ESSEX
PROPERTY TRUST, INC.

ESSEX ANNOUNCES FOURTH QUARTER AND FULL-YEAR 2019 RESULTS AND 2020 GUIDANCE

San Mateo, California—January 29, 2020—Essex Property Trust, Inc. (NYSE:ESS) announced today its fourth quarter and full-year 2019 earnings results and related business activities.

Net Income and Funds from Operations ("FFO") per diluted share for the quarter ended and year ended December 31, 2019 are detailed below.

	Three Months Ended December 31,		%	Year Ended December 31,		%
	2019	2018	Change	**2019**	2018	Change
Per Diluted Share						
Net Income	**$1.95**	$1.78	9.6%	**$6.66**	$5.90	12.9%
Total FFO	**$3.54**	$3.02	17.2%	**$13.73**	$12.76	7.6%
Core FFO	**$3.45**	$3.19	8.2%	**$13.38**	$12.57	6.4%

Fourth Quarter and Full-Year Highlights:

- Reported Net Income per diluted share for the fourth quarter of 2019 of $1.95, compared to $1.78 in the fourth quarter of 2018.
- Grew Core FFO per diluted share by 8.2% compared to the fourth quarter of 2018 and 6.4% for the full-year 2019.
- Achieved same-property revenue and net operating income ("NOI") growth of 4.0% and 5.5%, respectively, compared to the fourth quarter of 2018. For the full-year, realized same-property revenue and NOI growth of 3.4% and 3.9%, respectively, achieving the high-end of the full-year NOI guidance range.
- Acquired two apartment communities during the fourth quarter of 2019 for a total contract price of $172.1 million. For the full-year, the Company acquired or increased its interests in eight apartment communities for a total pro rata contract price of $856.4 million, exceeding the high-end of the full-year guidance range.
- Committed $32.0 million in a preferred equity investment in the fourth quarter of 2019. For the full-year, the Company committed $141.7 million in five preferred equity investments, exceeding the high-end of the full-year guidance range.
- Disposed of one joint venture community during the fourth quarter for a total contract price of $311.0 million.

Subsequent Events:

- In January 2020, the Company acquired its joint venture partner's 45% interest in a land parcel and six communities representing 2,020 apartment homes, together valued at approximately $1.0 billion on a gross basis.

"We are pleased to report solid 2019 results, for both the fourth quarter and full-year, with same-property NOI growth at the high-end of our guidance range. Demand for rental housing remains consistently strong along the West Coast, driven by steady job growth, particularly around the tech hubs of Northern California and Seattle. A significant improvement in our cost of capital in 2019 drove transaction activity, contributing to results above the high-end of our initial 2019 guidance range for Core FFO per share, acquisitions and preferred equity investments. We expect another productive year in 2020 with stable operating fundamentals and rent growth mostly consistent with our long-term averages," 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 December 31, 2019 compared to the quarter ended December 31, 2018, and the sequential percentage change for the quarter ended December 31, 2019 compared to the quarter ended September 30, 2019, by submarket for the Company:

	Q4 2019 vs. Q4 2018	Q4 2019 vs. Q3 2019	% of Total
	Gross Revenues	**Gross Revenues**	**Q4 2019 Revenues**
Southern California			
Los Angeles County	3.5%	1.8%	19.0%
Orange County	3.5%	2.5%	10.9%
San Diego County	2.8%	0.8%	8.4%
Ventura County and Other	3.7%	0.8%	4.8%
Total Southern California	**3.4%**	**1.7%**	**43.1%**
Northern California			
Santa Clara County	4.5%	1.7%	18.9%
Alameda County	4.0%	1.2%	6.9%
San Mateo County	5.2%	3.0%	5.0%
Contra Costa County	3.4%	1.2%	4.8%
San Francisco	5.4%	1.4%	3.3%
Total Northern California	**4.4%**	**1.7%**	**38.9%**
Seattle Metro	**4.8%**	**1.6%**	**18.0%**
Same-Property Portfolio	**4.0%**	**1.7%**	**100%**

