

ESSEX

PROPERTY TRUST, INC.

ESSEX ANNOUNCES THIRD QUARTER 2024 RESULTS AND RAISES FULL-YEAR 2024 GUIDANCE

San Mateo, California—October 29, 2024—Essex Property Trust, Inc. (NYSE: ESS) (the “Company”) announced today its third quarter 2024 earnings results and related business activities.

Net Income, Funds from Operations (“FFO”), and Core FFO per diluted share for the quarter ended September 30, 2024 are detailed below.

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
<u>Per Diluted Share</u>						
Net Income	\$1.84	\$1.36	35.3%	\$7.54	\$5.30	42.3%
Total FFO	\$3.81	\$3.69	3.3%	\$12.30	\$11.37	8.2%
Core FFO	\$3.91	\$3.78	3.4%	\$11.68	\$11.21	4.2%

Third Quarter 2024 Highlights:

- Reported Net Income per diluted share for the third quarter of 2024 of \$1.84, compared to \$1.36 in the third quarter of 2023. The increase is largely attributable to gains on remeasurements of co-investments recognized in the third quarter of 2024.
- Grew Core FFO per diluted share by 3.4% compared to the third quarter of 2023, exceeding the midpoint of the Company’s guidance range by \$0.04. The outperformance was primarily driven by favorable same-property revenue growth.
- Achieved same-property revenue and net operating income (“NOI”) growth of 3.5% and 2.6%, respectively, compared to the third quarter of 2023. On a sequential basis, same-property revenues improved 1.2%.
- Issued \$200.0 million of 10-year senior unsecured notes due in April 2034 at an effective yield of 5.1%.
- Acquired and consolidated two joint venture apartment home communities located in San Jose, CA at a combined valuation of \$290.5 million on a gross basis.
- Raised full-year 2024 guidance range as detailed in the table below:

Full-Year 2024 Revised Guidance	Revised Range	Revised Midpoint	Change at Midpoint
Net Income per diluted share	\$8.66 - \$8.78	\$8.72	+\$0.37
Core FFO per diluted share	\$15.50 - \$15.62	\$15.56	+\$0.06
Same-Property Revenues	3.10% to 3.40%	3.25%	+0.25%
Same-Property Operating Expenses	4.50% to 5.00%	4.75%	Unchanged
Same-Property NOI	2.30% to 2.90%	2.60%	+0.30%

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 September 30, 2024 compared to the quarter ended September 30, 2023, and the sequential percentage change for the quarter ended September 30, 2024 compared to the quarter ended June 30, 2024, by submarket for the Company:

	Q3 2024 vs. Q3 2023	Q3 2024 vs. Q2 2024	% of Total
	Revenue Change	Revenue Change	Q3 2024 Revenues
Southern California			
Los Angeles County	2.5%	1.0%	18.6%
Orange County	5.2%	1.5%	10.7%
San Diego County	5.3%	1.5%	9.1%
Ventura County	6.3%	1.6%	4.2%
Total Southern California	4.1%	1.3%	42.6%
Northern California			
Santa Clara County	2.4%	1.0%	19.6%
Alameda County	1.8%	1.1%	7.7%
San Mateo County	3.2%	1.1%	4.5%
Contra Costa County	3.3%	0.9%	5.4%
San Francisco	5.0%	1.4%	2.5%
Total Northern California	2.7%	1.0%	39.7%
Seattle Metro	3.8%	1.1%	17.7%
Same-Property Portfolio	3.5%	1.2%	100.0%

The table below illustrates the components that drove the change in same-property revenue on a year-over-year basis for the three- and nine-month periods ended September 30, 2024 and on a sequential basis for the quarter ended September 30, 2024.

