks and insurance companies
- ✓ We retain flexibility in choosing when to refinance by negotiating 18 to 24 month cost free refinancing windows

### The Results

- ✓ We were one of only a few REITs which was not forced to issue dilutive equity in the last recession
- ✓ Our average annual fixed interest rate is only 2.82% and next term loan maturity is not until December 2024
- ✓ In 51 years (35 years private, 16 years public), we have never defaulted on a loan or had litigation with a lender



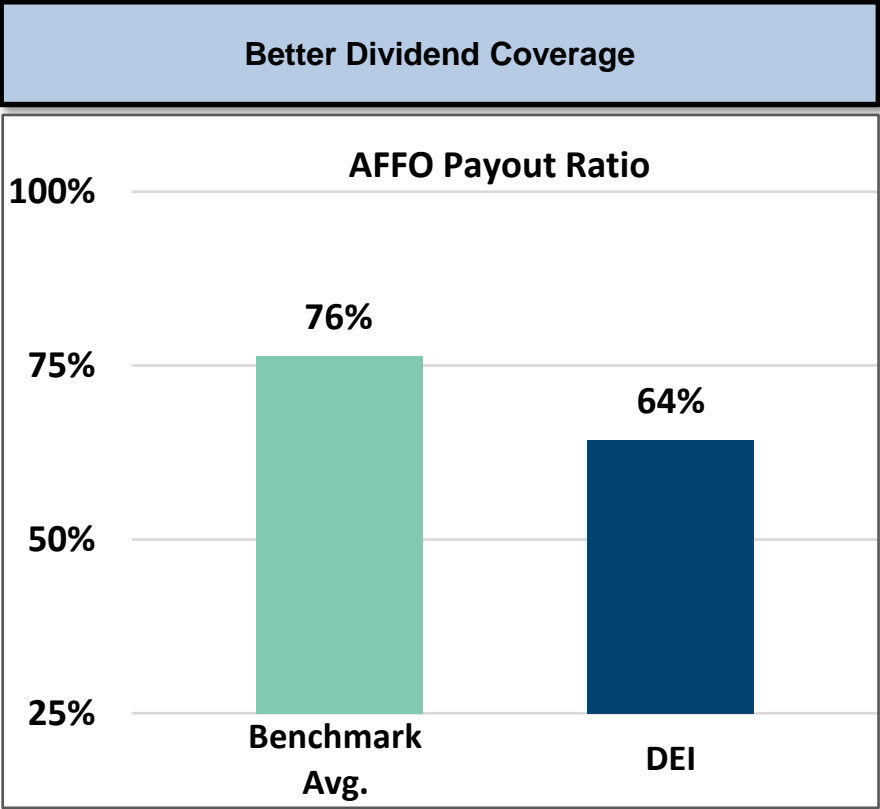
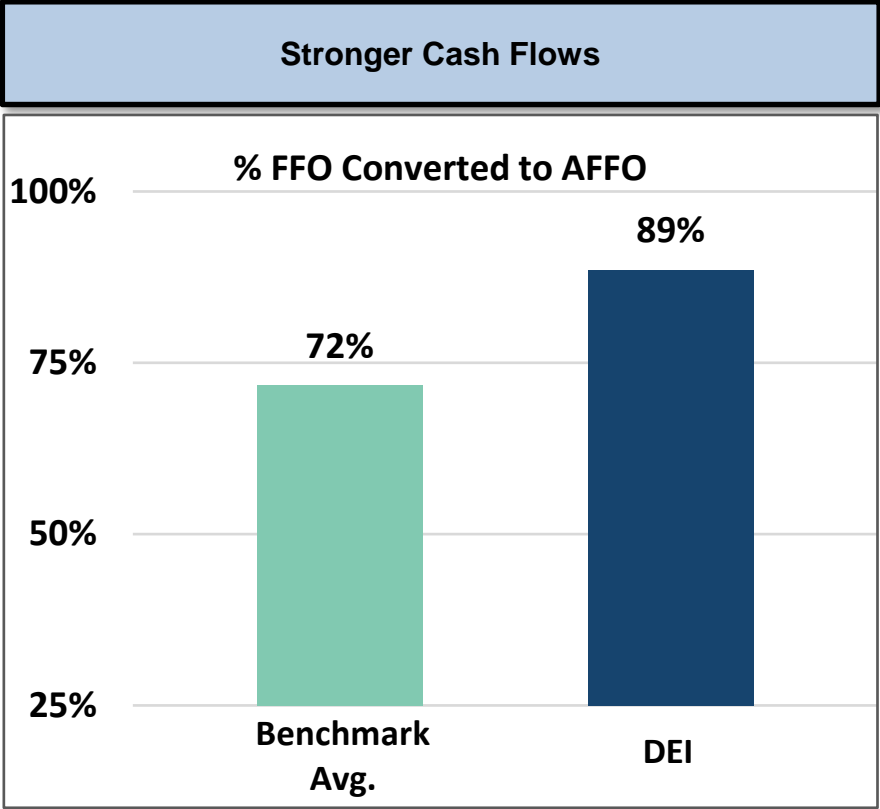
(1) Includes our share of our consolidated debt