	Year-Over-Year Growth Q4 2019 compared to Q4 2018			Year-Over-Year Growth YTD 2019 compared to YTD 2018		
	Gross Revenues	**Operating Expenses**	**NOI**	**Gross Revenues**	**Operating Expenses**	**NOI**
Southern California	3.4%	0.0%	4.7%	3.0%	2.7%	3.1%
Northern California	4.4%	0.9%	5.7%	3.8%	2.8%	4.1%
Seattle Metro	4.8%	-0.6%	7.1%	3.8%	0.4%	5.2%
Same-Property Portfolio	**4.0%**	**0.2%**	**5.5%**	**3.4%**	**2.3%**	**3.9%**

	Sequential Growth Q4 2019 compared to Q3 2019		
	Gross Revenues	**Operating Expenses**	**NOI**
Southern California	1.7%	-3.5%	3.8%
Northern California	1.7%	-0.9%	2.6%
Seattle Metro	1.6%	-0.5%	2.5%
Same-Property Portfolio	**1.7%**	**-2.0%**	**3.1%**

	Financial Occupancies Quarter Ended		
	12/31/2019	**9/30/2019**	**12/31/2018**
Southern California	97.0%	96.1%	96.7%
Northern California	97.2%	95.8%	96.9%
Seattle Metro	97.1%	95.9%	96.7%
Same-Property Portfolio	**97.1%**	**96.0%**	**96.8%**

INVESTMENT ACTIVITY

Real Estate

In November 2019, Wesco V, LLC ("Wesco V"), a joint venture in which the Company owns a 50.0% interest, acquired Velo and Ray, a 308-unit apartment home community located in the Fremont neighborhood of Seattle, WA for a total contract price of $133.0 million.

In December 2019, the Company acquired Pure Redmond, a 105-unit apartment home community located in Redmond, WA, for a total contract price of $39.1 million.

Subsequent to quarter end, the Company purchased Canada Pension Plan Investment Board's ("CPP Investments") 45.0% interest in a land parcel and six communities valued at approximately $1.0 billion on a gross basis. The six communities totaling 2,020 apartment homes were consolidated on the Company's financials in mid-January and this transaction is reflected in the 2020 guidance provided herein. As a result of the acquisition, the Company expects to report a remeasurement gain in the first quarter of 2020 in excess of $225 million. The remeasurement gain incorporates impairments recognized in the fourth quarter of 2019, related to acquiring interests in one property and land held for development at below book value. Both the remeasurement gain and the impairments are excluded from Total and Core FFO. The Company expects to recognize approximately $6.4 million of promote income in the first quarter of 2020 associated with this transaction, which will be excluded from Core FFO.

Dispositions

In October 2019, a CPP joint venture, in which Essex had a 55.0% ownership interest, sold a 463-unit apartment community located in San Francisco, CA, for a total contract price of $311.0 million. The Company recognized a $50.2 million gain on sale, which has been excluded from Core FFO.

Other Investments

In October 2019, the Company originated a $32.0 million preferred equity investment on a multifamily development located in Irvine, CA. The investment has an initial preferred return of 11.3% and matures in 2024. This investment is expected to be fully funded by the third quarter of 2020.

In November 2019, the Company received cash proceeds of $83.1 million from the maturity of an investment in a mortgage backed security, which was 4.9x our initial investment made in 2010. The Company recognized approximately $7.0 million of accelerated interest income in the fourth quarter related to this maturity, which has been excluded from Core FFO.

In the fourth quarter of 2019, the Company received cash proceeds of $83.9 million from the full or partial redemption of three preferred equity and two subordinated loan investments. The Company recorded $1.0 million of income from prepayment penalties as a result of the early redemptions, which has been excluded from Core FFO.

DEVELOPMENT ACTIVITY

The table below represents the development communities in lease-up and the current leasing status as of January 27, 2020.

