ESSEX

PROPERTY TRUST, INC.

ESSEX ANNOUNCES THIRD QUARTER 2020 RESULTS

San Mateo, California—October 28, 2020—Essex Property Trust, Inc. (NYSE: ESS) (the "Company") announced today its third quarter 2020 earnings results and related business activities.

Net Income, Funds from Operations ("FFO"), and Core FFO per diluted share for the quarter ended September 30, 2020 are detailed below.

	Three Months Ended September 30,		%	Nine Months Ended September 30,		%
	2020	2019	Change	**2020**	2019	Change
Per Diluted Share						
Net Income	**$1.13**	$1.51	-25.2%	**$7.21**	$4.71	53.1%
Total FFO	**$2.88**	$3.50	-17.7%	**$9.53**	$10.19	-6.5%
Core FFO	**$3.15**	$3.35	-6.0%	**$9.80**	$9.92	-1.2%

Third Quarter 2020 Highlights:

- Reported Net Income per diluted share for the third quarter of 2020 of $1.13, compared to $1.51 in the third quarter of 2019.
- Core FFO declined by 6.0% per diluted share compared to the third quarter of 2019.
- Same-property gross revenue and net operating income ("NOI") declined by 6.7% and 10.8%, respectively, compared to the third quarter of 2019. The decline in same-property revenue and NOI is primarily attributed to an additional $16.8 million of cash concessions compared to the prior year period. If accounting for concessions using the straight-line GAAP method, same-property revenue and NOI would have declined 2.9% and 5.5%, respectively.
- Disposed of one apartment community during the third quarter for a total contract price of $51.5 million.
- Repurchased 121,260 shares of common stock totaling $26.6 million at an average price per share of $219.24 under the stock buyback program.
- In August 2020, the Company issued $600.0 million of senior unsecured notes consisting of two $300.0 million tranches due in 2031 and 2050, respectively. The notes bear an interest rate per annum of 1.65% and 2.65%, respectively.
- As of October 22, 2020, the Company's immediately available liquidity is approximately $1.7 billion.

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"The challenges related to the COVID-19 pandemic and subsequent economic recession continued throughout the third quarter of 2020. Local and state governments on the West Coast adopted strict guidelines for reopening businesses, muting the recovery in job growth and economic activity in the third quarter. However, these restrictions have begun to subside, leading to cautious optimism that the pace of improvement in job growth and economic activity will accelerate. In the meantime, our strong balance sheet and conservative dividend payout ratio allow us to remain focused on our mission of providing essential housing services while creating value for our shareholders," commented Michael Schall, President and CEO of the Company.

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, 2020 compared to the quarter ended September 30, 2019, and the sequential percentage change for the quarter ended September 30, 2020 compared to the quarter ended June 30, 2020, by submarket for the Company:

	Q3 2020 vs. Q3 2019	Q3 2020 vs. Q2 2020	% of Total
	Gross Revenues	**Gross Revenues**	**Q3 2020 Revenues**
Southern California			
Los Angeles County	-13.5%	-5.1%	17.6%
Orange County	-2.6%	1.9%	11.5%
San Diego County	-2.1%	0.1%	8.6%
Ventura County	-2.0%	2.2%	4.7%
Total Southern California	**-7.3%**	**-1.4%**	**42.4%**
Northern California			
Santa Clara County	-7.2%	-5.1%	18.9%
Alameda County	-10.9%	-4.9%	6.7%
San Mateo County	-9.2%	-5.0%	4.9%
Contra Costa County	-4.6%	1.6%	5.0%
San Francisco	-15.5%	-9.4%	3.0%
Total Northern California	**-8.5%**	**-4.6%**	**38.5%**
Seattle Metro	**-1.6%**	**-0.1%**	**19.1%**
Same-Property Portfolio	**-6.7%**	**-2.4%**	**100.0%**

The table below illustrates the components that drove the change in Same-Property Revenues on a year-over-year basis.

Same-Property Revenue Components		**$ Amount (in millions)**	**% Contribution to Growth/(Decline)**
Q3 2019 Same-Property Revenue	$	337.7	
Scheduled Rents		(1.5)	(0.4%)
Delinquencies		(5.5)	(1.6%)
Cash Concessions		(16.8)	(5.0%)
Vacancy		0.2	0.1%
Other Income		0.9	0.3%
Q3 2020 Same-Property Revenues/Growth	**$**	**315.0**	**(6.7%)**

	Year-Over-Year Growth Q3 2020 compared to Q3 2019			Year-Over-Year Growth YTD 2020 compared to YTD 2019		
	Gross Revenues	Operating Expenses	NOI	Gross Revenues	Operating Expenses	NOI
Southern California	-7.3%	2.1%	-11.1%	-3.4%	2.5%	-5.8%
Northern California	-8.5%	3.1%	-12.6%	-3.0%	2.9%	-5.0%
Seattle Metro	-1.6%	8.8%	-5.9%	0.9%	7.8%	-1.9%
Same-Property Portfolio	**-6.7%**	**3.7%**	**-10.8%**	**-2.5%**	**3.7%**	**-4.8%**

