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MEMORANDUM

Date: August 11, 2015
To: All Employees
From: Michael Schall 
Regarding: Update Transformational Process

As part of the transformation process, we identified numerous opportunities to improve our Employee's work life and productivity, better serve our customers, and improve our company overall.

We decided that a key initial step was to modify the company's structure and unite the asset management and operations departments under one leader, John Burkart.

This new structure will both insure that the departments are united in our transformation effort and increase the resources available for the operating group. We are committed to continually evaluating our company and making the changes needed to better serve our employees and customers.

Based on the feedback from the listening sessions and other employee input, we will soon transition from the planning to the execution phase of the transformational process and we will be doing a webinar this fall to outline the road ahead.

Selected Top Priorities

Employee Empowerment

Empowering site-level and regional management to solve customer problems will streamline decisions. For example in March, we reduced the YARDI restrictions, enabling site employees more authority to make needed changes. We are currently considering the complete elimination of the restrictions, and making other changes to better serve customers.

Employee Engagement

Employee well-being and engagement are critical to the success of the Company . Deborah Jones is leading the charge in this area, and the results of her listening session are being heard. We will be sending a survey this Fall to understand the issues and opportunities, from the employee's perspective, as we improve our work environment.

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We have created and filled new position within HR to help the senior leadership understand and improve to workplace and employee satisfaction.

Maintenance Support

We recognize the need to better support our maintenance teams and therefore we have created two new positions

- Director of Maintenance and we expect to have the position filled in the next several months.
- Director of Facilities and we expect to have the position filled in the next several months.

Career development plan for our site teams

Currently, we have combined the management of over 30 communities, creating larger management platforms averaging over 500 units and enabling greater career growth opportunities for our employees. Part of our transformational plan involves greater coordination and continuity between nearby Essex properties.

We initiated a Leadership Training Program and recently completed our first class.

We are focusing on ways to expand the programs – more to come.

Site Technology

We recently achieved functional stability on the YARDI, Kronos and Craigslist platforms. Now our focus is to reduce the complexity of signing on to the different site systems by implementing a single sign on system by the 4th quarter of 2015.

Additionally, we have identified a prototype that enables On-site to upload prospect information to YARDI, eliminating the need to re-enter the prospect information. We are evaluating the set-up of this product, and plan to pilot the system in the 4th quarter of 2015.

Communication

We are addressing this on multiple fronts:

- 'Listening Sessions' - Were initiated in the spring and we will continue this program going forward.
- Senior Management Communications - In September, we are starting monthly communications from senior management including quarterly company webinars.

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- Internal Communications Platform – We understand that our internal communication platform isn't adequate. The Intranet is being updated and improved - this will be an on-going process until our employees are satisfied.

Mr. Burkart will be working on-site with a site maintenance team and a site leasing team and management team in September in an effort to better understand the site issues and how we can assist.

More to come in this area.

Accounting

We recognize the need for better coordination and support our accounting team and the property personnel, and therefore we have created two positions – Managerial Accountant and Business Process Improvement Manager. Both have been filled.

Site Support

We appreciate all the hard work by both the corporate and community associates. We recognize that corporate needs to provide effective support. To accomplish this objective and reduce confusion and unnecessary communications, the responsibilities of corporate and on-site must become much clearer. We are taking action to identify where improvements can be made.

In order to gain more insight into how we serve our community associates, we have installed new help desk software in the IT department that will provide robust reporting, enabling management to see the volume of calls, response times, and better information. With greater visibility, we expect that we will be able make appropriate adjustments to enable our corporate associates to improve the level of service to our communities.

We appreciate the dedication and commitment of the E-Team throughout the merger and the transformational planning process. I am excited about the road ahead, and believe that you will begin to experience the benefits of the planning efforts in the near future. Thank you.