ESSEX PROPERTY TRUST INC
Form 424B3
April 02, 2013

Filed Pursuant to
Rule 424(b)(3)
Registration No. 333-186536

PROSPECTUS

ESSEX PORTFOLIO, L.P.
OFFER TO EXCHANGE

$300,000,000 aggregate principal amount of its
3.625% Senior Notes due 2022
which have been registered under the Securities Act of 1933, as amended,
for any and all of its outstanding 3.625% Senior Notes due 2022
Guaranteed by Essex Property Trust, Inc.

The exchange offer expires at 5:00 p.m., New York City time, on April 30, 2013, unless extended.

We will exchange all outstanding notes that are validly tendered and not validly withdrawn for an equal principal amount of a new series of notes which are registered under the Securities Act of 1933, as amended.

The exchange offer is not subject to any conditions other than that it not violate applicable law or any applicable interpretation of the staff of the Securities and Exchange Commission.

You may withdraw tenders of outstanding notes at any time before the exchange offer expires.

We believe that the exchange of notes will not be a taxable event for U.S. federal income tax purposes.

We will not receive any proceeds from the exchange offer.

The terms of the new series of notes are substantially identical to the outstanding notes, except for transfer restrictions and registration rights relating to the outstanding notes.

The outstanding notes are, and the new series of notes will be, fully and unconditionally guaranteed by Essex Property Trust, Inc., a Maryland corporation, our sole general partner, which has no material assets other than its investment in us.

You may tender outstanding notes only in denominations of $2,000 and integral multiples thereof.

Our affiliates may not participate in the exchange offer.

No public market exists for the outstanding notes. We do not intend to list the exchange notes on any securities exchange and, therefore, no active public market is anticipated for the exchange notes.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding notes where such outstanding notes were acquired by such broker-dealer as a result of market-making activities or other trading activities.

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Please refer to "Risk Factors" beginning on page 14 of this prospectus for
a description of the risks you should consider when evaluating an investment in these securities.

We are not making this exchange offer in any state or other jurisdiction where it is not permitted.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 2, 2013.

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You should rely only on the information contained in or incorporated by reference in this prospectus. We have not authorized anyone to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information contained in this prospectus, as well as information that we have previously filed with the Securities and Exchange Commission and incorporated by reference, is accurate only as of the date of the applicable document. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus incorporates important business and financial information about us that is not included in or delivered with this prospectus, and such information is available without charge to holders of the notes upon written or oral request to Investor Relations, Essex Property Trust, Inc., 925 East Meadow Drive, Palo Alto, California 94303 (telephone: (650) 494-3700). In order to obtain timely delivery, note holders must request the information no later than five business days prior to the expiration of the exchange offer contemplated by this prospectus, or April 23, 2013.

Each broker-dealer that receives exchange notes for its own account pursuant to the exchange offer must acknowledge that it will deliver a prospectus in connection with any resale of such exchange notes. The letter of transmittal delivered with this prospectus states that by so acknowledging and by delivering a prospectus, a broker-dealer will not be deemed to admit that it is an "underwriter" within the meaning of the Securities Act of 1933, as amended. This prospectus, as it may be amended or supplemented from time to time, may be used by a broker-dealer in connection with resales of exchange notes received in exchange for outstanding private notes where such outstanding private notes were acquired by such broker-dealer as a result of market-making activities or other trading activities. We have agreed that, starting on the expiration date of the exchange offer and ending on the close of business one year after such expiration date, subject to extension in limited circumstances, we will make this prospectus available to any broker-dealer for use in connection with any such resale. See “Plan of Distribution.”

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PROSPECTUS SUMMARY

You should read the following summary together with the more detailed information regarding our company and the financial statements and related notes appearing elsewhere in this prospectus or incorporated by reference in this prospectus, including under the caption "Risk Factors."

Explanatory Note

This prospectus includes combined disclosure for Essex Property Trust, Inc., a Maryland corporation, and Essex Portfolio, L.P., a California limited partnership of which Essex Property Trust, Inc. is the sole general partner. Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to "we," "us," "our", "our company" or “the Company” refer to Essex Property Trust, Inc. together with its consolidated subsidiaries, including Essex Portfolio, L.P. Unless otherwise indicated or unless the context requires otherwise, all references in this prospectus to "our operating partnership" or "the operating partnership" refer to Essex Portfolio, L.P. together with its consolidated subsidiaries.

