

ESSEX

PROPERTY TRUST, INC.

ESSEX ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2022 RESULTS AND 2023 GUIDANCE

San Mateo, California—February 7, 2023—Essex Property Trust, Inc. (NYSE: ESS) (the “Company”) announced today its fourth quarter and full-year 2022 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, 2022 are detailed below.

	Three Months Ended December 31,			Twelve Months Ended December 31,		
	2022	2021	% Change	2022	2021	% Change
<u>Per Diluted Share</u>						
Net Income	\$2.86	\$2.10	36.2%	\$6.27	\$7.51	-16.5%
Total FFO	\$3.77	\$4.30	-12.3%	\$13.70	\$13.98	-2.0%
Core FFO	\$3.77	\$3.25	16.0%	\$14.51	\$12.49	16.2%

Fourth Quarter and Full-Year 2022 Highlights:

- Reported Net Income per diluted share for the fourth quarter of 2022 of \$2.86, compared to \$2.10 in the fourth quarter of 2021. For the full year, the Company reported Net Income per diluted share of \$6.27 compared to \$7.51 in 2021.
- Grew Core FFO per diluted share by 16.0% compared to the fourth quarter of 2021 and 16.2% for full-year 2022, exceeding the high-end of the Company’s original guidance range.
- Achieved same-property revenue and net operating income (“NOI”) growth of 10.5% and 13.3%, respectively, compared to the fourth quarter of 2021. For the full year, same-property revenue and NOI grew by 10.3% and 13.2%, respectively both exceeding the high-end of the Company’s original guidance range.
- For the full year, the Company acquired or increased its ownership interest in three apartment communities for a total contract price of \$215.9 million and disposed of one apartment community for a total contract price of \$160.0 million.
- For the full year, the Company committed \$127.0 million to nine structured finance investments at a weighted average return of 10.2% and received \$243.1 million in redemption proceeds from seven investments at a weighted average return of 10.4%.
- Repurchased 149,209 shares of common stock in the fourth quarter, totaling \$31.8 million at an average price per share of \$212.95. For the full year, the Company repurchased 740,053 shares of its common stock, totaling \$189.7 million at an average price per share of \$256.37.
- As of February 6, 2023, the Company had approximately \$1.3 billion in liquidity via undrawn capacity on its unsecured credit facilities, cash, and marketable securities.

“Essex posted solid results in 2022, exceeding our expectations and continuing our recovery from the severe economic disruption from the COVID-19 pandemic. Strong job growth on the West Coast contributed to our positive results, driving demand in support of one of the largest increases to Core FFO in the Company’s history. The West Coast housing markets will soon be fully recovered from debilitating regulations established in the initial phases of the COVID-19 pandemic, setting the stage for results that are more consistent with our long-term track record of outperformance”, stated Michael J. Schall, President and CEO. Mr. Schall continued, “In connection with my planned retirement as CEO, I am highly confident that the Company’s culture of disciplined capital allocation and value creation is in capable hands with Angela Kleiman and her leadership team, which I believe will drive shareholder returns for many years to come.”

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, 2022 compared to the quarter ended December 31, 2021, and the sequential percentage change for the quarter ended December 31, 2022 compared to the quarter ended September 30, 2022, by submarket for the Company:

	Q4 2022 vs. Q4 2021	Q4 2022 vs. Q3 2022	% of Total Q4 2022 Revenue
Southern California			
Los Angeles County	9.9%	1.1%	18.7%
Orange County	10.5%	2.0%	10.9%
San Diego County	14.2%	1.7%	8.8%
Ventura County	8.7%	-0.9%	4.0%
Total Southern California	10.8%	1.3%	42.4%
Northern California			
Santa Clara County	10.8%	0.7%	18.6%
Alameda County	5.3%	-0.7%	8.0%
San Mateo County	11.5%	-2.2%	4.6%
Contra Costa County	7.3%	-0.5%	5.5%
San Francisco	8.5%	0.4%	2.7%
Total Northern California	9.0%	-0.1%	39.4%
Seattle Metro	12.9%	1.8%	18.2%
Same-Property Portfolio	10.5%	0.8%	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 months ended December 31, 2022, and on a sequential basis for the three months ended December 31, 2022.