Project Name	**Location**	**Total Apartment Homes**	**ESS Ownership**	**% Leased as of 01/27/20**	**Status**
Station Park Green - Phase II	San Mateo, CA	199	100%	92.5%	In Lease-Up
Mylo	Santa Clara, CA	476	100%	34.7%	In Lease-Up
500 Folsom	San Francisco, CA	537	50%	31.7%	In Lease-Up
Total/Average % Leased		**1,212**		**42.8%**	

LIQUIDITY AND BALANCE SHEET

Common Stock

During the fourth quarter of 2019, the Company did not issue any shares of common stock through its equity distribution program.

Balance Sheet

In October 2019, the Company issued $150.0 million of 10-year senior unsecured notes due in January 2030 bearing an interest rate per annum of 3.0% and an effective interest rate of 2.8%. The notes were issued as additional notes pursuant to the notes previously issued in August 2019. The proceeds were used to prepay certain secured mortgages due in 2020.

In January 2020, the Company extended the maturity date of its $1.2 billion unsecured line of credit facility to mature in December 2023 with one 18-month extension, exercisable at the Company’s option. Pricing on the line of credit remained unchanged at LIBOR + 0.825%.

As of January 27, 2020, the Company had approximately $725.0 million in undrawn capacity on its unsecured credit facilities.

2020 Full-Year Guidance and Assumptions

Per Diluted Share	Range	Midpoint
Net Income	$9.20 - $9.60	$9.40
Total FFO	$13.83 - $14.23	$14.03
Core FFO	$13.74 - $14.14	$13.94
U.S. Economic Assumptions		
GDP Growth	2.0%	
Job Growth	1.2%	
ESS Markets Economic Assumptions		
Job Growth	1.7%	
Market Rent Growth	3.0%	
Estimated Same-Property Portfolio Growth based on 47,347 Apartment Homes		
Southern California	2.2% to 3.2%	2.7%
Northern California	2.6% to 3.6%	3.1%
Seattle	3.5% to 4.5%	4.0%
Gross Revenue	**2.6% to 3.6%**	**3.1%**
Operating Expense	**2.5% to 3.5%**	**3.0%**
Net Operating Income	**2.2% to 4.0%**	**3.1%**

OTHER KEY ASSUMPTIONS

- Acquisitions of $375 - $575 million, excluding the CPP transaction which closed in January 2020.
- Dispositions of $100 - $300 million.
- Preferred equity investments of $50 - $100 million.
- Redemptions of structured finance investments and a mortgage backed security expected to be $225 million in 2020.
- Total development spending in 2020 for existing projects under construction is expected to be approximately $100 million at the Company's pro rata share. The Company does not currently plan to start any new developments during 2020.
- Revenue generating capital expenditures are expected to be approximately $100 million at the Company's pro rata share.

For additional details regarding the 2020 assumptions, please see page S-14 of the accompanying supplemental financial information. For the first quarter of 2020, the Company has established a guidance range of Core FFO per diluted share of $3.36 to $3.46.

CONFERENCE CALL WITH MANAGEMENT

The Company will host an earnings conference call with management to discuss its quarterly results on Thursday, January 30, 2020 at 10 a.m. PT (1 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 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 2019 earnings link. To access the replay digitally, dial (844) 512-2921 using the replay pin number 13697637. 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 250 apartment communities comprising approximately 60,000 apartment homes with an additional 7 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 months and years ended December 31, 2019 and 2018 (dollars in thousands, except for share and per share amounts):

