



Township | Redwood City, CA

**EARNINGS RELEASE &
SUPPLEMENTAL DATA**

FOURTH QUARTER 2023

ESSEX

PROPERTY TRUST, INC.

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FOURTH QUARTER 2023 EARNINGS RELEASE AND SUPPLEMENTAL DATA

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ESSEX

PROPERTY TRUST, INC.

ESSEX ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2023 RESULTS AND 2024 GUIDANCE

San Mateo, California—February 6, 2024—Essex Property Trust, Inc. (NYSE: ESS) (the “Company”) announced today its fourth quarter and full-year 2023 earnings results and related business activities.

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

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2023	2022	% Change	2023	2022	% Change
<u>Per Diluted Share</u>						
Net Income	\$1.02	\$2.86	-64.3%	\$6.32	\$6.27	0.8%
Total FFO	\$3.87	\$3.77	2.7%	\$15.24	\$13.70	11.2%
Core FFO	\$3.83	\$3.77	1.6%	\$15.03	\$14.51	3.6%

Fourth Quarter and Full-Year 2023 Highlights:

- Reported Net Income per diluted share for the fourth quarter of 2023 of \$1.02, compared to \$2.86 in the fourth quarter of 2022. For the full-year 2023, the Company reported Net Income per diluted share of \$6.32 compared to \$6.27 in 2022.
- Grew Core FFO per diluted share by 1.6% compared to the fourth quarter of 2022 and 3.6% compared to the full-year 2022, exceeding the high-end of the Company’s original guidance range.
- Achieved same-property revenues and net operating income (“NOI”) growth of 2.9% and 2.3%, respectively, compared to the fourth quarter of 2022. For the full-year 2023, same-property revenues and NOI grew 4.4% and 4.3%, respectively, both exceeding the midpoint of the Company’s original guidance range.
- For the full-year 2023, the Company disposed of one apartment community in a non-core market for a total contract price of \$91.7 million.
- For the full-year 2023, the Company committed \$18.8 million to two preferred equity investments at a weighted average return rate of 12.6%. The Company received \$72.3 million in redemption proceeds from four preferred equity investments at a weighted average return rate of 9.1%.
- For the full-year 2023, the Company repurchased 437,026 shares of its common stock, totaling \$95.7 million at an average price per share of \$218.88.
- As of February 2, 2024, the Company’s immediately available liquidity was approximately \$1.6 billion.

SAME-PROPERTY OPERATIONS

Same-property operating results exclude any properties that are not comparable for the periods presented. The table below illustrates the percentage change in same-property gross revenues for the quarter ended December 31, 2023 compared to the quarter ended December 31, 2022, and the sequential percentage change for the quarter ended December 31, 2023 compared to the quarter ended September 30, 2023, by submarket for the Company:

	Q4 2023 vs. Q4 2022	Q4 2023 vs. Q3 2023	% of Total Q4 2023 Revenues
Southern California			
Los Angeles County	-0.4%	-0.6%	18.4%
Orange County	4.0%	1.8%	10.7%
San Diego County	8.2%	1.3%	9.1%
Ventura County	7.2%	1.5%	4.1%
Total Southern California	3.2%	0.6%	42.3%
Northern California			
Santa Clara County	3.7%	-0.7%	19.6%
Alameda County	1.6%	-0.5%	7.7%
San Mateo County	6.1%	1.7%	4.7%
Contra Costa County	3.4%	1.6%	5.4%
San Francisco	0.0%	2.3%	2.5%
Total Northern California	3.3%	0.1%	39.9%
Seattle Metro	1.3%	0.8%	17.8%
Same-Property Portfolio	2.9%	0.5%	100.0%

The table below illustrates the components that drove the change in same-property revenues on a year-over-year basis for the three and twelve-month periods ended December 31, 2023 and on a sequential basis for the three months ended December 31, 2023.

Same-Property Revenue Components	Q4 2023 vs. Q4 2022	YTD 2023 vs. YTD 2022	Q4 2023 vs. Q3 2023
Scheduled Rents	2.4%	4.4%	0.1%
Delinquencies ⁽¹⁾	-0.4%	-0.7%	0.5%
Cash Concessions	0.7%	0.1%	0.0%
Vacancy	0.0%	0.2%	-0.3%
Other Income	0.2%	0.4%	0.2%
2023 Same-Property Revenue Growth	2.9%	4.4%	0.5%

- (1) The year-over-year negative impact from delinquencies is largely due to lower net delinquency in the prior period, which benefitted from Emergency Rental Assistance payments of \$2.6 million and \$34.5 million in the fourth quarter and full-year 2022, respectively. This compares to Emergency Rental Assistance payments of \$0.5 million and \$2.6 million in the fourth quarter and full-year 2023, respectively. For additional details, please see page S-16 of the accompanying supplemental financial information.

	<u>Year-Over-Year Change</u>			<u>Year-Over-Year Change</u>		
	<u>Q4 2023 compared to Q4 2022</u>			<u>YTD 2023 compared to YTD 2022</u>		
	<u>Revenues</u>	<u>Operating Expenses</u>	<u>NOI</u>	<u>Revenues</u>	<u>Operating Expenses</u>	<u>NOI</u>
Southern California	3.2%	6.1%	2.1%	4.9%	6.3%	4.3%
Northern California	3.3%	5.5%	2.4%	4.0%	4.1%	4.0%
Seattle Metro	1.3%	-1.6%	2.5%	4.0%	1.4%	5.1%
Same-Property Portfolio	2.9%	4.5%	2.3%	4.4%	4.5%	4.3%

	<u>Sequential Change</u>		
	<u>Q4 2023 compared to Q3 2023</u>		
	<u>Revenues</u>	<u>Operating Expenses</u>	<u>NOI</u>
Southern California	0.6%	-1.4%	1.5%
Northern California	0.1%	-0.1%	0.3%
Seattle Metro	0.8%	-5.5%	3.5%
Same-Property Portfolio	0.5%	-1.6%	1.3%

	<u>Financial Occupancies</u>		
	<u>Quarter Ended</u>		
	<u>12/31/2023</u>	<u>9/30/2023</u>	<u>12/31/2022</u>
Southern California	95.9%	96.3%	96.4%
Northern California	96.2%	96.5%	95.8%
Seattle Metro	96.5%	96.3%	95.8%
Same-Property Portfolio	96.1%	96.4%	96.0%

INVESTMENT ACTIVITY

Other Investments

In December 2023, the Company received cash proceeds of \$40.5 million from the full redemption of one preferred equity investment yielding a 9.0% rate of return.

LIQUIDITY AND BALANCE SHEET

Common Stock

In the fourth quarter of 2023, the Company did not issue any shares of common stock through its equity distribution program or repurchase any shares through its stock repurchase plan. For the full-year 2023, the Company repurchased 437,026 shares of its common stock totaling \$95.7 million, including commissions, at an average price per share of \$218.88. As of February 2, 2024, the Company had \$302.7 million of purchase authority remaining under its stock repurchase plan.

Balance Sheet

In the fourth quarter of 2023, the Company recognized a \$33.7 million impairment on one preferred equity investment located in Oakland, CA. The impairment does not impact Total or Core FFO. The Company stopped accruing income on the investment in the fourth quarter of 2022 and therefore did not recognize income from this investment in 2023. The investment is not currently in default.

As of February 2, 2024, the Company had approximately \$1.6 billion in liquidity via undrawn capacity on its unsecured credit facilities, cash and cash equivalents, and marketable securities.

2024 FULL-YEAR GUIDANCE AND KEY ASSUMPTIONS

<u>Per Diluted Share</u>	<u>Range</u>	<u>Midpoint</u>	
Net Income	\$5.05 - \$5.59	\$5.32	
Total FFO	\$14.46 - \$15.00	\$14.73	
Core FFO	\$14.76 - \$15.30	\$15.03	
Q1 2024 Core FFO	\$3.68 - \$3.80	\$3.74	
<u>U.S. Economic Assumptions</u>			
GDP Growth	1.30%		
Job Growth	1.20%		
<u>ESS Markets Economic Assumptions</u>			
Job Growth	1.30%		
Market Rent Growth	1.25%		
<u>Estimated Same-Property Portfolio Growth Based on 50,884 Apartment Homes</u>			
	<u>Range</u>	<u>Midpoint Cash-Basis</u>	<u>Midpoint GAAP-Basis</u>
Revenues	0.70% to 2.70%	1.70%	1.80%
Operating Expenses	3.50% to 5.00%	4.25%	4.25%
Net Operating Income	-1.10% to 2.30%	0.60%	0.70%

KEY ASSUMPTIONS

- Acquisition and disposition activities will be influenced by 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 \$50 - \$150 million. The proceeds will be prioritized to fund future acquisitions, subject to market conditions.
- The Company has minimal development funding needs and does not currently plan to start any new developments in 2024.
- Revenue generating capital expenditures are expected to be approximately \$50 million at the Company's pro rata share.

2024 CORE FFO PER DILUTED SHARE GUIDANCE MIDPOINT VERSUS FULL-YEAR 2023

The table below provides a summary of changes between the Company's 2023 Core FFO per diluted share and its 2024 Core FFO per diluted share guidance midpoint.

2024 Core FFO Per Diluted Share Guidance Midpoint versus 2023		Midpoint
2023 Core FFO Per Diluted Share	\$	15.03
NOI from Consolidated Communities		0.14
Consolidated Net Interest Expense		0.04
Interest and Other Income		0.02
FFO from Co-Investments, including preferred equity		(0.16)
G&A and Other		(0.04)
2024 Core FFO Per Diluted Share Guidance Midpoint	\$	15.03

For additional details regarding the Company's 2024 FFO guidance range, please see page S-14 of the supplemental financial information.

CONFERENCE CALL WITH MANAGEMENT

The Company will host an earnings conference call with management to discuss its quarterly results on Wednesday, February 7, 2024 at 11:00 a.m. PT (2:00 p.m. ET), which will be broadcast live via the Internet at www.essex.com, and accessible via phone by dialing toll-free, (877) 407-0784, or toll/international, (201) 689-8560. No passcode is necessary.