Essex Property Trust, Inc. operates as a real estate investment trust, or REIT, and the general partner of Essex Portfolio, L.P. As of December 31, 2012, Essex Property Trust, Inc. owned an approximate 94.5% partnership interest and other limited partners, including some of our directors, executive officers and their affiliates, owned the remaining 5.5% partnership interest (including long term incentive plan units) in Essex Portfolio, L.P. As the sole general partner of Essex Portfolio, L.P., Essex Property Trust, Inc. has the full, exclusive and complete responsibility for the operating partnership's day-to-day management and control.

There are few differences between our company and our operating partnership, which are reflected in the disclosure in this prospectus. We believe it is important to understand the differences between our company and our operating partnership in the context of how Essex Property Trust, Inc. and Essex Portfolio, L.P. operate as an interrelated consolidated company. Essex Property Trust, Inc. is a REIT, whose only material asset is its ownership of partnership interests of Essex Portfolio, L.P. As a result, Essex Property Trust, Inc. does not conduct business itself, other than acting as the sole general partner of Essex Portfolio, L.P., issuing public equity from time to time and guaranteeing certain debt of Essex Portfolio, L.P. Essex Property Trust, Inc. itself does not hold any indebtedness but guarantees some of the unsecured debt of Essex Portfolio, L.P., as disclosed in this prospectus. Essex Portfolio, L.P. holds substantially all the assets of the company and holds the ownership interests in the company's joint ventures. Essex Portfolio, L.P. conducts the operations of the business and is structured as a partnership with no publicly traded equity. Except for net proceeds from public equity issuances by Essex Property Trust, Inc., which are generally contributed to Essex Portfolio, L.P. in exchange for partnership units, Essex Portfolio, L.P. generates the capital required by the company's business through Essex Portfolio, L.P.'s operations, by Essex Portfolio, L.P.'s direct or indirect incurrence of indebtedness or through the issuance of partnership units.

Noncontrolling interests and stockholders' equity and partners' capital are the main areas of difference between the consolidated financial statements of Essex Property Trust, Inc. and those of Essex Portfolio, L.P. The common partnership and long term incentive plan units in Essex Portfolio, L.P. that are not owned by Essex Property Trust, Inc. are accounted for as partners' capital in Essex Portfolio, L.P.'s financial statements and as noncontrolling interests in Essex Property Trust, Inc.'s financial statements. The noncontrolling interests in Essex Portfolio, L.P.'s financial statements include the interests of joint venture partners. The noncontrolling interests in Essex Property Trust, Inc.'s financial statements include the same noncontrolling interests at the Essex Portfolio, L.P. level as well as the limited partnership unitholders of Essex Portfolio, L.P., not including Essex Property Trust, Inc. The differences between stockholders' equity and partners' capital result from the differences in the equity issued at the Essex Property Trust, Inc. and the Essex Portfolio, L.P. levels.

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Our Company

Essex Property Trust, Inc., our sole general partner, is a real estate investment trust ("REIT") engaged primarily in the ownership, operation, management, acquisition, development and redevelopment of predominantly apartment communities. Essex Property Trust, Inc. owns all of its interest in its real estate investments directly or indirectly through Essex Portfolio, L.P. As of December 31, 2012, we owned or had ownership interests in 163 apartment communities, aggregating 33,468 units, excluding our ownership in preferred interest coinvestments, (collectively, the "Communities", and individually, a "Community"), five commercial buildings and nine active development projects (collectively, the "Portfolio"). The Communities are located in Southern California (Los Angeles, Orange, Riverside, San Diego, Santa Barbara, and Ventura counties), Northern California (the San Francisco Bay Area) and the Seattle metropolitan area. As of December 31, 2012, we had 1,144 employees.

Our principal offices are located at 925 East Meadow Drive, Palo Alto, California, 94303. Our telephone number at that location is (650) 494-3700. We have regional offices in Woodland Hills, California; Irvine, California; San Diego, California and Bellevue, Washington. Our website is located at http://www.essexpropertytrust.com. The information found on, or otherwise accessible through, our website is not incorporated into, and does not form a part of, this prospectus or any other report or document that either we or Essex Property Trust, Inc. files with or furnishes to the SEC.