Same-Property Revenue Components	Q4 2022 vs. Q4 2021	YTD 2022 vs. YTD 2021	Q4 2022 vs. Q3 2022
Scheduled Rents	8.2%	7.2%	1.0%
Delinquencies	0.7%	0.7%	0.3%
Cash Concessions	1.0%	2.3%	-0.8%
Vacancy ⁽¹⁾	-0.3%	-0.6%	0.0%
Other Income	0.9%	0.7%	0.3%
2022 Same-Property Revenue Growth	10.5%	10.3%	0.8%

(1) Higher vacancy in Q4 2022 and full-year 2022 is primarily attributable to above-average turnover related to delinquency.

	Year-Over-Year Change Q4 2022 compared to Q4 2021			Year-Over-Year Change YTD 2022 compared to YTD 2021		
	Revenue	Operating Expenses	NOI	Revenue	Operating Expenses	NOI
Southern California	10.8%	4.9%	13.3%	11.3%	4.6%	14.3%
Northern California	9.0%	4.4%	11.1%	8.4%	4.8%	10.1%
Seattle Metro	12.9%	1.0%	18.5%	12.0%	-0.1%	17.9%
Same-Property Portfolio	10.5%	4.0%	13.3%	10.3%	3.8%	13.2%

	Sequential Change Q4 2022 compared to Q3 2022		
	Revenue	Operating Expenses	NOI
Southern California	1.3%	-0.8%	2.1%
Northern California	-0.1%	-2.6%	0.9%
Seattle Metro	1.8%	-0.3%	2.7%
Same-Property Portfolio	0.8%	-1.5%	1.8%

	Financial Occupancies Quarter Ended		
	12/31/2022	9/30/2022	12/31/2021
Southern California	96.4%	96.2%	96.2%
Northern California	95.8%	96.0%	96.1%
Seattle Metro	95.8%	95.4%	95.7%
Same-Property Portfolio	96.0%	96.0%	96.1%

INVESTMENT ACTIVITY

Dispositions

In November 2022, the Company sold a community located in Anaheim, CA, containing 250 apartment homes, for a total contract price of \$160.0 million, or \$640,000 per apartment home at a 4.3% disposition yield. The Company recognized a \$94.4 million gain on sale during the quarter, which has been excluded from Total and Core FFO.

Other Investments

In October 2022, the Company originated a subordinated loan investment for the development of a multifamily community totaling \$32.1 million at a return of 11.3%. The investment is expected to be fully funded by the second quarter of 2023. For the full year, the Company committed \$127.0 million to seven preferred equity investments and two subordinated loan investments at a weighted average return of 10.2%.

In the fourth quarter of 2022, the Company received cash proceeds of \$124.7 million from the full redemption of one preferred equity investment and two subordinated loan investments at a weighted average return of 10.1%. For the full year, the Company received cash proceeds of \$243.1 million from the full redemption of three preferred equity investments and two subordinated loan investments and the partial redemption of two preferred equity investments at a weighted average return of 10.4%.

LIQUIDITY AND BALANCE SHEET

Common Stock

In the fourth quarter of 2022, the Company repurchased 149,209 shares of its common stock totaling \$31.8 million, including commissions, at an average price per share of \$212.95. For the full year, the Company repurchased 740,053 shares of its common stock totaling \$189.7 million, including commissions, at an average price per share of \$256.37.

Subsequent to quarter end through February 6, 2023, the Company repurchased 63,700 shares of its common stock totaling \$13.4 million, including commissions, at an average price per share of \$210.98. As of February 6, 2023, the Company had \$384.9 million of purchase authority remaining under the Company's stock repurchase plan.

Balance Sheet

In October 2022, the Company obtained a new \$300.0 million unsecured term loan priced at Adjusted SOFR plus 0.85%. The loan has been swapped to an all-in fixed rate of 4.2% and matures in October 2024 with three 12-month extension options, exercisable at the Company's option. The loan includes a 6-month delayed draw feature with the proceeds expected to be drawn in April 2023 to repay the Company's \$300.0 million unsecured notes due in May 2023. As a result, the Company currently anticipates no refinancing needs until 2024.