A rebroadcast of the live call will be available online for 30 days and digitally for 7 days. To access the replay online, go to www.essex.com and select the fourth quarter 2023 earnings link. To access the replay, dial (844) 512-2921 using the replay pin number 13743418. If you are unable to access the information via the Company's website, please contact the Investor Relations Department at investors@essex.com or by calling (650) 655-7800.

CORPORATE PROFILE

Essex Property Trust, Inc., an S&P 500 company, is a fully integrated real estate investment trust (REIT) that acquires, develops, redevelops, and manages multifamily residential properties in selected West Coast markets. Essex currently has ownership interests in 252 apartment communities comprising approximately 62,000 apartment homes with an additional property in active development. Additional information about the Company can be found on the Company's website at www.essex.com.

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

FFO RECONCILIATION

FFO, as defined by the National Association of Real Estate Investment Trusts (“NAREIT”), is generally considered by industry analysts as an appropriate measure of performance of an equity REIT. Generally, FFO adjusts the net income of equity REITs for non-cash charges such as depreciation and amortization of rental properties, impairment charges, gains on sales of real estate and extraordinary items. Management considers FFO and FFO which excludes non-core items, which is referred to as “Core FFO,” to be useful supplemental operating performance measures of an equity REIT because, together with net income and cash flows, FFO and Core FFO provide investors with additional bases to evaluate the operating performance and ability of a REIT to incur and service debt and to fund acquisitions and other capital expenditures and to pay dividends. By excluding gains or losses related to sales of depreciated operating properties and land and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help investors compare the operating performance of a real estate company between periods or as compared to different companies. By further adjusting for items that are not considered part of the Company’s core business operations, Core FFO allows investors to compare the core operating performance of the Company to its performance in prior reporting periods and to the operating performance of other real estate companies without the effect of items that by their nature are not comparable from period to period and tend to obscure the Company’s actual operating results. FFO and Core FFO do not represent net income or cash flows from operations as defined by U.S. generally accepted accounting principles (“GAAP”) and are not intended to indicate whether cash flows will be sufficient to fund cash needs. These measures should not be considered as alternatives to net income as an indicator of the REIT’s operating performance or to cash flows as a measure of liquidity. FFO and Core FFO do not measure whether cash flow is sufficient to fund all cash needs including principal amortization, capital improvements and distributions to stockholders. FFO and Core FFO also do not represent cash flows generated from operating, investing or financing activities as defined under GAAP. Management has consistently applied the NAREIT definition of FFO to all periods presented. However, there is judgment involved and other REITs’ calculation of FFO may vary from the NAREIT definition for this measure, and thus their disclosures of FFO may not be comparable to the Company’s calculation.

The following table sets forth the Company’s calculation of diluted FFO and Core FFO for the three and twelve months ended December 31, 2023 and 2022 (in thousands, except for share and per share amounts):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Funds from Operations attributable to common stockholders and unitholders				
Net income available to common stockholders	\$ 65,391	\$ 185,165	\$ 405,825	\$ 408,315
Adjustments:				
Depreciation and amortization	138,016	135,758	548,438	539,319
Gains not included in FFO	-	(94,416)	(59,238)	(111,839)
Casualty loss	-	-	433	-
Impairment loss from unconsolidated co-investments	33,700	2,105	33,700	2,105
Depreciation and amortization from unconsolidated co-investments	18,259	18,053	71,745	72,585
Noncontrolling interest related to Operating Partnership units	2,302	6,497	14,284	14,297
Depreciation attributable to third party ownership and other	(379)	(357)	(1,474)	(1,421)
Funds from Operations attributable to common stockholders and unitholders	<u>\$ 257,289</u>	<u>\$ 252,805</u>	<u>\$ 1,013,713</u>	<u>\$ 923,361</u>
FFO per share – diluted	<u>\$ 3.87</u>	<u>\$ 3.77</u>	<u>\$ 15.24</u>	<u>\$ 13.70</u>
Expensed acquisition and investment related costs	\$ 220	\$ 1,884	\$ 595	\$ 2,132
Tax (benefit) expense on unconsolidated co-investments ⁽¹⁾	(540)	(2,373)	697	(10,236)
Realized and unrealized (gains) losses on marketable securities, net	(5,712)	(5,579)	(10,006)	45,547
Provision for credit losses	19	(317)	70	(381)
Equity (income) loss from non-core co-investments ⁽²⁾	(263)	6,928	(1,685)	38,045
Loss on early retirement of debt, net	-	-	-	2
Loss on early retirement of debt from unconsolidated co-investment	-	-	-	988
Co-investment promote income	-	-	-	(17,076)
Income from early redemption of preferred equity investments and notes receivable	-	(811)	(285)	(1,669)
General and administrative and other, net	4,059	209	6,629	2,536
Insurance reimbursements, legal settlements, and other, net	(739)	(315)	(9,821)	(5,392)
Core Funds from Operations attributable to common stockholders and unitholders	<u>\$ 254,333</u>	<u>\$ 252,431</u>	<u>\$ 999,907</u>	<u>\$ 977,857</u>
Core FFO per share – diluted	<u>\$ 3.83</u>	<u>\$ 3.77</u>	<u>\$ 15.03</u>	<u>\$ 14.51</u>
Weighted average number of shares outstanding diluted ⁽³⁾	<u>66,447,394</u>	<u>67,003,718</u>	<u>66,514,456</u>	<u>67,374,526</u>

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

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

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

NET OPERATING INCOME (“NOI”) AND SAME-PROPERTY NOI RECONCILIATIONS

NOI and same-property NOI are considered by management to be important supplemental performance measures to earnings from operations included in the Company’s consolidated statements of income. The presentation of same-property NOI assists with the presentation of the Company’s operations prior to the allocation of depreciation and any corporate-level or financing-related costs. NOI reflects the operating performance of a community and allows for an easy comparison of the operating performance of individual communities or groups of communities. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impacts to overhead by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or group of assets. The Company defines same-property NOI as same-property revenues less same-property operating expenses, including property taxes. Please see the reconciliation of earnings from operations to NOI and same-property NOI, which in the table below is the NOI for stabilized properties consolidated by the Company for the periods presented (dollars in thousands):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	<u>2023</u>	<u>2022</u>	<u>2023</u>	<u>2022</u>
Earnings from operations	\$ 130,341	\$ 228,143	\$ 584,342	\$ 595,229
Adjustments:				
Corporate-level property management expenses	11,485	10,172	45,872	40,704
Depreciation and amortization	138,016	135,758	548,438	539,319
Management and other fees from affiliates	(2,803)	(2,826)	(11,131)	(11,139)
General and administrative	19,739	16,036	63,474	56,577
Expensed acquisition and investment related costs	220	1,884	595	2,132
Casualty loss	-	-	433	-
Gain on sale of real estate and land	-	(94,416)	(59,238)	(94,416)
NOI	<u>296,998</u>	<u>294,751</u>	<u>1,172,785</u>	<u>1,128,406</u>
Less: Non-same property NOI	<u>(13,261)</u>	<u>(17,303)</u>	<u>(54,179)</u>	<u>(56,058)</u>
Same-Property NOI	<u>\$ 283,737</u>	<u>\$ 277,448</u>	<u>\$ 1,118,606</u>	<u>\$ 1,072,348</u>

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

This press release includes “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. Forward-looking statements are statements which are not historical facts, including statements regarding the Company’s expectations, estimates, assumptions, hopes, intentions, beliefs and strategies regarding the future. Words such as “expects,” “assumes,” “anticipates,” “may,” “will,” “intends,” “plans,” “projects,” “believes,” “seeks,” “future,” “estimates,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Such forward-looking statements include, among other things, statements regarding the Company’s expectations related to the continued evolution of the work-from-home trend, the Company’s intent, beliefs or expectations with respect to the timing of completion of current development and redevelopment projects and the stabilization of such projects, the timing of lease-up and occupancy of its apartment communities, the anticipated operating performance of its apartment communities, the total projected costs of development and redevelopment projects, co-investment activities, qualification as a REIT under the Internal Revenue Code of 1986, as amended, the Company’s first quarter and full-year 2024 guidance (including net income, Total FFO and Core FFO and related assumptions, including with respect to GDP growth, job growth and market rent growth), 2024 same-property revenue, operating expenses and net

operating income generally and in specific regions, the real estate markets in the geographies in which the Company's properties are located and in the United States in general, the adequacy of future cash flows to meet anticipated cash needs, its financing activities and the use of proceeds from such activities, the availability of debt and equity financing, general economic conditions including the potential impacts from such economic conditions, inflation, the labor market, supply chain impacts, geopolitical tensions and regional conflicts, 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; geopolitical tensions and regional conflicts, and the related impacts on macroeconomic conditions, including, among other things, interest rates and inflation; the Company may be unsuccessful in the management of its relationships with its co-investment partners; future cash flows may be inadequate to meet operating requirements and/or may be insufficient to provide for dividend payments in accordance with REIT requirements; changes in laws or regulations; the terms of any refinancing may not be as favorable as the terms of existing indebtedness; unexpected difficulties in leasing of development projects; volatility in financial and securities markets; the Company's failure to successfully operate acquired properties; unforeseen consequences from cyber-intrusion; the Company's inability to maintain our investment grade credit rating with the rating agencies; government approvals, actions and initiatives, including the need for compliance with environmental requirements; and those further risks, special considerations, and other factors referred to in the Company's annual report on Form 10-K for the year ended December 31, 2022, quarterly reports on Form 10-Q, and those risk factors and special considerations set forth in the Company's other filings with the SEC which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. All forward-looking statements are made as of the date hereof, the Company assumes no obligation to update or supplement this information for any reason, and therefore, they may not represent the Company's estimates and assumptions after the date of this press release.