As of April 2, 2013, Fitch Ratings, Moody’s Investor Service, and Standard and Poor's credit agencies rate Essex Property Trust, Inc. and Essex Portfolio, L.P. BBB+/Stable, Baa2/Stable, and BBB/Stable, respectively. The common stock of Essex Property Trust, Inc. is traded on the New York Stock Exchange under the ticker symbol "ESS".

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THE EXCHANGE OFFER

The Exchange Offer	We are offering to exchange the 3.625% Senior Notes due 2022 offered by this prospectus (the exchange notes) for the outstanding 3.625% Senior Notes due 2022 (the private notes and together with the exchange notes, the “Notes due 2022”) that are properly tendered and accepted. You may tender outstanding private notes only in denominations of $2,000 and integral multiples of $1,000 thereof. We will issue the exchange notes on or promptly after the exchange offer expires. As of the date of this prospectus, $300,000,000 principal amount of private notes is outstanding.
Expiration Date	The exchange offer will expire at 5:00 p.m., New York City time, on April 30, 2013 (the 21st business day following commencement of the exchange offer), unless extended, in which case the expiration date will mean the latest date and time to which we extend the exchange offer.
Conditions to the Exchange Offer	The exchange offer is not subject to any condition other than that it not violate applicable law or any applicable interpretation of the staff of the SEC. The exchange offer is not conditioned upon any minimum principal amount of private notes being tendered for exchange. We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement with respect to the private notes and the applicable requirements of the Securities Act of 1933, as amended, or the Securities Act, the Securities Exchange Act of 1934, as amended, or the Exchange Act, and the rules and regulations of the SEC.
Procedures for Tendering Private Notes	If you wish to tender your private notes for exchange notes pursuant to the exchange offer, you must complete and sign a letter of transmittal in accordance with the instructions contained in the letter and forward it by mail, facsimile or hand delivery, together with any other documents required by the letter of transmittal, to the Exchange Agent (as defined below), either with the private notes to be tendered or in compliance with the specified procedures for guaranteed delivery of notes. Certain brokers, dealers, commercial banks, trust companies and other nominees may also affect tenders by book-entry transfer. Holders of private notes registered in the name of a broker, dealer, commercial bank, trust company or other nominee are urged to contact such person promptly if they wish to tender private notes pursuant to the exchange offer. See "The Exchange Offer—Procedures for Tendering." Letters of transmittal and certificates representing private notes should not be sent to us. Such documents should only be sent to the Exchange Agent. Questions regarding how to tender private notes and requests for information should be directed to the Exchange Agent. See "The Exchange Offer—Exchange Agent."
Acceptance of the Private Notes and Delivery of the Exchange Notes	Subject to the satisfaction or waiver of the conditions to the exchange offer, we will accept for exchange any and all private notes which are validly tendered in the exchange offer and not withdrawn before 5:00 p.m., New York City time, on the expiration date.
Withdrawal Rights	You may withdraw the tender of your private notes at any time before 5:00 p.m., New York City time, on the expiration date, by complying with the procedures for withdrawal described in this prospectus under the heading "The Exchange Offer—Withdrawal of Tenders."

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U.S. Federal Income Tax Consequences	We believe that the exchange of notes will not be a taxable event for U.S. federal income tax purposes. For a discussion of material federal tax considerations relating to the exchange of notes, see "U.S. Federal Income Tax Consequences."
Exchange Agent	U.S. Bank National Association, the registrar and paying agent for the notes under the indenture governing the notes, is serving as the exchange agent for the notes (the “Exchange Agent”).
Consequences of Failure to Exchange	If you do not exchange your private notes for the exchange notes, you will continue to be subject to the restrictions on transfer provided in the private notes and in the indenture governing the private notes. In general, the private notes may not be offered or sold, unless registered under the Securities Act, except pursuant to an exemption from, or in a transaction not subject to, the Securities Act and applicable state securities laws. We do not currently plan to register the resale of the private notes under the Securities Act.
Registration Rights Agreement	You are entitled to exchange your private notes for the exchange notes with substantially identical terms. This exchange offer satisfies this right. After the exchange offer is completed, you will no longer be entitled to any exchange or registration rights with respect to your private notes accepted for exchange in this offer.

We explain the exchange offer in greater detail beginning on page 28.