# Disciplined Balance Sheet Management Strategy

## Strong operating cash flows and excellent dividend coverage

- ✓ By keeping our G&A, recurring capex and straight-line rent low, we convert a higher percentage of Funds from Operations (FFO) into Adjusted Funds from Operations (AFFO) and cash flow
- ✓ Even after paying significant dividends, we generate meaningful cash to use for acquisitions and development



# Commitment to Sustainability

**Our sustainability programs are both socially responsible and good business**

Our long-term focus on energy savings has resulted in a very efficient portfolio. All of our buildings save energy through LED lighting, automated energy management systems and real time energy usage software.

We continue to improve on this strong foundation. In addition to short term goals for individual buildings, we have set two key long-term sustainability targets for the company:

| Goal  | Status  |
|---|---|
| To have 75% of our stabilized eligible office space qualify for “ENERGY STAR Certification” by the E.P.A. | <div><div><div>✓</div></div><div><div><u>Exceeded</u></div><div>More than 89% of our eligible office space qualified for “ENERGY STAR Certification” as of December 2021. Meaning they perform in the top 25% of all office buildings measured by the E.P.A.</div></div></div>  |
| To reduce our electricity usage per square foot by 10% between 2019 and 2029.                             | <div><div><div>✓</div></div><div><div><u>Ahead of schedule</u></div><div>We reduced our per square foot electrical usage by 8% in 2021. The pandemic kept our building utilization below normal levels and we expect to achieve more normalized reductions once tenants have fully returned to work.</div></div></div> <div><div><div>✓</div></div><div><div>Our cumulative 12 year reduction from 2009 (the first year with reliable data) is 38%.</div></div></div> |