DEFINITIONS AND RECONCILIATIONS

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

Contact Information

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Revenues:				
Rental and other property	\$ 418,945	\$ 412,357	\$ 1,658,264	\$ 1,595,675
Management and other fees from affiliates	2,803	2,826	11,131	11,139
	<u>421,748</u>	<u>415,183</u>	<u>1,669,395</u>	<u>1,606,814</u>
Expenses:				
Property operating	121,947	117,606	485,479	467,269
Corporate-level property management expenses	11,485	10,172	45,872	40,704
Depreciation and amortization	138,016	135,758	548,438	539,319
General and administrative	19,739	16,036	63,474	56,577
Expensed acquisition and investment related costs	220	1,884	595	2,132
Casualty loss	-	-	433	-
	<u>291,407</u>	<u>281,456</u>	<u>1,144,291</u>	<u>1,106,001</u>
Gain on sale of real estate and land	-	94,416	59,238	94,416
Earnings from operations	130,341	228,143	584,342	595,229
Interest expense, net ⁽¹⁾	(54,495)	(51,101)	(209,757)	(196,891)
Interest and other income (loss)	17,204	12,531	46,259	(19,040)
Equity (loss) income from co-investments	(23,241)	2,274	10,561	26,030
Tax benefit (expense) on unconsolidated co-investments	540	2,373	(697)	10,236
Loss on early retirement of debt, net	-	-	-	(2)
Gain on remeasurement of co-investment	-	-	-	17,423
Net income	<u>70,349</u>	<u>194,220</u>	<u>430,708</u>	<u>432,985</u>
Net income attributable to noncontrolling interest	(4,958)	(9,055)	(24,883)	(24,670)
Net income available to common stockholders	<u>\$ 65,391</u>	<u>\$ 185,165</u>	<u>\$ 405,825</u>	<u>\$ 408,315</u>
Net income per share - basic	<u>\$ 1.02</u>	<u>\$ 2.86</u>	<u>\$ 6.32</u>	<u>\$ 6.27</u>
Shares used in income per share - basic	<u>64,187,384</u>	<u>64,727,333</u>	<u>64,252,232</u>	<u>65,079,764</u>
Net income per share - diluted	<u>\$ 1.02</u>	<u>\$ 2.86</u>	<u>\$ 6.32</u>	<u>\$ 6.27</u>
Shares used in income per share - diluted	<u>64,188,581</u>	<u>64,731,222</u>	<u>64,253,385</u>	<u>65,098,186</u>

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

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

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

	Three Months Ended		Twelve Months Ended	
	December 31,		December 31,	
	2023	2022	2023	2022
Rental and other property				
Rental income	\$ 413,211	\$ 406,698	\$ 1,636,070	\$ 1,573,368
Other property	5,734	5,659	22,194	22,307
Rental and other property	<u>\$ 418,945</u>	<u>\$ 412,357</u>	<u>\$ 1,658,264</u>	<u>\$ 1,595,675</u>
Property operating expenses				
Real estate taxes	\$ 47,020	\$ 46,324	\$ 185,807	\$ 183,918
Administrative	12,399	11,893	49,653	45,557
Maintenance and repairs	13,909	13,803	58,538	53,816
Personnel costs	22,274	21,147	90,883	88,511
Utilities	26,345	24,439	100,598	95,467
Property operating expenses	<u>\$ 121,947</u>	<u>\$ 117,606</u>	<u>\$ 485,479</u>	<u>\$ 467,269</u>
Interest and other income (loss)				
Marketable securities and other income	\$ 10,835	\$ 5,488	\$ 27,416	\$ 20,119
Realized and unrealized gains (losses) on marketable securities, net	5,712	5,579	10,006	(45,547)
Income from early redemption of notes receivable	-	811	-	811
Provision for credit losses	(19)	317	(70)	381
Insurance reimbursements, legal settlements, and other, net	676	336	8,907	5,196
Interest and other income (loss)	<u>\$ 17,204</u>	<u>\$ 12,531</u>	<u>\$ 46,259</u>	<u>\$ (19,040)</u>
Equity income (loss) from co-investments				
Equity loss from co-investments	\$ (2,792)	\$ (1,930)	\$ (11,907)	\$ (4,908)
Income from preferred equity investments	12,925	13,258	53,284	53,946
Equity income (loss) from non-core co-investments	263	(6,928)	1,685	(38,045)
Non-core (loss) gain from unconsolidated co-investments	-	(21)	-	196
Insurance reimbursements, legal settlements, and other, net	63	-	914	-
Impairment loss from unconsolidated co-investment	(33,700)	(2,105)	(33,700)	(2,105)
Loss on early retirement of debt from unconsolidated co-investments	-	-	-	(988)
Co-investment promote income	-	-	-	17,076
Income from early redemption of preferred equity investments	-	-	285	858
Equity income (loss) from co-investments	<u>\$ (23,241)</u>	<u>\$ 2,274</u>	<u>\$ 10,561</u>	<u>\$ 26,030</u>
Noncontrolling interest				
Limited partners of Essex Portfolio, L.P.	\$ 2,302	\$ 6,497	\$ 14,284	\$ 14,297
DownREIT limited partners' distributions	2,163	2,065	8,656	8,427
Third-party ownership interest	493	493	1,943	1,946
Noncontrolling interest	<u>\$ 4,958</u>	<u>\$ 9,055</u>	<u>\$ 24,883</u>	<u>\$ 24,670</u>

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

ESSEX PROPERTY TRUST, INC.

Consolidated Funds From Operations ⁽¹⁾

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

	Three Months Ended			Twelve Months Ended		
	December 31,		% Change	December 31,		% Change
	2023	2022		2023	2022	
Funds from operations attributable to common stockholders and unitholders (FFO)						
Net income available to common stockholders	\$ 65,391	\$ 185,165		\$ 405,825	\$ 408,315	
Adjustments:						
Depreciation and amortization	138,016	135,758		548,438	539,319	
Gains not included in FFO	-	(94,416)		(59,238)	(111,839)	
Casualty loss	-	-		433	-	
Impairment loss from unconsolidated co-investments	33,700	2,105		33,700	2,105	
Depreciation and amortization from unconsolidated co-investments	18,259	18,053		71,745	72,585	
Noncontrolling interest related to Operating Partnership units	2,302	6,497		14,284	14,297	
Depreciation attributable to third party ownership and other ⁽²⁾	(379)	(357)		(1,474)	(1,421)	
Funds from operations attributable to common stockholders and unitholders	\$ 257,289	\$ 252,805		\$ 1,013,713	\$ 923,361	
FFO per share-diluted	\$ 3.87	\$ 3.77	2.7%	\$ 15.24	\$ 13.70	11.2%
Components of the change in FFO						
Non-core items:						
Expensed acquisition and investment related costs	\$ 220	\$ 1,884		\$ 595	\$ 2,132	
Tax (benefit) expense on unconsolidated co-investments ⁽³⁾	(540)	(2,373)		697	(10,236)	
Realized and unrealized (gains) losses on marketable securities, net	(5,712)	(5,579)		(10,006)	45,547	
Provision for credit losses	19	(317)		70	(381)	
Equity (income) loss from non-core co-investments ⁽⁴⁾	(263)	6,928		(1,685)	38,045	
Loss on early retirement of debt, net	-	-		-	2	
Loss on early retirement of debt from unconsolidated co-investments	-	-		-	988	
Co-investment promote income	-	-		-	(17,076)	
Income from early redemption of preferred equity investments and notes receivable	-	(811)		(285)	(1,669)	
General and administrative and other, net	4,059	209		6,629	2,536	
Insurance reimbursements, legal settlements, and other, net	(739)	(315)		(9,821)	(5,392)	
Core funds from operations attributable to common stockholders and unitholders	\$ 254,333	\$ 252,431		\$ 999,907	\$ 977,857	
Core FFO per share-diluted	\$ 3.83	\$ 3.77	1.6%	\$ 15.03	\$ 14.51	3.6%
Weighted average number of shares outstanding diluted ⁽⁵⁾	66,447,394	67,003,718		66,514,456	67,374,526	

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

⁽²⁾ The Company consolidates certain co-investments. The noncontrolling interest's share of net operating income in these investments for the three and twelve months ended December 31, 2023 was \$0.8 million and \$3.3 million.

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

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

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

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

	December 31, 2023	December 31, 2022
Real Estate:		
Land and land improvements	\$ 3,036,912	\$ 3,043,321
Buildings and improvements	13,098,311	12,922,906
	16,135,223	15,966,227
Less: accumulated depreciation	(5,664,931)	(5,152,133)
	10,470,292	10,814,094
Real estate under development	23,724	24,857
Co-investments	1,061,733	1,127,491
	11,555,749	11,966,442
Cash and cash equivalents, including restricted cash	400,334	42,681
Marketable securities	87,795	112,743
Notes and other receivables	174,621	103,045
Operating lease right-of-use assets	63,757	67,239
Prepaid expenses and other assets	79,171	80,755
Total assets	\$ 12,361,427	\$ 12,372,905
Unsecured debt, net	\$ 5,318,531	\$ 5,312,168
Mortgage notes payable, net	887,204	593,943
Lines of credit	-	52,073
Distributions in excess of investments in co-investments	65,488	42,532
Operating lease liabilities	65,091	68,696
Other liabilities	398,930	381,227
Total liabilities	6,735,244	6,450,639
Redeemable noncontrolling interest	32,205	27,150
Equity:		
Common stock	6	6
Additional paid-in capital	6,656,720	6,750,076
Distributions in excess of accumulated earnings	(1,267,536)	(1,080,176)
Accumulated other comprehensive income, net	33,556	46,466
Total stockholders' equity	5,422,746	5,716,372
Noncontrolling interest	171,232	178,744
Total equity	5,593,978	5,895,116
Total liabilities and equity	\$ 12,361,427	\$ 12,372,905

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

ESSEX PROPERTY TRUST, INC.
Debt Summary – December 31, 2023
(Dollars in thousands, except in footnotes)