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THE EXCHANGE NOTES

The summary below describes the principal terms of the exchange notes. Certain of the terms and conditions described below are subject to important limitations and exceptions. The "Description of Exchange Notes" section of this prospectus contains a more detailed description of the terms and conditions of the exchange notes. For purposes of this section entitled "—The Exchange Notes" and the section entitled "Description of Exchange Notes," references to "we," "us," and "our" refer only to Essex Portfolio, L.P. and not to its subsidiaries or Essex Property Trust, Inc., and references to "notes" mean the exchange notes. The form and terms of the exchange notes are the same as the form and terms of the private notes, except that the exchange notes will be registered under the Securities Act and, therefore, the exchange notes will not be subject to the transfer restrictions, registration rights and provisions providing for an increase in the interest rate applicable to the private notes. The exchange notes will evidence the same debt as the private notes, and both the private notes and the exchange notes are governed by the same indenture.

Issuer of Notes	Essex Portfolio, L.P.
Securities Offered	$300,000,000 aggregate principal amount of 3.625% Senior Notes due 2022.
Ranking of Notes	The notes will be our senior unsecured obligations and will rank equally with all of our other senior unsecured indebtedness. However, the notes will be effectively subordinated to all of our existing and future secured indebtedness (to the extent of the collateral securing such indebtedness) and to all existing and future liabilities and preferred equity of our subsidiaries, including guarantees provided by our subsidiaries under our other indebtedness.
Guarantee	The notes will be fully and unconditionally guaranteed by Essex Property Trust, Inc. The guarantee will be a senior unsecured obligation of Essex Property Trust, Inc. and will rank equally in right of payment with all other senior unsecured obligations of Essex Property Trust, Inc. Essex Property Trust, Inc. has no material assets other than its investment in us.
Interest	The notes will bear interest at a rate of 3.625% per year. Interest will be payable semi-annually in arrears on February 15 and August 15 of each year, beginning February 15, 20l3.
Maturity	The notes will mature on August 15, 2022 unless previously redeemed by us at our option for cash prior to such date.
Our Redemption Rights	We may redeem the notes at our option and in our sole discretion, for cash, at any time in whole or from time to time in part, at the redemption price specified herein. If we redeem the notes on or after 90 days prior to the maturity date, the redemption price will be equal to 100% of the principal amount of the notes being redeemed. See "Description of Exchange Notes - Our Redemption Rights" in this prospectus.
Certain Covenants	The indenture governing the notes contains certain covenants that, among other things, limit our, Essex Property Trust, Inc.'s and our respective subsidiaries' ability to:

- consummate a merger, consolidation or sale of all or substantially all of our assets; and
- incur secured and unsecured indebtedness.

These covenants are subject to a number of important exceptions and qualifications. See "Description of Exchange Notes" in this prospectus.

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Trading	The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system.
Book-Entry Form	The notes (except those issued as or in exchange for definitive notes in accordance with the provisions of the indenture) will be issued in the form of one or more fully registered global notes in book-entry form, which will be deposited with, or on behalf of, The Depository Trust Company, commonly known as DTC, in New York, New York. Beneficial interests in the global certificate representing the notes will be shown on, and transfers will be effected only through, records maintained by DTC and its direct and indirect participants and such interests may not be exchanged for certificated notes, except in limited circumstances.
Additional Notes	We may, without the consent of holders of the notes, increase the principal amount of the notes by issuing additional notes in the future on the same terms and conditions, except for any difference in the issue price and interest accrued prior to the issue date of the additional notes, and with the same CUSIP number as the notes offered hereby so long as such additional notes are fungible for U.S. federal income tax purposes with the notes offered hereby.
Risk Factors	See "Risk Factors" beginning on page 14 of this prospectus, as well as other information included in this prospectus, for a discussion of factors you should carefully consider that are relevant to an investment in the notes.

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SUMMARY HISTORICAL FINANCIAL DATA

The following tables set forth, on a historical basis, certain summary consolidated financial and operating data for Essex Portfolio, L.P. and Essex Property Trust, Inc. and their respective subsidiaries. You should read the following summary historical financial data in conjunction with the consolidated historical financial statements and notes thereto of each of Essex Portfolio, L.P. and Essex Property Trust, Inc. and their respective subsidiaries and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this prospectus.

Essex Portfolio, L.P.