Same-Property Revenue Components	Q3 2024 vs. Q3 2023	YTD 2024 vs. YTD 2023	Q3 2024 vs. Q2 2024
Scheduled Rents	1.7%	1.9%	0.9%
Delinquencies	1.3%	1.1%	0.2%
Cash Concessions	0.0%	0.1%	0.0%
Vacancy	-0.3%	-0.4%	0.0%
Other Income	0.8%	0.8%	0.1%
2024 Same-Property Revenue Growth	3.5%	3.5%	1.2%

	<u>Year-Over-Year Change</u> <u>Q3 2024 compared to Q3 2023</u>			<u>Year-Over-Year Change</u> <u>YTD 2024 compared to YTD 2023</u>		
	<u>Revenues</u>	<u>Operating Expenses</u>	<u>NOI</u>	<u>Revenues</u>	<u>Operating Expenses</u>	<u>NOI</u>
Southern California	4.1%	4.3%	4.0%	4.3%	4.1%	4.3%
Northern California	2.7%	6.8%	0.9%	2.8%	5.6%	1.6%
Seattle Metro	3.8%	5.4%	3.1%	3.2%	5.7%	2.1%
Same-Property Portfolio	3.5%	5.5%	2.6%	3.5%	5.0%	2.9%

	<u>Sequential Change</u> <u>Q3 2024 compared to Q2 2024</u>		
	<u>Revenues</u>	<u>Operating Expenses</u>	<u>NOI</u>
Southern California	1.3%	4.7%	0.0%
Northern California	1.0%	7.5%	-1.7%
Seattle Metro	1.1%	3.6%	0.0%
Same-Property Portfolio	1.2%	5.6%	-0.7%

	<u>Financial Occupancies</u>		
	<u>Quarter Ended</u>		
	<u>9/30/2024</u>	<u>6/30/2024</u>	<u>9/30/2023</u>
Southern California	95.9%	95.7%	96.3%
Northern California	96.4%	96.3%	96.6%
Seattle Metro	96.6%	97.1%	96.3%
Same-Property Portfolio	96.2%	96.2%	96.4%

INVESTMENT ACTIVITY

Acquisitions

In July, the Company acquired its joint venture partner's 49.9% common equity interest in Patina at Midtown, a 269-unit apartment home community built in 2021 and located in San Jose, CA, for a total contract price of \$117.0 million on a gross basis. This reflects an attractive valuation of \$435,000 per unit. Concurrent with the closing, the Company repaid a \$95.0 million secured mortgage encumbering the property and was fully redeemed on a preferred equity investment affiliated with the partnership. The Company recorded a gain on remeasurement of co-investments of \$2.2 million, which has been excluded from Total and Core FFO.

In September, the Company acquired its joint venture partner's 50% common equity interest in Century Towers, a 376-unit apartment home community built in 2017 and located in San Jose, CA, for a total contract price of \$173.5 million on a gross basis. This reflects an attractive valuation of \$458,000 per unit. Concurrent with the closing, the Company repaid a \$110.5 million secured mortgage encumbering the property and was fully redeemed on a preferred equity investment affiliated with the partnership. The Company issued approximately \$25.0 million of Operating Partnership Units ("OP Units") to the seller at \$305 per unit. The

Company recorded a gain on remeasurement of co-investments of \$29.4 million, which has been excluded from Total and Core FFO.

Subsequent to quarter end, the Company acquired its joint venture partner's 49.9% interest in the BEX II portfolio, comprising of four communities totaling 871 apartment homes, for a total contract price of \$337.5 million on a gross basis. Concurrent with the closing, the Company assumed \$95.0 million of secured mortgages.

Dispositions

Subsequent to quarter end, the Company sold its 81.5% interest in a 76-year-old apartment home community located in San Mateo, CA for a total contract price of \$252.4 million on a gross basis. The 697-unit apartment home community was unencumbered and was classified as held for sale on the balance sheet as of September 30, 2024.

Other Investments

In July, the Company received cash proceeds of \$40.1 million from the full redemption of a subordinated loan investment yielding an 11.5% rate of return.

Subsequent to quarter end, the Company received cash proceeds of \$55.8 million from the full and partial redemptions of two structured finance investments yielding a 9.6% weighted average rate of return. Year-to-date through October, the Company has received cash proceeds of \$106.2 million from redemptions of structured finance investments yielding a 10.4% weighted average rate of return.

LIQUIDITY AND BALANCE SHEET

Common Stock

Year-to-date through October 28, 2024, the Company has not issued any shares of common stock through its equity distribution program or repurchased any shares through its stock repurchase plan.