	Balance Outstanding	Weighted Average		Scheduled principal payments, unamortized premiums (discounts) and (debt issuance costs) are as follows - excludes lines of credit:					
		Interest Rate	Maturity in Years	Unsecured	Secured	Total	Weighted Average Interest Rate	Percentage of Total Debt	
Unsecured Debt, net									
Bonds public - fixed rate	\$ 5,050,000	3.3%	7.1	2024 ⁽²⁾	\$ 400,000	\$ 3,109	\$ 403,109	4.0%	6.5%
Term loan ⁽¹⁾	300,000	4.2%	3.8	2025	500,000	133,054	633,054	3.5%	10.1%
Unamortized discounts and debt issuance costs, net	(31,469)	-	-	2026	450,000	99,405	549,405	3.5%	8.8%
Total unsecured debt, net	5,318,531	3.3%	6.9	2027 ⁽¹⁾	650,000	153,955	803,955	4.0%	12.9%
Mortgage Notes Payable, net				2028	450,000	68,332	518,332	2.2%	8.3%
Fixed rate - secured ⁽²⁾	667,061	4.3%	5.8	2029	500,000	1,456	501,456	4.1%	8.0%
Variable rate - secured ⁽³⁾	222,731	4.6%	14.1	2030	550,000	1,592	551,592	3.1%	8.8%
Unamortized premiums and debt issuance costs, net	(2,588)	-	-	2031	600,000	1,740	601,740	2.3%	9.6%
Total mortgage notes payable, net	887,204	4.3%	7.9	2032	650,000	1,903	651,903	2.6%	10.5%
Unsecured Lines of Credit				2033	-	330,126	330,126	5.0%	5.3%
Line of credit ⁽⁴⁾	-	6.3%	N/A	2034	-	2,275	2,275	4.8%	0.1%
Line of credit ⁽⁵⁾	-	6.3%	N/A	Thereafter	600,000	92,845	692,845	3.8%	11.1%
Total lines of credit	-	6.3%	N/A	Subtotal	5,350,000	889,792	6,239,792	3.4%	100.0%
Total debt, net	\$ 6,205,735	3.4%	7.1	Debt Issuance Costs	(25,344)	(3,090)	(28,434)	-	-
				(Discounts)/Premiums	(6,125)	502	(5,623)	-	-
				Total	\$ 5,318,531	\$ 887,204	\$ 6,205,735	3.4%	100.0%

Capitalized interest for the three and twelve months ended December 31, 2023 was approximately \$0.1 million and \$0.8 million, respectively.

- (1) The unsecured term loan has a variable interest rate of Adjusted SOFR plus 0.85% and matures in October 2024 with three 12-month extension options, exercisable at the Company's option. This loan has been swapped to an all-in fixed rate of 4.2% and the swap has a termination date of October 2026.
- (2) In July 2023, the Company closed \$298.0 million in 10-year secured loans priced at a 5.08% fixed interest rate. The proceeds are intended to repay a majority of the Company's \$400.0 million unsecured public bonds due in May 2024 upon maturity.
- (3) \$222.7 million of variable rate debt is tax exempt to the note holders.
- (4) This unsecured line of credit facility has a capacity of \$1.2 billion, a scheduled maturity date in January 2027 and two 6-month extension options, exercisable at the Company's option. The underlying interest rate on this line is Adjusted SOFR plus 0.75%, which is based on a tiered rate structure tied to the Company's corporate ratings and further adjusted by the facility's Sustainability Metric Grid.
- (5) This unsecured line of credit facility has a capacity of \$35 million and a scheduled maturity date in July 2024. The underlying interest rate on this line is Adjusted SOFR plus 0.75%, which is based on a tiered rate structure tied to the Company's corporate ratings and further adjusted by the facility's Sustainability Metric Grid.

ESSEX PROPERTY TRUST, INC.
Capitalization Data, Public Bond Covenants, Credit Ratings and Selected Credit Ratios – December 31, 2023
(Dollars and shares in thousands, except per share amounts)

<u>Capitalization Data</u>			<u>Public Bond Covenants</u> ⁽¹⁾											
Total debt, net	\$	<u>6,205,735</u>												
Common stock and potentially dilutive securities			Debt to Total Assets:	<table border="1"> <thead> <tr> <th>Actual</th> <th>Requirement</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">34%</td> <td style="text-align: center;">< 65%</td> </tr> <tr> <td style="text-align: center;">5%</td> <td style="text-align: center;">< 40%</td> </tr> <tr> <td style="text-align: center;">566%</td> <td style="text-align: center;">> 150%</td> </tr> <tr> <td style="text-align: center;">289%</td> <td style="text-align: center;">> 150%</td> </tr> </tbody> </table>	Actual	Requirement	34%	< 65%	5%	< 40%	566%	> 150%	289%	> 150%
Actual	Requirement													
34%	< 65%													
5%	< 40%													
566%	> 150%													
289%	> 150%													
Common stock outstanding		64,203	Secured Debt to Total Assets:											
Limited partnership units ⁽¹⁾		2,259	Interest Coverage:											
Options-treasury method		<u>6</u>	Unsecured Debt Ratio ⁽²⁾ :											
Total shares of common stock and potentially dilutive securities		<u>66,468</u>												
Common stock price per share as of December 29, 2023	\$	<u>247.94</u>	<u>Selected Credit Ratios</u> ⁽³⁾											
Total equity capitalization	\$	<u>16,480,076</u>	Net Indebtedness Divided by Adjusted EBITDAre, normalized and annualized:	<table border="1"> <thead> <tr> <th>Actual</th> </tr> </thead> <tbody> <tr> <td style="text-align: center;">5.4</td> </tr> <tr> <td style="text-align: center;">92%</td> </tr> </tbody> </table>	Actual	5.4	92%							
Actual														
5.4														
92%														
Total market capitalization	\$	<u>22,685,811</u>	Unencumbered NOI to Adjusted Total NOI:											
Ratio of debt to total market capitalization		<u>27.4%</u>												
<u>Credit Ratings</u>														
<u>Rating Agency</u>	<u>Rating</u>	<u>Outlook</u>												
Moody's	Baa1	Stable												
Standard & Poor's	BBB+	Stable												
⁽¹⁾ Assumes conversion of all outstanding limited partnership units in the Operating Partnership into shares of the Company's common stock.														
			⁽¹⁾ Refer to page S-18.4 for additional information on the Company's Public Bond Covenants.											
			⁽²⁾ Unsecured Debt Ratio is unsecured assets (excluding investments in co-investments) divided by unsecured indebtedness.											
			⁽³⁾ Refer to pages S-18.1 to S-18.4, the section titled "Reconciliations of Non-GAAP Financial Measures and Other Terms" for additional information on the Company's Selected Credit Ratios.											

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

ESSEX PROPERTY TRUST, INC.
Portfolio Summary by County as of December 31, 2023

Region - County	Apartment Homes			Average Monthly Rental Rate ⁽¹⁾			Percent of NOI ⁽²⁾		
	Consolidated	Unconsolidated Co-investments ⁽³⁾	Total	Consolidated	Unconsolidated Co-investments ⁽⁴⁾	Total ⁽⁵⁾	Consolidated	Unconsolidated Co-investments ⁽⁴⁾	Total ⁽⁵⁾
Southern California									
Los Angeles County	9,538	1,586	11,124	\$ 2,685	\$ 2,562	\$ 2,674	17.0%	14.5%	16.7%
Orange County	5,189	1,149	6,338	2,743	2,461	2,714	10.8%	10.6%	10.8%
San Diego County	4,824	1,059	5,883	2,592	2,690	2,602	9.8%	9.1%	9.7%
Ventura County and Other	2,435	693	3,128	2,357	2,765	2,411	4.6%	7.7%	5.0%
Total Southern California	21,986	4,487	26,473	2,642	2,598	2,637	42.2%	41.9%	42.2%
Northern California									
Santa Clara County ⁽⁶⁾	8,749	1,774	10,523	2,983	2,931	2,978	20.0%	16.8%	19.7%
Alameda County	3,959	1,512	5,471	2,592	2,586	2,591	7.0%	14.6%	7.7%
San Mateo County	2,561	195	2,756	3,076	3,646	3,097	5.5%	2.5%	5.2%
Contra Costa County	2,619	-	2,619	2,693	-	2,693	5.3%	0.0%	4.8%
San Francisco	1,357	537	1,894	2,874	3,280	2,941	2.4%	5.5%	2.7%
Total Northern California	19,245	4,018	23,263	2,868	2,870	2,868	40.2%	39.4%	40.1%
Seattle Metro	10,341	2,184	12,525	2,166	2,083	2,158	17.6%	18.7%	17.7%
Total	51,572	10,689	62,261	\$ 2,631	\$ 2,595	\$ 2,627	100.0%	100.0%	100.0%

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

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

⁽³⁾ Includes one community in San Diego County consisting of 264 apartment homes that is producing partial income due to lease-up.

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

⁽⁵⁾ At Company's pro rata share.

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

ESSEX PROPERTY TRUST, INC.
Operating Income by Quarter ⁽¹⁾
(Dollars in thousands)

	Apartment Homes	Q4 '23	Q3 '23	Q2 '23	Q1 '23	Q4 '22
Rental and other property revenues:						
Same-property	50,064	\$ 400,331	\$ 398,460	\$ 394,204	\$ 388,895	\$ 389,016
Acquisitions ⁽²⁾	284	1,568	1,528	1,332	1,021	886
Development ⁽³⁾	599	5,865	5,808	5,710	5,500	5,417
Redevelopment	179	1,536	1,564	1,595	1,537	1,418
Non-residential/other, net ⁽⁴⁾	446	10,695	10,432	11,099	12,127	13,573
Straight-line rent concessions ⁽⁵⁾	-	(1,050)	(1,394)	(675)	576	2,047
Total rental and other property revenues	51,572	418,945	416,398	413,265	409,656	412,357
Property operating expenses:						
Same-property		116,594	118,481	113,413	114,796	111,568
Acquisitions ⁽²⁾		534	549	495	430	536
Development ⁽³⁾		2,394	2,434	2,375	2,316	2,360
Redevelopment		742	634	674	788	654
Non-residential/other, net ^{(4) (6)}		1,683	1,798	2,267	2,082	2,488
Total property operating expenses		121,947	123,896	119,224	120,412	117,606
Net operating income (NOI):						
Same-property		283,737	279,979	280,791	274,099	277,448
Acquisitions ⁽²⁾		1,034	979	837	591	350
Development ⁽³⁾		3,471	3,374	3,335	3,184	3,057
Redevelopment		794	930	921	749	764
Non-residential/other, net ⁽⁴⁾		9,012	8,634	8,832	10,045	11,085
Straight-line rent concessions ⁽⁵⁾		(1,050)	(1,394)	(675)	576	2,047
Total NOI		\$ 296,998	\$ 292,502	\$ 294,041	\$ 289,244	\$ 294,751
Same-property metrics						
Operating margin		71%	70%	71%	70%	71%
Annualized turnover ⁽⁷⁾		40%	48%	45%	38%	42%
Financial occupancy ⁽⁸⁾		96.1%	96.4%	96.6%	96.7%	96.0%

⁽¹⁾ Includes consolidated communities only.