The consolidated balance sheet data as of December 31, 2012 and 2011 and the consolidated statement of income operating data for each of the years in the three-year period ended December 31, 2012 have been derived from the historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, which are included in this prospectus and which have been audited by KPMG LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2010 and the consolidated statement of income operating data for the years ended December 31, 2010 and 2009 have been derived from the historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, have also been audited by KPMG LLP. The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of income operating data for the year ended December 31, 2008 have been derived from the unaudited historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries.

	Years Ended December 31,				
	2012	2011	2010	2009	2008
($ in thousands, except per share amounts)					
OPERATING DATA:					
REVENUES					
Rental and other property	$ 531,936	$ 465,713	$ 405,728	$ 401,550	$ 397,673
Management and other fees	11,489	6,780	4,551	4,325	5,166
	543,425	472,493	410,279	405,875	402,839
EXPENSES					
Property operating expenses	174,088	159,234	143,164	137,457	130,328
Depreciation	170,592	151,428	128,221	116,540	108,221
General and administrative	23,307	20,694	23,255	24,966	24,725
Cost of management and other fees	6,513	4,610	2,707	3,096	2,959
Impairment and other charges	-	-	2,302	13,084	650
	374,500	335,966	299,649	295,143	266,883
Earnings from operations	168,925	136,527	110,630	110,732	135,956
Interest expense before amortization expense	(100,244)	(91,694)	(82,756)	(81,196)	(78,203)
Amortization expense	(11,644)	(11,474)	(4,828)	(4,820)	(6,860)
Interest and other income	13,833	17,139	27,841	13,040	11,337
Gain on remeasurement of co-investments	21,947	-	-	-	-
Equity income (loss) from co-investments	41,745	(467)	(1,715)	670	7,820
(Loss) gain on early retirement of debt	(5,009)	(1,163)	(10)	4,750	3,997
Gain on the sales of real estate	-	-	-	103	4,578
Income before discontinued operations	129,553	48,868	49,162	43,279	78,625
Income from discontinued operations	10,037	8,648	1,620	10,460	5,770
Net income	139,590	57,516	50,782	53,739	84,395

Net income attributable to noncontrolling interest	(6,347)	(5,571)	(5,770)	(6,107)	(5,943)
Net income attributable to controlling interest	133,243	51,945	45,012	47,632	78,452
Preferred interests distributions - Series F, G, & H	(5,472)	(4,753)	(2,170)	(4,860)	(9,241)
Preferred interests distributions - limited partners	-	(1,650)	(6,300)	(6,300)	(9,909)
Excess (deficit) of the carrying amount of preferred interests redeemed over the cash paid to redeem preferred interests	-	(1,949)	-	49,952	-
Net income available to common unitholders	$ 127,771	$ 43,593	$ 36,542	$ 86,424	$ 59,302
Per unit data:					
Basic:					
Income before discontinued operations available to common unitholders	$ 3.16	$ 1.00	$ 1.09	$ 2.56	$ 1.86
Net income available to common unitholders	$ 3.43	$ 1.25	$ 1.14	$ 2.91	$ 2.06
Weighted average common unit outstanding	37,252	34,774	31,961	29,717	28,809
Diluted:					
Income before discontinued operations available to common unitholders	$ 3.15	$ 1.00	$ 1.09	$ 2.56	$ 1.86
Net income available to common unitholders	$ 3.42	$ 1.25	$ 1.14	$ 2.91	$ 2.06
Weighted average common unit outstanding	37,344	34,861	32,028	29,747	28,855
Cash dividend per common unit	$ 4.40	$ 4.16	$ 4.13	$ 4.12	$ 4.08

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($ in thousands)	As of December 31, 2012	2011	2010	2009	2008
BALANCE SHEET DATA:					
Investment in rental properties (before accumulated depreciation)	$ 5,033,672	$ 4,313,064	$ 3,964,561	$ 3,412,930	$ 3,279,788
Net investment in rental properties	3,952,155	3,393,038	3,189,008	2,663,466	2,639,762
Real estate under development	66,851	44,280	217,531	274,965	272,273
Total assets	4,847,223	4,036,964	3,732,887	3,254,637	3,164,823
Total secured indebtedness	1,565,599	1,745,858	2,082,745	1,832,549	1,588,931
Total unsecured indebtedness	1,253,084	615,000	176,000	14,893	165,457
Cumulative convertible preferred interests	4,349	4,349	4,349	4,349	145,912
Cumulative redeemable preferred interests	71,209	71,209	104,412	104,412	104,412
Partners' capital	1,880,116	1,486,914	1,284,515	1,200,208	1,001,356