As of February 6, 2023, the Company had approximately \$1.3 billion in liquidity via undrawn capacity on its unsecured credit facilities, cash, and marketable securities.

2023 FULL-YEAR GUIDANCE AND KEY ASSUMPTIONS

<u>Per Diluted Share</u>	<u>Range</u>	<u>Midpoint</u>
Net Income	\$5.35 - \$5.79	\$5.57
Total FFO	\$14.53 - \$14.97	\$14.75
Core FFO	\$14.53 - \$14.97	\$14.75
Q1 2023 Core FFO	\$3.51 - \$3.63	\$3.57

U.S. Economic Assumptions

GDP Growth	0.4%
Job Growth	-0.2%

ESS Markets Economic Assumptions

Job Growth	0.4%
Market Rent Growth	2.0%

<u>Estimated Same-Property Portfolio Growth based on 50,064 Apartment Homes</u>	<u>Midpoint Cash-Basis</u>	<u>Midpoint GAAP-Basis</u>
Revenues	3.25% to 4.75%	4.00%
Operating Expenses	4.50% to 5.50%	5.00%
Net Operating Income	2.30% to 4.90%	3.60%

OTHER KEY ASSUMPTIONS

- Acquisition and disposition investment activities will be subject to 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 approximately \$100 million, the proceeds of which will be reinvested back into structured finance investments or other new investments, subject to market conditions and cost of capital.
- Total development spending in 2023 for one existing project under construction is expected to be approximately \$15 million at the Company's pro rata share. The Company does not currently plan to start any new developments during 2023.
- Revenue generating capital expenditures are expected to be approximately \$50 - \$100 million at the Company's pro rata share.

2023 CORE FFO PER DILUTED SHARE GUIDANCE MIDPOINT VERSUS FULL-YEAR 2022

The table below provides a summary of income statement changes between the Company's 2022 Core FFO per diluted share and its 2023 Core FFO per diluted share guidance midpoint.

<u>2023 Core FFO Per Diluted Share Guidance Midpoint versus 2022</u>	<u>Midpoint</u>
2022 Core FFO Per Diluted Share	\$ 14.51
NOI from Consolidated Communities	0.58
Net Interest Expense (Consolidated)	(0.12)
Interest and Other Income	(0.06)
FFO from Co-Investments	(0.15)
G&A and Other	(0.10)
Impact from Weighted Average Shares Outstanding	0.09
2023 Core FFO Per Diluted Share Guidance Midpoint	\$ 14.75

NOTABLE IMPACTS TO THE MIDPOINT OF 2023 AND Q1 2023 CORE FFO PER DILUTED SHARE

	Full-Year 2023 vs. 2022	Q1 2023 vs. Q4 2022	Commentary
Net Delinquency ⁽¹⁾	(\$0.18)	(\$0.12)	Anticipated to be worse in 2023 due to majority of government reimbursements processed in 2022 and uncertainty regarding timing of evictions in Los Angeles. Net delinquency is forecasted to reduce same-property revenue growth by 70 basis points in 2023. The Company has cumulative uncollected cash delinquencies of \$89.9M since the start of COVID which it continues to work to collect.
Total Interest Expense (at Pro Rata)	(\$0.32)	(\$0.02)	Attributed to increases in short-term interest rates by the Federal Reserve and higher borrowing costs on refinancing. Essex has low variable rate exposure with approximately 4% on a consolidated basis and approximately 8% including its pro rata share in co-investments.
Structured Finance Income	(\$0.07)	(\$0.03)	Due to the timing of redemptions in the fourth quarter of 2022 as well as a preferred equity investment in Oakland for which the Company is no longer accruing income. The remainder of the Company's structured finance portfolio continues to perform as expected.
Total Impact (\$)	(\$0.57)	(\$0.17)⁽²⁾	
Total Impact (%)	3.9%	4.5%	

(1) For additional details regarding the Company's net delinquency, please see page S-16 of the supplemental financial information.