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

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

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

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

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

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

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

ESSEX PROPERTY TRUST, INC.
Same-Property Revenue Results by County – Fourth Quarter 2023 vs. Fourth Quarter 2022 and Third Quarter 2023
(Dollars in thousands, except average monthly rental rates)

Region - County	Apartment Homes	Q4 '23 % of Actual NOI	Average Monthly Rental Rate			Financial Occupancy			Gross Revenues			Sequential Gross Revenues	
			Q4 '23	Q4 '22	% Change	Q4 '23	Q4 '22	% Change	Q4 '23	Q4 '22	% Change	Q3 '23	% Change
Southern California													
Los Angeles County	9,327	17.2%	\$ 2,703	\$ 2,653	1.9%	95.3%	96.4%	-1.1%	\$ 73,591	\$ 73,856	-0.4%	\$ 74,021	-0.6%
Orange County	5,189	11.1%	2,743	2,619	4.7%	96.3%	96.5%	-0.2%	42,715	41,056	4.0%	41,946	1.8%
San Diego County	4,582	9.5%	2,593	2,434	6.5%	96.2%	96.4%	-0.2%	36,277	33,513	8.2%	35,794	1.3%
Ventura County	2,254	4.5%	2,349	2,223	5.7%	96.7%	96.1%	0.6%	16,408	15,304	7.2%	16,165	1.5%
Total Southern California	21,352	42.3%	2,652	2,552	3.9%	95.9%	96.4%	-0.5%	168,991	163,729	3.2%	167,926	0.6%
Northern California													
Santa Clara County	8,653	20.3%	2,974	2,902	2.5%	96.4%	95.8%	0.6%	78,368	75,541	3.7%	78,886	-0.7%
Alameda County	3,959	7.2%	2,592	2,597	-0.2%	95.7%	95.9%	-0.2%	30,995	30,496	1.6%	31,148	-0.5%
San Mateo County	1,962	4.4%	3,039	2,966	2.5%	96.0%	95.0%	1.1%	18,770	17,684	6.1%	18,453	1.7%
Contra Costa County	2,619	5.5%	2,693	2,639	2.0%	96.6%	96.2%	0.4%	21,818	21,096	3.4%	21,464	1.6%
San Francisco	1,178	2.2%	2,839	2,808	1.1%	95.5%	95.2%	0.3%	10,183	10,186	0.0%	9,952	2.3%
Total Northern California	18,371	39.6%	2,850	2,800	1.8%	96.2%	95.8%	0.4%	160,134	155,003	3.3%	159,903	0.1%
Seattle Metro	10,341	18.1%	2,166	2,164	0.1%	96.5%	95.8%	0.7%	71,206	70,284	1.3%	70,631	0.8%
Total Same-Property	50,064	100.0%	\$ 2,624	\$ 2,563	2.4%	96.1%	96.0%	0.1%	\$ 400,331	\$ 389,016	2.9%	\$ 398,460	0.5%

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

ESSEX PROPERTY TRUST, INC.
Same-Property Revenue Results by County – Twelve months ended December 31, 2023 vs. Twelve months ended December 31, 2022
(Dollars in thousands, except average monthly rental rates)

Region - County	Apartment Homes	YTD 2023 % of Actual NOI	Average Monthly Rental Rate			Financial Occupancy			Gross Revenues		
			YTD 2023	YTD 2022	% Change	YTD 2023	YTD 2022	% Change	YTD 2023	YTD 2022	% Change
Southern California											
Los Angeles County	9,327	17.6%	\$ 2,688	\$ 2,586	3.9%	96.2%	96.1%	0.1%	\$ 293,708	\$ 289,360	1.5%
Orange County	5,189	10.8%	2,698	2,532	6.6%	96.2%	96.1%	0.1%	166,920	156,870	6.4%
San Diego County	4,582	9.4%	2,535	2,332	8.7%	96.7%	96.4%	0.3%	141,249	129,234	9.3%
Ventura County	2,254	4.4%	2,304	2,144	7.5%	96.9%	96.1%	0.8%	64,185	59,532	7.8%
Total Southern California	21,352	42.2%	2,617	2,472	5.9%	96.3%	96.2%	0.1%	666,062	634,996	4.9%
Northern California											
Santa Clara County	8,653	20.4%	2,954	2,830	4.4%	96.7%	96.3%	0.4%	311,162	295,189	5.4%
Alameda County	3,959	7.4%	2,596	2,555	1.6%	96.4%	96.0%	0.4%	123,741	120,812	2.4%
San Mateo County	1,962	4.4%	3,013	2,922	3.1%	96.2%	95.8%	0.4%	72,909	69,950	4.2%
Contra Costa County	2,619	5.4%	2,673	2,589	3.2%	96.8%	96.1%	0.7%	85,648	82,943	3.3%
San Francisco	1,178	2.2%	2,832	2,760	2.6%	95.3%	95.9%	-0.6%	40,276	40,367	-0.2%
Total Northern California	18,371	39.8%	2,835	2,742	3.4%	96.5%	96.1%	0.4%	633,736	609,261	4.0%
Seattle Metro	10,341	18.0%	2,165	2,097	3.2%	96.6%	95.8%	0.8%	282,092	271,248	4.0%
Total Same-Property	50,064	100.0%	\$ 2,604	\$ 2,493	4.5%	96.4%	96.1%	0.3%	\$ 1,581,890	\$ 1,515,505	4.4%

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

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

Based on 50,064 apartment homes

	Q4 '23	Q4 '22	% Change	% of Op. Ex.
Same-property operating expenses:				
Real estate taxes	\$ 43,468	\$ 42,749	1.7%	37.3%
Utilities	25,276	23,310	8.4%	21.7%
Personnel costs	21,333	20,094	6.2%	18.3%
Maintenance and repairs	13,357	13,036	2.5%	11.5%
Administrative	6,266	6,742	-7.1%	5.4%
Insurance and other	6,894	5,637	22.3%	5.8%
Total same-property operating expenses	\$ 116,594	\$ 111,568	4.5%	100.0%
	YTD 2023	YTD 2022	% Change	% of Op. Ex.
Same-property operating expenses:				
Real estate taxes	\$ 171,295	\$ 169,161	1.3%	37.0%
Utilities	96,246	90,587	6.2%	20.8%
Personnel costs	86,986	84,299	3.2%	18.8%
Maintenance and repairs	56,201	51,096	10.0% ⁽¹⁾	12.1%
Administrative	26,435	25,968	1.8%	5.7%
Insurance and other	26,121	22,046	18.5%	5.6%
Total same-property operating expenses	\$ 463,284	\$ 443,157	4.5%	100.0%

⁽¹⁾ The increase in maintenance and repairs expense is primarily due to storm and flood damage clean-up.

ESSEX PROPERTY TRUST, INC.

Development Pipeline – December 31, 2023

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

Project Name - Location	Ownership %	Estimated Apartment Homes	Estimated Commercial sq. feet	Incurred to Date	Remaining Costs	Estimated Total Cost	Essex Est. Total Cost ⁽¹⁾	Cost per Apartment Home ⁽²⁾	% Occupied	% Leased as of 12/31/23 ⁽³⁾	% Leased as of 2/2/24 ⁽³⁾	Construction Start	Initial Occupancy	Stabilized Operations
Land Held for Future Development - Consolidated														
Other Projects - Various	100%	-	-	\$ 24	\$ -	\$ 24	\$ 24							
Total Development Pipeline - Consolidated		-	-	24	-	24	24							
Development Projects - Joint Venture ⁽⁴⁾														
LIVIA at Scripps Ranch ⁽⁵⁾ - San Diego, CA	51%	264	2,000	90	12	102	52	383	77%	79%	85%	Q3 2020	Q3 2023	Q1 2024
Total Development Projects - Joint Venture		264	2,000	90	12	102	52	\$ 383						
Grand Total - Development Pipeline		264	2,000	\$ 114	\$ 12	\$ 126	76							
Essex Cost Incurred to Date - Pro Rata							(69)							
Essex Remaining Commitment							\$ 7							

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

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

⁽³⁾ Calculations are based on multifamily operations only.

⁽⁴⁾ For the fourth quarter of 2023, the Company's cost includes \$0.1 million of capitalized interest, \$0.7 million of capitalized overhead and \$0.2 million of development fees (such development fees reduced G&A expenses).

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

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

Revenue Generating Capital Expenditures ⁽²⁾	Q4 '23	Trailing 4 Quarters
Same-property portfolio	\$ 16,910	\$ 62,754
Non-same property portfolio	253	1,434
Total revenue generating capital expenditures	\$ 17,163	\$ 64,188
Number of same-property interior renovations	366	2,211
Number of total consolidated interior renovations	379	2,263
Non-Revenue Generating Capital Expenditures ⁽³⁾	Q4 '23	Trailing 4 Quarters
Non-revenue generating capital expenditures	\$ 42,165	\$ 130,535
Average apartment homes in quarter	51,572	51,573
Capital expenditures per apartment homes in the quarter	\$ 818	\$ 2,531

⁽¹⁾ The Company incurred \$0.1 million of capitalized interest, \$4.1 million of capitalized overhead and \$0.1 million of co-investment fees related to redevelopment in Q4 2023.