	As of and for the years ended December 31, 2012	2011	2010	2009	2008
OTHER DATA:					
Net income	$139,590	$57,516	$50,782	$53,739	$84,395
Interest expense before amortization expense	100,244	91,694	82,756	81,196	78,203
Amortization expense	11,644	11,474	4,828	4,820	6,860
Tax benefit	-	(1,682)	-	-	-
Depreciation (1)	170,686	152,543	129,712	118,522	113,294
EBITDA(2)	$422,164	$311,545	$268,078	$258,277	$282,752
Ratio of earnings to fixed charges(3)	1.98	1.36	1.41	1.34	1.66
Ratio of earnings to combined fixed charges and preferred stock dividends (3)	1.89	1.29	1.30	1.20	1.38

(1) Includes amounts classified within discontinued operations.

(2) EBITDA is an operating measure and is defined as net income before interest expense, income taxes, depreciation and amortization. EBITDA, as defined by the Company, is not a recognized measurement under U.S. generally accepted accounting principles, or GAAP. This measurement should not be considered in isolation or as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. The Company’s definition may not be comparable to that of other companies.

(3) The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of income before discontinued operations and before gain on sale of real estate and interest and amortization expense. Fixed charges consist of interest and amortization expense plus interest costs capitalized. Combined fixed charges consist of fixed charges plus preferred interest distributions and preferred unit distributions.

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Essex Property Trust, Inc.

The consolidated balance sheet data as of December 31, 2012 and 2011 and the consolidated statements of income for each of the years in the three year period ended December 31, 2012 have been derived from the historical consolidated financial statements of Essex Property Trust, Inc. and subsidiaries, incorporated by reference herein, which have been audited by KPMG LLP, an independent registered public accounting firm whose report with respect thereto is incorporated by reference herein. The consolidated balance sheet data as of December 31, 2010, 2009 and 2008 and the consolidated statements of income operating data for each of the years ended December 31, 2009 and 2008 have been derived from the historical consolidated financial statements of Essex Property Trust, Inc. and subsidiaries, have also been audited by KPMG LLP. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Years Ended December 31,				
	2012	2011	2010	2009	2008
	($ in thousands, except per share amounts)				
OPERATING DATA:					
REVENUES					
Rental and other property	$531,936	$465,713	$405,728	$401,550	$397,673
Management and other fees from affiliates	11,489	6,780	4,551	4,325	5,166
	543,425	472,493	410,279	405,875	402,839
EXPENSES					
Property operating expenses	174,088	159,234	143,164	137,457	130,328
Depreciation	170,592	151,428	128,221	116,540	108,221
General and administrative	23,307	20,694	23,255	24,966	24,725
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	374,500	335,966	299,649	295,143	266,883
Earnings from operations	168,925	136,527	110,630	110,732	135,956
Interest expense before amortization expense	(100,244)	(91,694)	(82,756)	(81,196)	(78,203)
Amortization expense	(11,644)	(11,474)	(4,828)	(4,820)	(6,860)
Interest and other income	13,833	17,139	27,841	13,040	11,337
Equity income (loss) from co-investments	41,745	(467)	(1,715)	670	7,820
Gain on remeasurement of co-investment	21,947	-	-	-	-
(Loss) gain on early retirement of debt	(5,009)	(1,163)	(10)	4,750	3,997
Gain on the sales of real estate	-	-	-	103	4,578
Income before discontinued operations	129,553	48,868	49,162	43,279	78,625
Income from discontinued operations	10,037	8,648	1,620	10,460	5,770
Net income	139,590	57,516	50,782	53,739	84,395
Net income attributable to noncontrolling interest	(14,306)	(10,446)	(14,848)	(16,631)	(22,255)
Net income attributable to controlling interest	125,284	47,070	35,934	37,108	62,140
Dividends to preferred stockholders	(5,472)	(4,753)	(2,170)	(4,860)	(9,241)
Excess (deficit) of the carrying amount of preferred stock redeemed over the cash paid to redeem preferred stock	-	(1,949)	-	49,952	-
Net income available to common stockholders	$119,812	$40,368	$33,764	$82,200	$52,899
Per share data:					