# Commitment to Our People

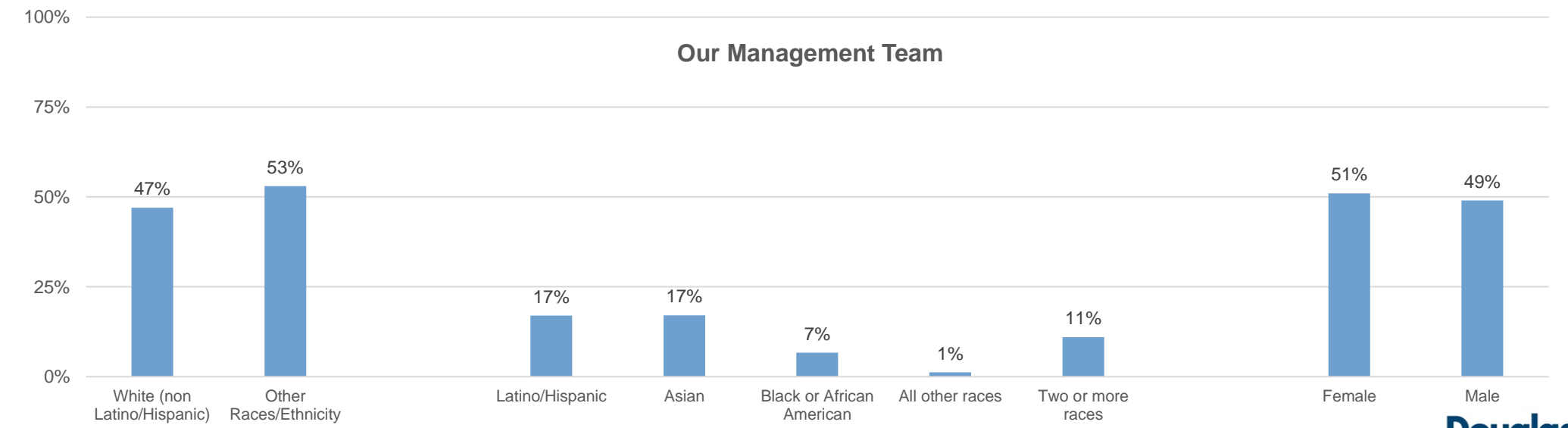
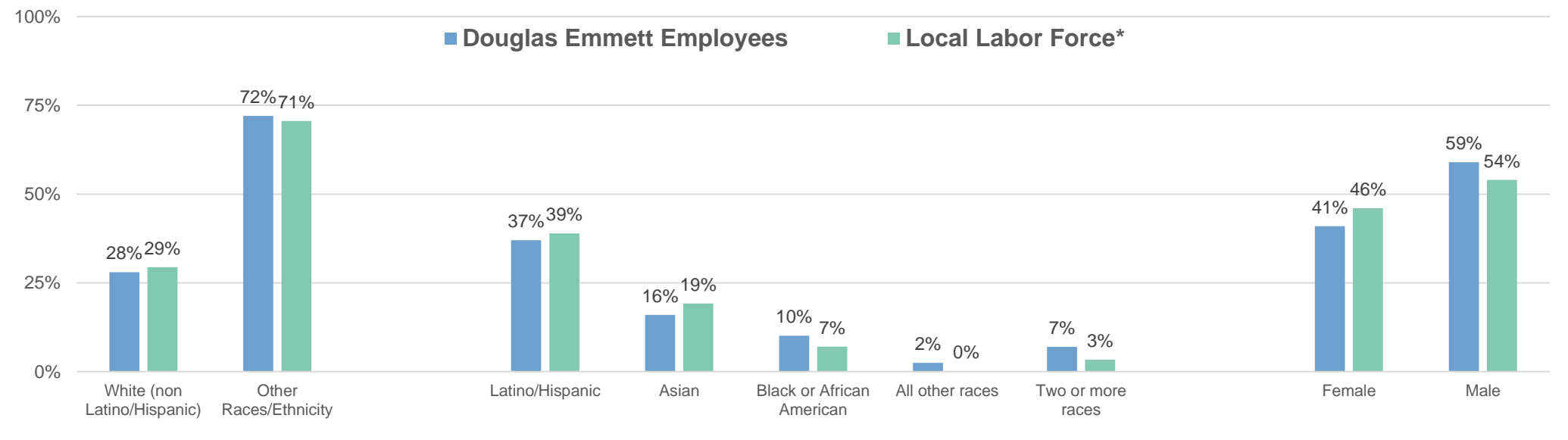
## Our human relationships are our most valuable assets

We strive to create an environment which honors our employees, tenants and vendors:

|                      |  |
|----------------------|--|
| <b>Our Promises</b>  | Every new employee is given a copy of the Douglas Emmett Promises, a set of 15 key commitments that we strive to embody each day.  |
| <b>Strong Ethics</b> | We insist that our directors and employees conduct themselves in accordance with the highest moral and ethical standards, informed by a robust Code of Business Conduct and Ethics.                  |
| <b>Fairness</b>      | We are committed to ensuring a fair workplace for our employees as well as partners with whom we do business. We have strict policies to protect against discrimination and harassment.              |
| <b>Communication</b> | We maintain an Open-Door Policy to encourage communication to resolve any employee concerns; employees can also contact members of our board or use an anonymous hotline.                            |
| <b>Ownership</b>     | To empower our team members to act and feel like owners, we have provided equity compensation to two thirds of our employees.  |
| <b>Benefits</b>      | We avoid the use of independent contractors or part time employees to provide our essential services; except at the request of the employee, all of our employees work full-time with full benefits. |