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

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

ESSEX PROPERTY TRUST, INC.
Co-investments and Preferred Equity Investments – December 31, 2023
(Dollars in thousands, except in footnotes)

	Weighted Average Essex Ownership Percentage	Apartment Homes	Total Undepreciated Book Value	Debt Amount	Essex Book Value	Weighted Average Borrowing Rate ⁽¹⁾	Remaining Term of Debt (in Years)	Three Months Ended December 31, 2023	Twelve Months Ended December 31, 2023
Operating and Other Non-Consolidated Joint Ventures								NOI	
Wesco I, III, IV, V, VI ⁽²⁾	54%	5,975	\$ 2,152,321	\$ 1,437,874	\$ 144,766	3.5%	2.8	\$ 29,326	\$ 115,222
BEXAEW, BEX II, BEX IV, and 500 Folsom	50%	3,083	1,257,029	545,774	224,119	5.3%	7.8 ⁽⁵⁾	16,758	64,612
Other ⁽³⁾	52%	1,367	560,922	407,775	68,493	4.7%	2.0	7,008	28,125
Total Operating and Other Non-Consolidated Joint Ventures		10,425	\$ 3,970,272	\$ 2,391,423	\$ 437,378	4.1%	3.8	\$ 53,092	\$ 207,959
Development Non-Consolidated Joint Ventures ⁽⁴⁾	51%	264	90,434	89,250	14,605	4.4%	36.4 ⁽⁶⁾	979	1,531
Total Non-Consolidated Joint Ventures		10,689	\$ 4,060,706	\$ 2,480,673	\$ 451,983	4.1%	5.0	\$ 54,071	\$ 209,490
								Essex Portion of NOI and Expenses	
NOI								\$ 28,919	\$ 112,100
Depreciation								(18,259)	(71,745)
Interest expense and other								(13,452)	(52,262)
Equity income from non-core co-investments								263	1,685
Insurance reimbursements, legal settlements, and other, net								63	914
Net loss from operating and other co-investments								\$ (2,466)	\$ (9,308)
								Income from Preferred Equity Investments	
Income from preferred equity investments						Weighted Average Preferred Return	Weighted Average Expected Term	\$ 12,925	\$ 53,284
Income from early redemption of preferred equity investments								-	285
Impairment loss from unconsolidated co-investment								(33,700)	(33,700)
Preferred Equity Investments ⁽⁷⁾						9.8%	2.1	\$ (20,775)	\$ 19,869
Total Co-investments								\$ (23,241)	\$ 10,561

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

⁽²⁾ As of December 31, 2023, the Company's investments in Wesco I, Wesco III, and Wesco IV were classified as a liability of \$61.8 million due to distributions received in excess of the Company's investment.

⁽³⁾ As of December 31, 2023, the Company's investments in Expo and Century Towers were classified as a liability of \$3.7 million due to distributions received in excess of the Company's investment. The weighted average Essex ownership percentage excludes our investments in non-core technology co-investments which are carried at fair value.

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

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

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

⁽⁷⁾ As of December 31, 2023, the Company has invested in 24 preferred equity investments.

ESSEX PROPERTY TRUST, INC.
Assumptions for 2024 FFO Guidance Range
(Dollars in thousands, except per share data)

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

	2023	2024 Full-Year Guidance Range		Comments about 2024 Full-Year Guidance
	Actuals ⁽¹⁾	Low End	High End	
Total NOI from Consolidated Communities	\$ 1,172,785	\$ 1,167,000	\$ 1,197,000	Includes a range of same-property NOI growth of -1.10% to 2.30%
Management Fees	11,131	10,600	11,600	
<u>Interest Expense</u>				
Interest expense, before capitalized interest	(210,592)	(208,700)	(206,300)	
Interest capitalized	835	100	500	
Net interest expense	(209,757)	(208,600)	(205,800)	
<u>Recurring Income and Expenses</u>				
Interest and other income	27,416	28,200	29,200	Reflects \$100M of preferred equity redemptions and a forecasted reduction in preferred equity income on the remaining book
FFO from co-investments	113,122	101,100	104,300	
General and administrative	(56,845)	(56,700)	(58,700)	
Corporate-level property management expenses	(45,872)	(46,100)	(47,100)	
Non-controlling interest	(12,073)	(13,500)	(12,500)	
Total recurring income and expenses	25,748	13,000	15,200	
<u>Non-Core Income and Expenses</u>				
Expensed acquisition and investment related costs	(595)	-	-	
Tax expense on unconsolidated co-investments	(697)	-	-	
Realized and unrealized gains on marketable securities, net	10,006	-	-	
Provision for credit losses	(70)	-	-	
Equity income from non-core co-investments	1,685	-	-	
Income from early redemption of preferred equity investments	285	-	-	
General and administrative and other, net	(6,629)	(20,000)	(20,000)	
Insurance reimbursements, legal settlements, and other, net	9,821	-	-	
Total non-core income and expenses	13,806	(20,000)	(20,000)	
Funds from Operations ⁽²⁾	\$ 1,013,713	\$ 962,000	\$ 998,000	
Funds from Operations per diluted Share	\$ 15.24	\$ 14.46	\$ 15.00	
% Change - Funds from Operations	11.2%	-5.1%	-1.6%	
Core Funds from Operations (excludes non-core items)	\$ 999,907	\$ 982,000	\$ 1,018,000	
Core Funds from Operations per diluted Share	\$ 15.03	\$ 14.76	\$ 15.30	
% Change - Core Funds from Operations	3.6%	-1.8%	1.8%	
EPS - Diluted	\$ 6.32	\$ 5.05	\$ 5.59	
Weighted average shares outstanding - FFO calculation	66,514	66,550	66,550	

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

⁽²⁾ 2024 guidance excludes inestimable projected gain on sale of marketable securities, loss on early retirement of debt, political/legislative costs, and promote income until they are realized within the reporting period presented in the report.

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

ESSEX PROPERTY TRUST, INC.
Reconciliation of Projected EPS, FFO and Core FFO per diluted share

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

2024 Guidance Range ⁽¹⁾

	2023 Actuals	1st Quarter 2024		Full-Year 2024	
		Low	High	Low	High
EPS - diluted	\$ 6.32	\$ 1.26	\$ 1.38	\$ 5.05	\$ 5.59
Conversion from GAAP share count	(0.21)	(0.04)	(0.04)	(0.18)	(0.18)
Impairment loss from unconsolidated co-investments	0.51	-	-	-	-
Depreciation and amortization	9.32	2.35	2.35	9.41	9.41
Noncontrolling interest related to Operating Partnership units	0.19	0.04	0.04	0.18	0.18
Gain on sale of real estate and land	(0.89)	-	-	-	-
FFO per share - diluted	\$ 15.24	\$ 3.61	\$ 3.73	\$ 14.46	\$ 15.00
Expensed acquisition and investment related costs	0.01	-	-	-	-
Tax expense on unconsolidated co-investments	0.01	-	-	-	-
Realized and unrealized gains on marketable securities, net	(0.15)	-	-	-	-
Provision for credit losses	-	-	-	-	-
Equity income from non-core co-investments	(0.03)	-	-	-	-
Income from early redemption of preferred equity investments	-	-	-	-	-
General and administrative and other, net	0.10	0.07	0.07	0.30	0.30
Insurance reimbursements, legal settlements, and other, net	(0.15)	-	-	-	-
Core FFO per share - diluted	\$ 15.03	\$ 3.68	\$ 3.80	\$ 14.76	\$ 15.30

⁽¹⁾ 2024 guidance excludes inestimable projected gain on sale of real estate and land, gain on sale of marketable securities, loss on early retirement of debt, political/legislative costs, and promote income until they are realized within the reporting period presented in the report.

ESSEX PROPERTY TRUST, INC.**Summary of Apartment Community Acquisitions and Dispositions Activity – Year to date as of December 31, 2023***(Dollars in thousands)*

Acquisitions								
Property Name	Location	Apartment Homes	Essex Ownership Percentage	Entity	Date	Total Contract Price	Price per Apartment Home	Average Monthly Rent
Hacienda at Camarillo Oaks	Camarillo, CA	73	100%	EPLP	Apr-23	\$ 23,100	\$ 316	\$ 2,376
	Q2 2023	<u>73</u>				<u>\$ 23,100</u>	<u>\$ 316</u>	
	2023 Total	<u>73</u>				<u>\$ 23,100</u>	<u>\$ 316</u>	
Dispositions								
Property Name	Location	Apartment Homes	Essex Ownership Percentage	Entity	Date	Total Sale Price	Price per Apartment Home	
CBC and The Sweeps	Goleta, CA	239	100%	EPLP	Mar-23	\$ 91,675	\$ 384	
	Q1 2023	<u>239</u>				<u>\$ 91,675</u>	<u>\$ 384</u>	
	2023 Total	<u>239</u>				<u>\$ 91,675</u>	<u>\$ 384</u>	

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

ESSEX PROPERTY TRUST, INC.
Same-Property Delinquencies, Operating Statistics, and Revenue Growth with Concessions on a GAAP basis
(Dollars in millions, except in footnotes and per share amounts)
Same-Property Delinquencies - Fourth Quarter 2023 vs. 2022 and January 2024

	Jan. 2024	4Q23	4Q22
Gross delinquencies as % of scheduled rent, excluding rental assistance	2.2%	1.5%	1.8%
Rental assistance funds as % of scheduled rent ⁽¹⁾	0.0%	-0.1%	-0.7%
Cash delinquencies as % of scheduled rent, including rental assistance ⁽²⁾	2.2%	1.4%	1.1%

Same-Property Cash Delinquencies as % of Scheduled Rent, by Region

	Jan. 2024	4Q 2023
Southern California, excl. Los Angeles	2.2%	1.1%
Northern California, excl. Alameda	1.0%	0.1%
Seattle	1.5%	0.8%
Los Angeles & Alameda Counties ⁽³⁾	4.0%	3.5%
Total Same-Property Portfolio ⁽¹⁾⁽²⁾	2.2%	1.4%

⁽¹⁾ The Company's same-property portfolio received Emergency Rental Assistance payments of \$0.1 million and \$0.5 million for January 2024 and the three months ended December 31, 2023, respectively. This compares to \$0.3 million and \$2.6 million in January 2023 and the three months ended December 31, 2022, respectively.

⁽²⁾ Represents same-property portfolio delinquencies as a percentage of scheduled rent reflected in the financial statements.