Basic:					
Income before discontinued operations available to common stockholders	$3.15	$0.99	$1.09	$2.66	$1.88
Net income available to common stockholders	$3.42	$1.24	$1.14	$3.01	$2.10
Weighted average common stock outstanding	35,032	32,542	29,667	27,270	25,205
Diluted:					
Income before discontinued operations available to common stockholders	$3.14	$0.99	$1.09	$2.56	$1.87
Net income available to common stockholders	$3.41	$1.24	$1.14	$2.91	$2.09
Weighted average common stock outstanding	35,125	32,629	29,734	29,747	25,347
Cash dividend per common share	$4.40	$4.16	$4.13	$4.12	$4.08

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	As of December 31,				
	2012	2011	2010	2009	2008
			($ in thousands)		
BALANCE SHEET DATA:					
Investment in rental properties (before accumulated depreciation)	$5,033,672	$4,313,064	$3,964,561	$3,412,930	$3,279,788
Net investment in rental properties	3,952,155	3,393,038	3,189,008	2,663,466	2,639,762
Real estate under development	66,851	44,280	217,531	274,965	272,273
Total assets	4,847,223	4,036,964	3,732,887	3,254,637	3,164,823
Total secured indebtedness	1,565,599	1,745,858	2,082,745	1,832,549	1,588,931
Total unsecured indebtedness	1,253,084	615,000	176,000	14,893	165,457
Cumulative convertible preferred stock	4,349	4,349	4,349	4,349	145,912
Cumulative redeemable preferred stock	73,750	73,750	25,000	25,000	25,000
Stockholders' equity	1,764,804	1,437,527	1,149,946	1,053,096	852,227

	As of and for the years ended December 31,				
	2012	2011	2010	2009	2008
OTHER DATA:					
Net income	$139,590	$57,516	$50,782	$53,739	$84,395
Interest expense before amortization expense	100,244	91,694	82,756	81,196	78,203
Amortization expense	11,644	11,474	4,828	4,820	6,860
Tax benefit	-	(1,682)	-	-	-
Depreciation(1)	170,686	152,543	129,712	118,522	113,294
EBITDA(2)	$422,164	$311,545	$268,078	$258,277	$282,752
Ratio of earnings to fixed charges (3)	1.98	1.36	1.41	1.34	1.66
Ratio of earnings to combined fixed charges and preferred interests distributions (3)	1.89	1.29	1.30	1.20	1.38

(1) Includes amounts classified within discontinued operations.

(2) EBITDA is an operating measure and is defined as net income before interest expense, income taxes, depreciation and amortization. EBITDA, as defined by the Company, is not a recognized measurement under U.S. generally accepted accounting principles, or GAAP. This measurement should not be considered in isolation or as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. The Company's definition may not be comparable to that of other companies.

(3) The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of income before discontinued operations and before gain on sale of real estate and interest and amortization expense. Fixed charges consist of interest and amortization expense plus interest costs capitalized. Combined fixed charges consist of fixed charges plus preferred stock dividends and preferred unit distributions.

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RISK FACTORS

You should carefully consider the risks described below as well as other information and data included in this prospectus before making a decision to exchange your private notes for the exchange notes in the exchange offer. If any of the events described in the risk factors below occur, our business, financial condition, operating results and prospects could be materially adversely affected, which in turn could adversely affect our ability to repay the notes. The risk factors set forth below are generally applicable to the private notes as well as the exchange notes.

Risks Related to our Industry, Business, Capital Structure and REIT Status

The Company depends on its key personnel. The Company's success depends on its ability to attract and retain executive officers, senior officers and company managers. There is substantial competition for qualified personnel in the real estate industry and the loss of any of the Company's key personnel could have an adverse effect on the Company.

Capital and credit market conditions may affect the Company's access to sources of capital and/or the cost of capital, which could negatively affect the Company's business, results of operations, cash flows and financial condition. In periods when the capital and credit markets experience significant volatility, the amounts, sources and cost of capital available to the Company may be adversely affected. The Company's strong balance sheet, the debt capacity available on the unsecured line of credit with a bank group and access to the private placement market and Fannie Mae and Freddie Mac secured debt financing provides some insulation from volatile markets. The Company has benefited from borrowing from Fannie Mae and Freddie Mac, and there are no assurances that these entities will lend to the Company in the future. To the extent that the Company's access to capital and credit is at a higher cost than the Company has experienced in recent years (reflected in higher interest rates for debt financing or a lower stock price for equity financing) the Company's ability to make acquisitions, develop communities, obtain new financing, and refinance existing borrowing at competitive rates could be adversely impacted. For the past two years the Company has primarily issued unsecured debt and repaid secured debt when it has matured to place less reliance on mortgage debt financing.