Balance Sheet

In August, the Company issued \$200.0 million of 10-year senior unsecured notes due in April 2034 bearing an interest rate of 5.50% per annum and an effective yield of 5.11%. The notes were issued as additional notes to the previous offering conducted in March 2024.

In September, the Company extended the maturity date of its \$1.2 billion unsecured line of credit facility to mature in January 2029 with two additional six-month extension options, exercisable at the Company's option. The underlying interest rate on the line of credit is unchanged at Adjusted SOFR plus 0.765%, which is based on a tiered rate structure tied to the Company's corporate ratings and further adjusted by the facility's Sustainability Metric Adjustment feature.

As of October 28, 2024, the Company had approximately \$1.2 billion in liquidity via undrawn capacity on its unsecured credit facilities, cash and cash equivalents, and marketable securities.

GUIDANCE

For the third quarter of 2024, the Company exceeded the midpoint of the guidance range provided in its second quarter 2024 earnings release for Core FFO by \$0.04 per diluted share. The outperformance primarily relates to favorable same-property revenue growth.

The following table provides a reconciliation of third quarter 2024 Core FFO per diluted share to the midpoint of the guidance provided in the Company's second quarter 2024 earnings release.

	Per Diluted Share
Guidance midpoint of Core FFO per diluted share for Q3 2024	\$ 3.87
NOI from Consolidated Communities	0.04
FFO from Co-Investments	0.01
G&A and Other	(0.01)
Core FFO per diluted share for Q3 2024 reported	\$ 3.91

The table below provides key updates to the Company's 2024 full-year assumptions for Net Income, Total FFO, Core FFO per diluted share, and same-property growth. For additional details regarding the Company's 2024 Core FFO guidance range, please see page S-13 of the accompanying supplemental financial information.

2024 FULL-YEAR AND FOURTH QUARTER GUIDANCE

	Previous Range	Previous Midpoint	Revised Range	Revised Midpoint	<i>Change at the Midpoint</i>
Per Diluted Share					
Net Income	\$8.23 - \$8.47	\$8.35	\$8.66 - \$8.78	\$8.72	+\$0.37
Total FFO	\$15.93 - \$16.17	\$16.05	\$15.86 - \$15.98	\$15.92	(\$0.13)
Core FFO	\$15.38 - \$15.62	\$15.50	\$15.50 - \$15.62	\$15.56	+\$0.06
Q4 2024 Core FFO	-	-	\$3.82 - \$3.94	\$3.88	<i>N/A</i>
Same-Property Growth on a Cash-Basis ⁽¹⁾					
Revenues	2.70% to 3.30%	3.00%	3.10% to 3.40%	3.25%	+0.25%
Operating Expenses	4.50% to 5.00%	4.75%	4.50% to 5.00%	4.75%	Unchanged
NOI	1.80% to 2.80%	2.30%	2.30% to 2.90%	2.60%	+0.30%

⁽¹⁾ The midpoint of the Company's same-property revenues and NOI on a GAAP basis are 3.40% and 2.90%, respectively, representing a 0.20% and 0.40% increase to the Company's previous guidance midpoints.

CONFERENCE CALL WITH MANAGEMENT

The Company will host an earnings conference call with management to discuss its quarterly results on Wednesday, October 30, 2024 at 10:00 a.m. PT (1:00 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 third quarter 2024 earnings link. To access the replay, dial (844) 512-2921 using the replay pin number 13749248. If you are unable to access the information via the Company's website, please contact the Investor Relations Department at investors@essex.com or calling (650) 655-7800.

UPCOMING EVENTS

The Company is scheduled to participate in the National Association of Real Estate Investment Trusts ("NAREIT") REITWorld Conference held at the Wynn Las Vegas in Las Vegas, NV on November 19, 2024. A copy of any materials provided by the Company at the conference will be made available on the Investors section of the Company's website at www.essex.com.