	Three Months Ended December 31,		Year Ended December 31,	
Funds from Operations attributable to common stockholders and unitholders	**2019**	2018	**2019**	2018
Net income available to common stockholders	**$ 128,818**	$ 117,820	**$ 439,286**	$ 390,153
Adjustments:				
Depreciation and amortization	**122,908**	120,597	**483,750**	479,884
Gains not included in FFO	**(47,063)**	(51,439)	**(79,468)**	(73,683)
Impairment loss	**7,105**	-	**7,105**	-
Impairment loss from unconsolidated co-investments	**11,484**	-	**11,484**	-
Depreciation and amortization from unconsolidated co-investments	**15,351**	15,609	**60,655**	62,954
Noncontrolling interest related to Operating Partnership units	**4,480**	4,071	**15,343**	13,452
Depreciation attributable to third party ownership and other	**(1,097)**	(241)	**(1,805)**	(940)
Funds from Operations attributable to common stockholders and unitholders	**$ 241,986**	$ 206,417	**$ 936,350**	$ 871,820
FFO per share – diluted	**$ 3.54**	$ 3.02	**$ 13.73**	$ 12.76
Expensed acquisition and investment related costs	**$ 99**	$ 38	**$ 168**	$ 194
Deferred tax expense on unrealized gain on unconsolidated co-investment [1]	-	-	**1,457**	-
Gain on sale of marketable securities	**(534)**	(68)	**(1,271)**	(737)
Unrealized (gains) losses on marketable securities	**(1,430)**	5,585	**(5,710)**	5,159
Equity (income) loss from non-core co-investment [2]	**418**	-	**(4,143)**	-
Interest rate hedge ineffectiveness [3]	-	87	**181**	148
(Gain) loss on early retirement of debt, net	**3,426**	-	**(3,717)**	-
Gain on early retirement of debt from unconsolidated co-investment	-	-	-	(3,662)
Co-investment promote income	-	-	**(809)**	(20,541)
Income from early redemption of preferred equity investments	**(1,031)**	(50)	**(3,562)**	(1,652)
Accelerated interest income from maturity of investment in mortgage backed security	**(7,032)**	-	**(7,032)**	-
General and administrative and other, net	**1,181**	6,171	**1,181**	8,745
Insurance reimbursements and legal settlements, net	**(595)**	-	**(858)**	(561)
Core Funds from Operations attributable to common stockholders and unitholders	**$ 236,488**	$ 218,180	**$ 912,235**	$ 858,913
Core FFO per share – diluted	**$ 3.45**	$ 3.19	**$ 13.38**	$ 12.57
Weighted average number of shares outstanding diluted [4]	**68,449,008**	68,322,115	**68,198,785**	68,322,207

(1) A deferred tax expense was recorded during the year ended December 31, 2019 related to the $4.4 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 year ended December 31, 2019 includes a net unrealized gain of $4.4 million.

(3) Interest rate swaps are generally adjusted to fair value through other comprehensive income (loss). However, because certain of the Company's interest rate swaps do not have a 0% LIBOR floor, while related hedged debt in these cases is subject to a 0% LIBOR floor, the portion of the change in fair value of these interest rate swaps attributable to this mismatch, if any, is recorded as noncash interest rate hedge ineffectiveness through interest expense. 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 $181,000 from interest expense to accumulated other comprehensive income.

(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 December 31,		Year Ended December 31,	
	2019	2018	**2019**	2018
Earnings from operations	**$ 116,818**	$ 149,029	**$ 481,112**	$ 511,989
Adjustments:				
Corporate-level property management expenses	**8,279**	7,749	**32,899**	31,062
Depreciation and amortization	**122,908**	120,597	**483,750**	479,884
Management and other fees from affiliates	**(2,504)**	(2,371)	**(9,527)**	(9,183)
General and administrative	**15,531**	16,912	**54,262**	53,451
Expensed acquisition and investment related costs	**99**	38	**168**	194
Impairment loss	**7,105**	-	**7,105**	-
(Gain) Loss on sale of real estate and land	**3,164**	(39,617)	**3,164**	(61,861)
NOI	**271,400**	252,337	**1,052,933**	1,005,536
Less: Non-same property NOI	**(18,274)**	(12,518)	**(63,492)**	(53,044)
Same-Property NOI	**$ 253,126**	$ 239,819	**$ 989,441**	$ 952,492

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 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 the economic conditions, 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 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; there may be a downturn in general economic conditions, the real estate industry, and the markets in which the Company's communities are located; 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-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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