⁽³⁾ Eviction protections for the city and county of Los Angeles ended on April 1, 2023, and Alameda county protections ended on April 29, 2023.

Same-Property Portfolio Operating Statistics

	Jan. 2024	4Q 2023
New lease rates ⁽¹⁾	-0.2%	-1.7%
Renewal rates ⁽¹⁾	4.8%	4.9%
Blended rates	2.6%	1.7%
Financial occupancy	96.2%	96.1%

⁽¹⁾ Represents the percentage change in similar term lease tradeouts, including the impact of leasing incentives.

Same-Property Revenue Growth with Concessions on a GAAP basis

	4Q 2023	4Q 2022	YTD 2023	YTD 2022
Reported rental revenue ⁽¹⁾	\$ 400.3	\$ 389.0	\$ 1,581.9	\$ 1,515.5
Straight-line rent impact to rental revenue	(1.0)	2.1	(2.0)	(5.6)
GAAP rental revenue	\$ 399.3	\$ 391.1	\$ 1,579.9	\$ 1,509.9
% change - reported rental revenue	2.9%		4.4%	
% change - GAAP rental revenue	2.1%		4.6%	

⁽¹⁾ Same-property rental revenue reflects concessions on a cash basis.

2024E Economic and Supply Forecast

U.S. Economic Assumptions:

GDP Growth = +1.3%

Job Growth⁽¹⁾ = +1.2% (TTM YOY)

Unemployment Rate = 4.2% (Dec' 24)

Essex Markets Economic Forecast:

Job Growth⁽¹⁾ = +1.3% (TTM YOY)

Rent Growth⁽²⁾ = +1.25% (TTM YOY)

Residential Supply Forecast ⁽³⁾					
Market	2023A		2024E		
	Total MF/SF Supply	Total Supply as a % of Stock	Multifamily Supply	Total MF/SF Supply	Total Supply as a % of Stock
Los Angeles	19,400	0.5%	10,200	16,100	0.4%
Orange County	5,300	0.5%	2,900	4,900	0.4%
San Diego	5,800	0.5%	3,600	5,600	0.4%
Ventura	600	0.2%	500	800	0.3%
Southern California	31,100	0.5%	17,200	27,400	0.4%
San Francisco	2,200	0.3%	1,600	2,000	0.2%
Oakland	5,300	0.5%	2,400	4,100	0.4%
San Jose	3,900	0.5%	2,800	4,400	0.6%
Northern California	11,400	0.4%	6,800	10,500	0.4%
Seattle	9,700	0.7%	8,900	11,700	0.9%
Total/Weighted Avg.	52,200	0.5%	32,900	49,600	0.5%

Data based on Essex Data Analytics forecasts and third-party projections.

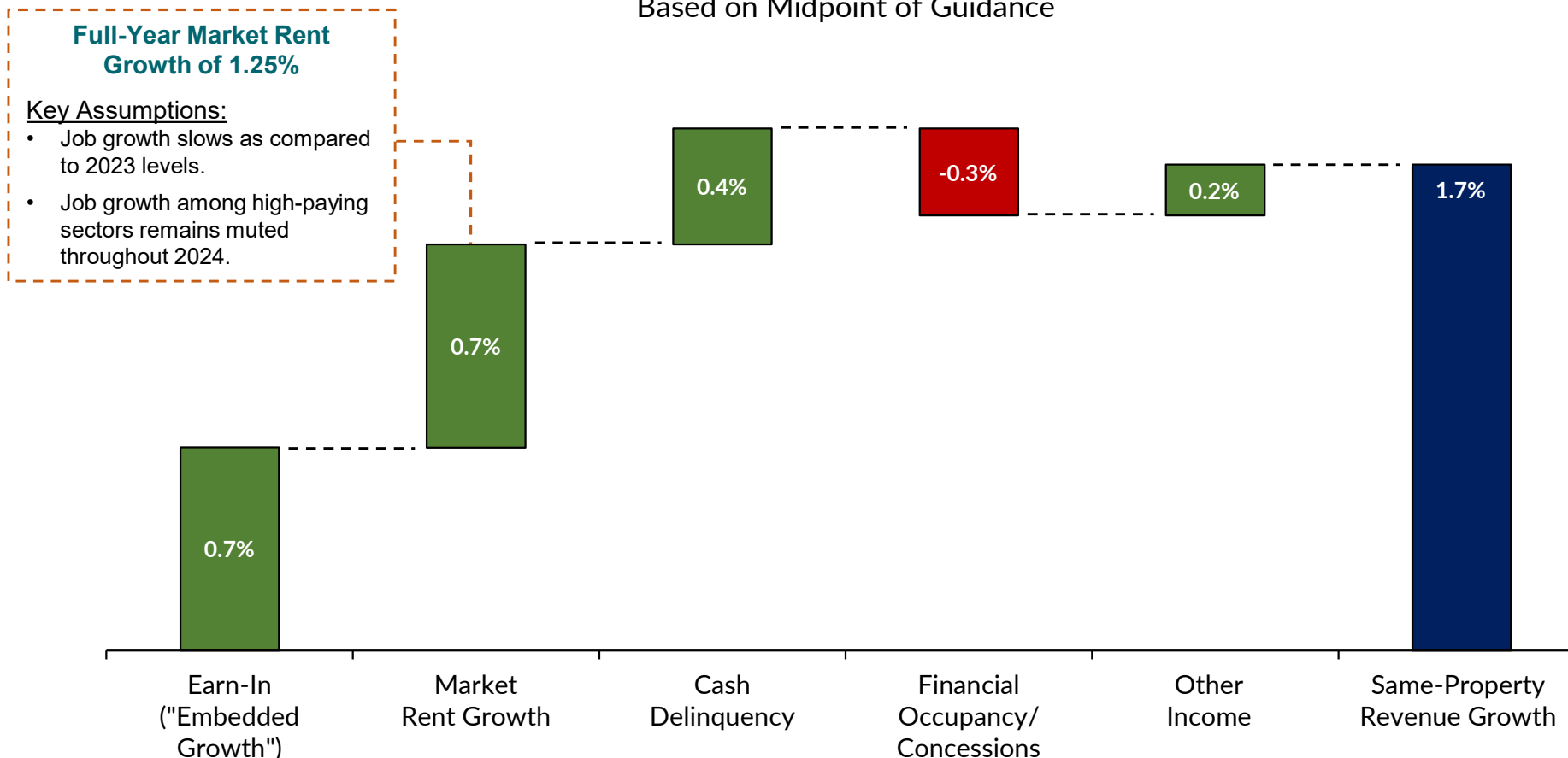
- (1) **Job Forecast:** Refers to the difference between total non-farm industry employment (not seasonally adjusted) projected for the full-year 2024E as compared to the full-year 2023A.
- (2) **Rent Forecast:** Represents the forecasted change in economic rents for full-year 2024E compared to the full-year 2023A and excludes submarkets not targeted by Essex.
- (3) **Residential Supply:** Total supply includes the Company's estimate of multifamily ("MF") deliveries of properties with 50+ units and excludes student, senior and 100% affordable housing communities. Multifamily estimates incorporate a methodological enhancement ("delay-adjusted supply") to reflect the anticipated impact of continued construction delays in Essex markets. Single-family ("SF") estimates are based on trailing single-family permits.

Components to 2024E Same-Property Revenue Growth

- Our 2024 macro-outlook assumes a soft landing with moderating U.S. GDP and job growth.
- With the backdrop of slowing job growth, market rent growth is expected to be 1.25% in our West Coast markets. When hiring reaccelerates, the West Coast is well positioned to benefit given minimal new supply deliveries.

Components to 2024E Same-Property Revenue Growth

Based on Midpoint of Guidance



ESSEX PROPERTY TRUST, INC.**Reconciliations of Non-GAAP Financial Measures and Other Terms****Adjusted EBITDAre Reconciliation**

The National Association of Real Estate Investment Trusts ("NAREIT") defines earnings before interest, taxes, depreciation and amortization for real estate ("EBITDAre") (September 2017 White Paper) as net income (computed in accordance with U.S. generally accepted accounting principles ("U.S. GAAP")) before interest expense, income taxes, depreciation and amortization expense, and further adjusted for gains and losses from sales of depreciated operating properties, impairment write-downs of depreciated operating properties, impairment write-downs of investments in unconsolidated entities caused by a decrease in value of depreciated operating properties within the joint venture and adjustments to reflect the Company's share of EBITDAre of investments in unconsolidated entities.

The Company believes that EBITDAre is useful to investors, creditors and rating agencies as a supplemental measure of the Company's ability to incur and service debt because it is a recognized measure of performance by the real estate industry, and by excluding gains or losses related to sales or impairment of depreciated operating properties, EBITDAre can help compare the Company's credit strength between periods or as compared to different companies.

Adjusted EBITDAre represents EBITDAre further adjusted for non-comparable items and is a component of the credit ratio, "Net Indebtedness Divided by Adjusted EBITDAre, normalized and annualized," presented on page S-6, in the section titled "Selected Credit Ratios," and it is not intended to be a measure of free cash flow for management's discretionary use, as it does not consider certain cash requirements such as income tax payments, debt service requirements, capital expenditures and other fixed charges.

Adjusted EBITDAre is an important metric in evaluating the credit strength of the Company and its ability to service its debt obligations. The Company believes that Adjusted EBITDAre is useful to investors, creditors and rating agencies because it allows investors to compare the Company's credit strength to prior reporting periods and to other companies without the effect of items that by their nature are not comparable from period to period and tend to obscure the Company's actual credit quality.

EBITDAre and Adjusted EBITDAre are not recognized measurements under U.S. GAAP. Because not all companies use identical calculations, the Company's presentation of EBITDAre and Adjusted EBITDAre may not be comparable to similarly titled measures of other companies.