# Diversity & Inclusion

Our team reflects a commitment to hiring the best regardless of race, ethnicity, or gender





# Highly Experienced Leadership Team

| Executive Management |                          |
|----------------------|--------------------------|
| Officer              | Position                 |
| Dan A. Emmett        | Executive Chairman       |
| Jordan L. Kaplan     | President & CEO          |
| Kenneth M. Panzer    | Chief Operating Officer  |
| Peter D. Seymour     | Chief Financial Officer  |
| Kevin A. Crummy      | Chief Investment Officer |

| Board of Directors    |  |
|-----------------------|--|
| Dan A. Emmett         | <ul style="list-style-type: none"><li>Executive Chairman of the Board – Douglas Emmett, Inc.</li></ul>       |
| Jordan L. Kaplan      | <ul style="list-style-type: none"><li>Chief Executive Officer and President – Douglas Emmett, Inc.</li></ul> |
| Kenneth M. Panzer     | <ul style="list-style-type: none"><li>Chief Operating Officer – Douglas Emmett, Inc.</li></ul>               |
| Leslie E. Bider       | <ul style="list-style-type: none"><li>Retired Executive and Investor</li></ul>                               |
| Dorene C. Dominguez   | <ul style="list-style-type: none"><li>Chairwoman and CEO of Vanir Group of Companies</li></ul>               |
| Dr. David T. Feinberg | <ul style="list-style-type: none"><li>President and Chief Executive Officer, Cerner Corporation</li></ul>    |
| Ray C. Leonard        | <ul style="list-style-type: none"><li>President, Sugar Ray Leonard Foundation</li></ul>                      |
| Virginia A. McFerran  | <ul style="list-style-type: none"><li>Technology and Data Science Advisor</li></ul>                          |
| Thomas E. O’Hern      | <ul style="list-style-type: none"><li>Chief Executive Officer, Macerich</li></ul>                            |
| William E. Simon Jr.  | <ul style="list-style-type: none"><li>Partner Emeritus, Simon Quick Advisors</li></ul>                       |
| Shirley Wang          | <ul style="list-style-type: none"><li>Founder and CEO, Plastpro Inc.</li></ul>                               |

**Additional Information:** Please contact Stuart McElhinney, Vice President-Investor Relations at (310) 255-7751 or via email at [smcelhinney@douglasemmett.com](mailto:smcelhinney@douglasemmett.com)

Updates, financial information and additional property information can be obtained at [www.douglasemmett.com](http://www.douglasemmett.com).



# Douglas Emmett

This profile is not intended to be a complete statement of all of the material facts concerning our company or to solicit purchase of, or to be used to evaluate, any securities. The use of “we” and “our” in this profile refers to Douglas Emmett, Inc., our operating partnership and its subsidiaries, as well as our consolidated JV’s and our unconsolidated Funds. Unless otherwise indicated, all data about us is as of the date on the front cover. This Profile should be read in conjunction with the detailed financial information contained in our quarterly earnings packages and in our filings with the Securities and Exchange Commission, all of which are available on [www.douglasemmett.com](http://www.douglasemmett.com) or [www.sec.gov](http://www.sec.gov). Except for the historical facts, the statements are forward-looking statements based on the beliefs of, assumptions made by and information currently available to us. Some will inevitably prove to be incorrect. Potential investors should read and carefully consider all of the information in our filings with the Securities and Exchange Commission. For a discussion of some risks and uncertainties that could cause actual results to differ from those contained in any forward-looking statements, see “Risk Factors” in our Annual Report on Form 10-K. Copies can also be viewed at [www.douglasemmett.com](http://www.douglasemmett.com) or [www.sec.gov](http://www.sec.gov).