(2) The remaining \$0.03 of sequential decline compared to Q4 2022 is primarily attributable to increases in operating expenses.

For additional details regarding the Company's 2023 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 8, 2023 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 fourth quarter 2022 earnings link. To access the replay, dial (844) 512-2921 using the replay pin number 13735125. 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 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, 2022 and 2021 (in thousands, except for share and per share amounts):

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2022	2021	2022	2021
Funds from Operations attributable to common stockholders and unitholders				
Net income available to common stockholders	\$ 185,165	\$ 136,874	\$ 408,315	\$ 488,554
Adjustments:				
Depreciation and amortization	135,758	132,179	539,319	520,066
Gains not included in FFO	(94,416)	-	(111,839)	(145,253)
Impairment loss from unconsolidated co-investments	2,105	-	2,105	-
Depreciation and amortization from unconsolidated co-investments	18,053	16,467	72,585	61,059
Noncontrolling interest related to Operating Partnership units	6,497	4,788	14,297	17,191
Depreciation attributable to third party ownership and other	(357)	(159)	(1,421)	(571)
Funds from Operations attributable to common stockholders and unitholders	\$ 252,805	\$ 290,149	\$ 923,361	\$ 941,046
FFO per share – diluted	\$ 3.77	\$ 4.30	\$ 13.70	\$ 13.98
Expensed acquisition and investment related costs	\$ 1,884	\$ 39	\$ 2,132	\$ 203
Deferred tax (benefit) expense on unconsolidated co-investments ⁽¹⁾	(2,373)	10,277	(10,236)	15,668
Gain on sale of marketable securities	(6)	(901)	(12,436)	(3,400)
Change in unrealized (gains) losses on marketable securities, net	(5,573)	(9,332)	57,983	(33,104)
Provision for credit losses	(317)	251	(381)	141
Equity loss (income) from non-core co-investments ⁽²⁾	6,928	(36,336)	38,045	(55,602)
Loss on early retirement of debt, net	-	28	2	19,010
Loss on early retirement of debt from unconsolidated co-investments	-	7	988	25
Co-investment promote income	-	-	(17,076)	-
Income from early redemption of preferred equity investments and notes receivable	(811)	(209)	(1,669)	(8,469)
General and administrative and other, net	209	261	2,536	1,026
Insurance reimbursements, legal settlements, and other, net	(315)	(35,044)	(5,392)	(35,234)
Core Funds from Operations attributable to common stockholders and unitholders	\$ 252,431	\$ 219,190	\$ 977,857	\$ 841,310
Core FFO per share – diluted	\$ 3.77	\$ 3.25	\$ 14.51	\$ 12.49
Weighted average number of shares outstanding diluted ⁽³⁾	67,003,718	67,480,346	67,374,526	67,335,261

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

(2) Represents the Company's share of co-investment loss (income) 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,	
	2022	2021	2022	2021
Earnings from operations	\$ 228,143	\$ 101,262	\$ 595,229	\$ 529,995
Adjustments:				
Corporate-level property management expenses	10,172	9,076	40,704	36,211
Depreciation and amortization	135,758	132,179	539,319	520,066
Management and other fees from affiliates	(2,826)	(2,431)	(11,139)	(9,138)
General and administrative	16,036	17,092	56,577	51,838
Expensed acquisition and investment related costs	1,884	39	2,132	203
Gain on sale of real estate and land	(94,416)	-	(94,416)	(142,993)
NOI	294,751	257,217	1,128,406	986,182
Less: Non-same property NOI	(22,437)	(16,854)	(76,027)	(56,267)
Same-Property NOI	\$ 272,314	\$ 240,363	\$ 1,052,379	\$ 929,915

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 as well as other impacts on the Company’s financials and operating results in light of the COVID-19 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, inflation, the labor market, supply chain impacts and ongoing hostilities between

Russia and Ukraine, 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; as well as uncertainties regarding hostilities between Russia and the Ukraine 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, quarterly reports on Form 10-Q, and other reports that the Company files with the SEC from time to time. 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.

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