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 254 apartment communities comprising approximately 62,000 apartment homes. 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 nine months ended September 30, 2024 and 2023 (in thousands, except for share and per share amounts):

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Funds from Operations attributable to common stockholders and unitholders				
Net income available to common stockholders	\$ 118,424	\$ 87,282	\$ 484,069	\$ 340,434
Adjustments:				
Depreciation and amortization	146,439	137,357	431,785	410,422
Gains not included in FFO	(31,583)	-	(169,909)	(59,238)
Casualty loss	-	-	-	433
Impairment loss from unconsolidated co-investments	-	-	3,726	-
Depreciation and amortization from unconsolidated co-investments	16,417	18,029	52,267	53,486
Noncontrolling interest related to Operating Partnership units	4,206	3,072	17,075	11,982
Depreciation attributable to third party ownership and other	(370)	(371)	(1,149)	(1,095)
Funds from Operations attributable to common stockholders and unitholders	\$ 253,533	\$ 245,369	\$ 817,864	\$ 756,424
FFO per share – diluted	\$ 3.81	\$ 3.69	\$ 12.30	\$ 11.37
Expensed acquisition and investment related costs	\$ -	\$ 31	\$ 68	\$ 375
Tax (benefit) expense on unconsolidated co-investments ⁽¹⁾	(441)	404	(1,199)	1,237
Realized and unrealized (gains) losses on marketable securities, net	(5,697)	4,577	(10,645)	(4,294)
Provision for credit losses	(182)	17	(116)	51
Equity income from non-core co-investments ⁽²⁾	(555)	(538)	(6,282)	(1,422)
Co-investment promote income	-	-	(1,531)	-
Income from early redemption of preferred equity investments and notes receivable	-	-	-	(285)
General and administrative and other, net	13,956	1,743	22,403	2,570
Insurance reimbursements, legal settlements, and other, net ⁽³⁾	(612)	(283)	(43,912)	(9,082)
Core Funds from Operations attributable to common stockholders and unitholders	\$ 260,002	\$ 251,320	\$ 776,650	\$ 745,574
Core FFO per share – diluted	\$ 3.91	\$ 3.78	\$ 11.68	\$ 11.21
Weighted average number of shares outstanding diluted ⁽⁴⁾	66,551,838	66,445,256	66,500,412	66,537,111

⁽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⁾ Includes legal settlement gains of \$42.5 million and \$7.7 million for the nine months ended September 30, 2024 and 2023, respectively.

⁽⁴⁾ 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 September 30,		Nine Months Ended September 30,	
	2024	2023	2024	2023
Earnings from operations	\$ 128,790	\$ 131,784	\$ 398,599	\$ 454,001
Adjustments:				
Corporate-level property management expenses	12,150	11,504	36,004	34,387
Depreciation and amortization	146,439	137,357	431,785	410,422
Management and other fees from affiliates	(2,563)	(2,785)	(7,849)	(8,328)
General and administrative	29,067	14,611	67,374	43,735
Expensed acquisition and investment related costs	-	31	68	375
Casualty loss	-	-	-	433
Gain on sale of real estate and land	-	-	-	(59,238)
NOI	313,883	292,502	925,981	875,787
Less: Non-same property NOI	(26,431)	(12,390)	(66,748)	(40,504)
Same-Property NOI	\$ 287,452	\$ 280,112	\$ 859,233	\$ 835,283

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 fourth quarter and full-year 2024 guidance (including net income, Total FFO and Core FFO, same-property growth and related assumptions) and anticipated yield on certain investments. 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: assumptions related to our fourth quarter and full-year 2024 guidance; 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 terms of any refinancing may not be as favorable as the terms of existing indebtedness; the Company's inability to maintain our investment grade credit rating with the rating agencies; the Company may be unsuccessful in the management of its relationships with its co-investment partners; the Company may fail to achieve its business objectives; time of actual completion and/or stabilization of development and redevelopment projects; estimates of future income from an acquired property may prove to be inaccurate; 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 and the anticipated or actual impact of future changes in laws or regulations; unexpected difficulties in leasing of future development projects; volatility in financial and securities markets; the Company's failure to successfully operate acquired properties; unforeseen consequences from cyber-intrusion; 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, 2023, 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-17.1 through S-17.4, "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.

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