	Sequential Growth Q3 2020 compared to Q2 2020		
	Gross Revenues	Operating Expenses	NOI
Southern California	-1.4%	3.4%	-3.6%
Northern California	-4.6%	4.1%	-7.8%
Seattle Metro	-0.1%	-2.1%	0.9%
Same-Property Portfolio	**-2.4%**	**2.5%**	**-4.5%**

	Financial Occupancies Quarter Ended		
	9/30/2020	6/30/2020	9/30/2019
Southern California	95.9%	94.5%	96.1%
Northern California	96.2%	95.0%	95.9%
Seattle Metro	95.9%	95.4%	95.9%
Same-Property Portfolio	**96.0%**	**94.9%**	**96.0%**

INVESTMENT ACTIVITY

Dispositions

In July 2020, the Company sold a community in Redmond, WA containing 126 apartment homes, for a total contract price of $51.5 million. The Company recognized a $22.7 million gain on sale, which has been excluded from Core FFO.

Subsequent to quarter end, the Company sold a community located in Glendale, CA containing 115 apartment homes, for a total contract price of $60.0 million.

Other Investments

In the third quarter of 2020, the Company received cash proceeds of $60.3 million from the full redemption of a preferred equity investment and the partial redemption of an investment in a mortgage backed security. The remaining portion of the mortgage backed security is expected to be redeemed in the fourth quarter of 2020.

In the third quarter of 2020, the Company funded a preferred equity investment totaling $10.5 million for the development of a multifamily community located in Southern California. The investment has an initial preferred return of 11.0% and is scheduled to mature in August 2025.

Subsequent to quarter end, the Company originated two preferred equity investments totaling $46.8 million. One of the investments is for the development of a multifamily community and the other is an investment in a stabilized multifamily community, both located in Southern California. The investments have a weighted average return of 10.2% with most of the proceeds funding in late 2020 and early 2021.

DEVELOPMENT ACTIVITY

During the third quarter of 2020, the Company's development, Station Park Green – Phase III, reached stabilization.

The table below represents the development communities in lease-up and the current leasing status as of October 22, 2020.

Project Name	Location	Total Apartment Homes	ESS Ownership	% Leased as of 10/22/20	Status
500 Folsom	San Francisco, CA	537	50%	84.5%	In Lease-Up
Mylo	Santa Clara, CA	476	100%	58.6%	In Lease-Up
Patina at Midtown	San Jose, CA	269	50%	33.1%	In Lease-Up
Total/Average % Leased		**1,282**		**64.1%**	

LIQUIDITY AND BALANCE SHEET

Common Stock

In the third quarter of 2020, the Company repurchased 121,260 shares of its common stock totaling $26.6 million, including commissions, at an average price of $219.24 per share. Year-to-date through October 22, 2020, the Company has repurchased 985,509 shares of its common stock totaling $223.0 million, including commissions, at an average price of $226.27 per share. As of October 22, 2020, the Company had $203.3 million of purchase authority remaining under the stock repurchase plan.

The Company did not issue any shares of common stock through its equity distribution program in the third quarter of 2020.

Balance Sheet

In August 2020, the Company issued $600.0 million of senior unsecured notes, consisting of $300.0 million due in January 2031 and $300.0 million due in September 2050. The senior unsecured notes due in 2031 and 2050 bear an interest rate per annum of 1.65% and 2.65%, respectively, and were issued at effective yields of 1.75% and 2.67%, respectively. A portion of the proceeds were used to prepay $300.0 million of the Company's outstanding 3.625% senior notes due in August 2022. The Company incurred $19.1 million in prepayment penalties and write-offs of unamortized costs in the third quarter related to this debt repayment. The remaining proceeds will be used to repay all remaining 2021 debt maturities.

As of October 22, 2020, the Company had $1.2 billion in undrawn capacity on its unsecured credit facilities and $0.5 billion in cash and marketable securities.

COVID-19 UPDATE

Due to the uncertain nature of the COVID-19 pandemic and evolving economic re-opening plans, the Company is not reinstating full-year 2020 guidance. Instead, the Company continues to provide additional disclosures related to its operations on page S-15 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 Thursday, October 29, 2020 at 9 a.m. PT (12 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 2020 earnings link. To access the replay, dial (844) 512-2921 using the replay pin number 13710810. 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.

UPCOMING EVENTS

The Company is scheduled to participate in the National Association of Real Estate Investment Trusts ("NAREIT") virtual REITWorld conference from November 17 - 18, 2020, and the Company's President and Chief Executive Officer, Michael J. Schall, will present at the conference on Tuesday, November 17 at 3:45 p.m. ET. The presentation will be webcast and can be accessed on the Investors section of the Company's website at www.essex.com. A copy of any materials provided by the Company at the conference will also be made available on the Investors section of the Company's website.