The reconciliations of Net Income available to common stockholders to EBITDAre and Adjusted EBITDAre are presented in the table below:

<i>(Dollars in thousands)</i>	Three Months Ended December 31, 2023
Net income available to common stockholders	\$ 65,391
Adjustments:	
Net income attributable to noncontrolling interest	4,958
Interest expense, net ⁽¹⁾	54,495
Depreciation and amortization	138,016
Income tax provision	48
Impairment loss from unconsolidated co-investment	33,700
Co-investment EBITDAre adjustments	31,363
EBITDAre	<u>327,971</u>
Realized and unrealized gains on marketable securities, net	(5,712)
Provision for credit losses	19
Equity income from non-core co-investments	(263)
Tax benefit on unconsolidated co-investments	(540)
General and administrative and other, net	4,059
Insurance reimbursements and legal settlements, net	(739)
Expensed acquisition and investment related costs	220
Adjusted EBITDAre	<u>\$ 325,015</u>

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

ESSEX PROPERTY TRUST, INC.

Reconciliations of Non-GAAP Financial Measures and Other Terms

Disposition Yield

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

Encumbered

Encumbered means any mortgage, deed of trust, lien, charge, pledge, security interest, security agreement or other encumbrance of any kind.

Funds From Operations ("FFO") and Core FFO

FFO, as defined by NAREIT, is generally considered by industry analysts as an appropriate measure of performance of an equity REIT. Generally, FFO adjusts the net income of equity REITs for non-cash charges such as depreciation and amortization of rental properties, impairment charges, gains on sales of real estate and extraordinary items. Management considers FFO and FFO which excludes non-core items, which is referred to as "Core FFO," to be useful supplemental operating performance measures of an equity REIT because, together with net income and cash flows, FFO and Core FFO provide investors with additional bases to evaluate the operating performance and ability of a REIT to incur and service debt and to fund acquisitions and other capital expenditures and to pay dividends. By excluding gains or losses related to sales of depreciated operating properties and land and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help investors compare the operating performance of a real estate company between periods or as compared to different companies. By further adjusting for items that are not considered part of the Company's core business operations, Core FFO allows investors to compare the core operating performance of the Company to its performance in prior reporting periods and to the operating performance of other real estate companies without the effect of items that by their nature are not comparable from period to period and tend to obscure the Company's actual operating results.

FFO and Core FFO do not represent net income or cash flows from operations as defined by U.S. GAAP and are not intended to indicate whether cash flows will be sufficient to fund cash needs. These measures should not be considered as alternatives to net income as an indicator of the REIT's operating performance or to cash flows as a measure of liquidity. FFO and Core FFO do not measure whether cash flow is sufficient to fund all cash needs including principal amortization, capital improvements and distributions to stockholders. FFO and Core FFO also do not represent cash flows generated from operating, investing or financing activities as defined under GAAP. Management has consistently applied the NAREIT definition of FFO to all periods presented. However, there is judgment involved and other REITs' calculation of FFO may vary from the NAREIT definition for this measure, and thus their disclosures of FFO may not be comparable to the Company's calculation.

The reconciliations of diluted FFO and Core FFO are detailed on page S-3 in the section titled "Consolidated Funds From Operations".

Interest Expense, Net

Interest expense, net is presented on page S-1 in the section titled "Consolidated Operating Results". Interest expense, net includes items such as gains on derivatives and the amortization of deferred charges and is presented in the table below:

<i>(Dollars in thousands)</i>	Three Months Ended December 31, 2023	Twelve Months Ended December 31, 2023
Interest expense	\$ 55,099	\$ 212,905
Adjustments:		
Total return swap income	(604)	(3,148)
Interest expense, net	<u>\$ 54,495</u>	<u>\$ 209,757</u>

Immediately Available Liquidity

The Company's immediately available liquidity as of February 2, 2024, consisted of the following:

<i>(Dollars in millions)</i>	February 2, 2024
Unsecured credit facility - committed	\$ 1,235
Balance outstanding	-
Undrawn portion of line of credit	\$ 1,235
Cash, cash equivalents & marketable securities	384
Total liquidity	<u>\$ 1,619</u>

ESSEX PROPERTY TRUST, INC.

Reconciliations of Non-GAAP Financial Measures and Other Terms

Net Indebtedness Divided by Adjusted EBITDAre

This credit ratio is presented on page S-6 in the section titled "Selected Credit Ratios." This credit ratio is calculated by dividing net indebtedness by Adjusted EBITDAre, as annualized based on the most recent quarter, and adjusted for estimated net operating income from properties acquired or disposed of during the quarter. This ratio is presented by the Company because it provides rating agencies and investors an additional means of comparing the Company's ability to service debt obligations to that of other companies. Net indebtedness is total debt, net less unamortized premiums, discounts, debt issuance costs, unrestricted cash and cash equivalents, and marketable securities. The reconciliation of Adjusted EBITDAre is set forth in "Adjusted EBITDAre Reconciliation" on page S-18.1 The calculation of this credit ratio and a reconciliation of net indebtedness to total debt at pro rata share for co-investments, net is presented in the table below:

<i>(Dollars in thousands)</i>	December 31, 2023
Total consolidated debt, net	\$ 6,205,735
Total debt from co-investments at pro rata share	1,325,612
Adjustments:	
Consolidated unamortized premiums, discounts, and debt issuance costs	34,057
Pro rata co-investments unamortized premiums, discounts, and debt issuance costs	5,226
Consolidated cash and cash equivalents-unrestricted	(391,749)
Pro rata co-investment cash and cash equivalents-unrestricted	(35,147)
Marketable securities	(92,808)
Net Indebtedness	<u>\$ 7,050,926</u>
Adjusted EBITDAre, annualized ⁽¹⁾	\$ 1,300,060
Other EBITDAre normalization adjustments, net, annualized ⁽²⁾	(2,332)
Adjusted EBITDAre, normalized and annualized	<u>\$ 1,297,728</u>
Net Indebtedness Divided by Adjusted EBITDAre, normalized and annualized	<u>5.4</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:

<i>(Dollars in thousands)</i>	Three Months Ended		Twelve Months Ended	
	December 31, 2023	December 31, 2022	December 31, 2023	December 31, 2022
Earnings from operations	\$ 130,341	\$ 228,143	\$ 584,342	\$ 595,229
Adjustments:				
Corporate-level property management expenses	11,485	10,172	45,872	40,704
Depreciation and amortization	138,016	135,758	548,438	539,319
Management and other fees from affiliates	(2,803)	(2,826)	(11,131)	(11,139)
General and administrative	19,739	16,036	63,474	56,577
Expensed acquisition and investment related costs	220	1,884	595	2,132
Casualty loss	-	-	433	-
Gain on sale of real estate and land	-	(94,416)	(59,238)	(94,416)
NOI	<u>296,998</u>	<u>294,751</u>	<u>1,172,785</u>	<u>1,128,406</u>
Less: Non-same property NOI	(13,261)	(17,303)	(54,179)	(56,058)
Same-Property NOI	<u>\$ 283,737</u>	<u>\$ 277,448</u>	<u>\$ 1,118,606</u>	<u>\$ 1,072,348</u>

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Reconciliations of Non-GAAP Financial Measures and Other Terms

Public Bond Covenants

Public Bond Covenants refer to certain covenants set forth in instruments governing the Company's unsecured indebtedness. These instruments require the Company to meet specified financial covenants, including covenants relating to net worth, fixed charge coverage, debt service coverage, the amounts of total indebtedness and secured indebtedness, leverage and certain investment limitations. These covenants may restrict the Company's ability to expand or fully pursue its business strategies. The Company's ability to comply with these covenants may be affected by changes in the Company's operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events adversely impacting it. The breach of any of these covenants could result in a default under the Company's indebtedness, which could cause those and other obligations to become due and payable. If any of the Company's indebtedness is accelerated, the Company may not be able to repay it. For risks related to failure to comply with these covenants, see "Item 1A: Risk Factors - Risks Related to Our Indebtedness and Financings" in the Company's annual report on Form 10-K and other reports filed by the Company with the Securities and Exchange Commission ("SEC").

The ratios set forth on page S-6 in the section titled "Public Bond Covenants" are provided only to show the Company's compliance with certain specified covenants that are contained in indentures related to the Company's issuance of Senior Notes, which indentures are filed by the Company with the SEC. See, for example, the Indenture dated March 1, 2021, filed by the Company as Exhibit 4.1 to the Company's Form 8-K, filed on March 1, 2021. These ratios should not be used for any other purpose, including without limitation to evaluate the Company's financial condition or results of operations, nor do they indicate the Company's covenant compliance as of any other date or for any other period. The capitalized terms in the disclosure are defined in the indentures filed by the Company with the SEC and may differ materially from similar terms used by other companies that present information about their covenant compliance.

Secured Debt

Secured Debt means debt of the Company or any of its subsidiaries which is secured by an encumbrance on any property or assets of the Company or any of its subsidiaries. The Company's total amount of Secured Debt is set forth on page S-5.

Unencumbered NOI to Adjusted Total NOI

This ratio is presented on page S-6 in the section titled "Selected Credit Ratios". Unencumbered NOI means the sum of NOI for those real estate assets which are not subject to an encumbrance securing debt. The ratio of Unencumbered NOI to Adjusted Total NOI for the three months ended December 31, 2023, annualized, is calculated by dividing Unencumbered NOI, annualized for the three months ended December 31, 2023 and as further adjusted for pro forma NOI for properties acquired or sold during the recent quarter, by Adjusted Total NOI as annualized. The calculation and reconciliation of NOI is set forth in "Net Operating Income ("NOI") and Same-Property NOI Reconciliations" above. This ratio is presented by the Company because it provides rating agencies and investors an additional means of comparing the Company's ability to service debt obligations to that of other companies.

The calculation of this ratio is presented in the table below:

<i>(Dollars in thousands)</i>	Annualized Q4 '23 ⁽¹⁾
NOI	\$ 1,187,992
Adjustments:	
NOI from real estate assets sold or held for sale	-
Other, net ⁽²⁾	1,446
Adjusted Total NOI	<u>1,189,438</u>
Less: Encumbered NOI	<u>(92,184)</u>
Unencumbered NOI	<u>\$ 1,097,254</u>
Encumbered NOI	\$ 92,184
Unencumbered NOI	<u>1,097,254</u>
Adjusted Total NOI	<u>\$ 1,189,438</u>
Unencumbered NOI to Adjusted Total NOI	<u>92%</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.