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 246 apartment communities comprising approximately 60,000 apartment homes with an additional 6 properties in various stages of 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 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, 2020 and 2019 (in thousands, except for share and per share amounts):

Funds from Operations attributable to common stockholders and unitholders	Three Months Ended September 30, **2020**	Three Months Ended September 30, 2019	Nine Months Ended September 30, **2020**	Nine Months Ended September 30, 2019
Net income available to common stockholders	**$ 73,661**	$ 99,335	**$ 473,125**	$ 310,468
Adjustments:				
Depreciation and amortization	**130,202**	120,809	**395,370**	360,842
Gains not included in FFO	**(24,879)**	-	**(276,170)**	(32,405)
Depreciation and amortization from unconsolidated co-investments	**12,883**	15,483	**38,191**	45,304
Noncontrolling interest related to Operating Partnership units	**2,593**	3,464	**16,543**	10,863
Depreciation attributable to third party ownership and other	**(134)**	(242)	**(407)**	(708)
Funds from Operations attributable to common stockholders and unitholders	**$ 194,326**	$ 238,849	**$ 646,652**	$ 694,364
FFO per share – diluted	**$ 2.88**	$ 3.50	**$ 9.53**	$ 10.19
Expensed acquisition and investment related costs	**$ 2**	$ 13	**$ 104**	$ 69
Deferred tax expense on unrealized gain on unconsolidated co-investment (1)	**-**	1,457	**1,636**	1,457
Gain on sale of marketable securities	**(91)**	(239)	**(124)**	(737)
Unrealized (gains) losses on marketable securities	**(3,288)**	174	**(2,215)**	(4,280)
Provision for credit losses	**3**	-	**100**	-
Equity income from non-core co-investment (2)	**213**	(4,247)	**(4,373)**	(4,561)
Interest rate hedge ineffectiveness (3)	**-**	-	**-**	181
Loss (gain) on early retirement of debt, net	**19,114**	(5,475)	**23,820**	(7,143)
Gain on early retirement of debt from unconsolidated co-investment	**-**	-	**(38)**	-
Co-investment promote income	**-**	-	**(6,455)**	(809)
Income from early redemption of preferred equity investments	**-**	(1,699)	**(210)**	(2,531)
General and administrative and other, net	**2,510**	-	**5,642**	-
Insurance reimbursements legal settlements, and other, net	**132**	(15)	**69**	(263)
Core Funds from Operations attributable to common stockholders and unitholders	**$ 212,921**	$ 228,818	**$ 664,608**	$ 675,747
Core FFO per share – diluted	**$ 3.15**	$ 3.35	**$ 9.80**	$ 9.92
Weighted average number of shares outstanding diluted (4)	**67,495,286**	68,229,823	**67,837,336**	68,117,569

(1) A deferred tax expense was recorded during the second quarter of 2020 related to the $4.7 million net unrealized gain on the Real Estate Technology Ventures, L.P. co-investment discussed below.

(2) Represents the Company’s share of co-investment income from Real Estate Technology Ventures, L.P. Income for the second quarter of 2020 includes a net unrealized gain of $4.7 million.

(3) On January 1, 2019, the Company adopted ASU No. 2017-12 "Derivatives and Hedging - Targeted Improvements to Accounting for Hedging Activities," which resulted in a cumulative effect adjustment of approximately $181,000 from interest expense to accumulated other comprehensive income. As a result of the adoption of this standard, the Company recognizes qualifying hedge ineffectiveness through accumulated other comprehensive income as opposed to current earnings.

(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 all DownREIT limited partnership units for which the Operating Partnership has the ability and intention to redeem the units for cash and does not consider them to be common stock equivalents.

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,	
	2020	2019	**2020**	2019
Earnings from operations	**$ 128,937**	$ 124,039	**$ 379,510**	$ 364,294
Adjustments:				
Corporate-level property management expenses	**8,619**	8,553	**26,024**	25,451
Depreciation and amortization	**130,202**	120,809	**395,370**	360,842
Management and other fees from affiliates	**(2,347)**	(2,428)	**(7,312)**	(7,023)
General and administrative	**13,310**	11,345	**42,244**	38,731
Expensed acquisition and investment related costs	**2**	13	**104**	69
Gain on sale of real estate and land	**(22,654)**	-	**(39,251)**	-
NOI	**256,069**	262,331	**796,689**	782,364
Less: Non-same property NOI	**(39,196)**	(19,196)	**(102,881)**	(53,575)
Same-Property NOI	**$ 216,873**	$ 243,135	**$ 693,808**	$ 728,789

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 impact of the COVID-19 pandemic on the Company's business, financial condition and results of operations and the impact of any additional measures taken to mitigate the impact of the pandemic, 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 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, including as a result of the COVID-19 pandemic and governmental measures intended to prevent its spread, 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: the continued impact of the COVID-19 pandemic, which remains inherently uncertain as to duration and severity, and any additional governmental measures taken to limit its spread and other potential future outbreaks of infectious diseases or other health concerns, could continue to 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 and operating costs; 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 market; 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, quarterly reports on Form 10-Q, and other reports that the Company files with the SEC from time to time. Additionally, the risks, uncertainties and other factors set forth above or otherwise referred to in the reports that the Company has filed with the SEC may be further amplified by the global impact of the COVID-19 pandemic. 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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