Debt financing has inherent risks. At December 31, 2012, the Company had approximately $2.82 billion of indebtedness (including $692.9 million of variable rate indebtedness, of which $300.0 million is subject to interest rate swaps effectively fixing the interest rate and $187.8 million is subject to interest rate protection agreements). The Company is subject to the risks normally associated with debt financing, including the following:

- cash flow may not be sufficient to meet required payments of principal and interest;
- inability to refinance maturing indebtedness on encumbered apartment communities;
- inability to comply with debt covenants could cause an acceleration of the maturity date; and
- repaying debt before the scheduled maturity date could result in prepayment penalties.

The Company may not be able to refinance its indebtedness. The communities subject to these mortgages could be foreclosed upon or otherwise transferred to the lender. This could cause the Company to lose income and asset value. The Company may be required to refinance the debt at higher interest rates or on terms that may not be as favorable as the terms of existing indebtedness.

Debt financing of communities may result in insufficient cash flow to service debt. Where appropriate, the Company intends to continue to use leverage to increase the rate of return on the Company's investments and to provide for additional investments that the Company could not otherwise make. There is a risk that the cash flow from the communities will be insufficient to meet both debt payment obligations and the distribution requirements of the real estate investment trust provisions of the Internal Revenue Code of 1986, as amended. The Company may obtain additional debt financing in the future through mortgages on some or all of the communities. These mortgages may be recourse, non-recourse, or cross-collateralized.

Our ability to make payments on and to refinance our indebtedness and to fund our operations, working capital and capital expenditures, depends on our ability to generate cash in the future. To a certain extent, our cash flow is subject to general economic, industry, regional, financial, competitive, operating, legislative, regulatory and other factors, many of which are beyond our control.

As of December 31, 2012, the Company had 55 of its 139 consolidated communities encumbered by debt. With respect to the 55 communities encumbered by debt, all of them are secured by deeds of trust relating solely to those communities. The holders of this indebtedness will have rights with respect to these communities and lenders may seek foreclosure of communities which would reduce the Company's income and net asset value.

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Rising interest rates may affect the Company's costs of capital and financing activities and results of operation. Interest rates could increase, which could result in higher interest expense on the Company's variable rate indebtedness or increase interest rates when refinancing maturing fixed rate debt. Prolonged interest rate increases could negatively impact the Company's ability to make acquisitions and develop apartment communities with positive economic returns on investment and the Company's ability to refinance existing borrowings.

Interest rate hedging arrangements may result in losses. Periodically, the Company has entered into agreements to reduce the risks associated with increases in interest rates, and may continue to do so. Although these agreements may partially protect against rising interest rates, they also may reduce the benefits to the Company if interest rates decline. If a hedging arrangement is not indexed to the same rate as the indebtedness that is hedged, the Company may be exposed to losses to the extent that the rate governing the indebtedness and the rate governing the hedging arrangement change independently of each other. Finally, nonperformance by the other party to the hedging arrangement may subject the Company to increased credit risks. In order to minimize counterparty credit risk, the Company's policy is to enter into hedging arrangements only with financial institutions that have a current rating of A or higher.

Bond compliance requirements may limit income from certain communities. At December 31, 2012, the Company had approximately $201.9 million of variable rate tax-exempt financing. This tax-exempt financing provides for certain deed restrictions and restrictive covenants. The Company expects to engage in tax-exempt financings in the future. The Internal Revenue Code and rules and regulations thereunder impose various restrictions, conditions and requirements in order to allow the noteholder to exclude interest on qualified bond obligations from gross income for federal income tax purposes. The Internal Revenue Code also requires that at least 20% of apartment units be made available to residents with gross incomes that do not exceed a specified percentage, generally 50%, of the median income for the applicable family size as determined by the Housing and Urban Development Department of the federal government. Certain state and local authorities may impose additional rental restrictions. These restrictions may limit income from the tax-exempt financed communities if the Company is required to lower rental rates to attract residents who satisfy the median income test. If the Company does not reserve the required number of apartment homes for residents satisfying these income requirements, the tax-exempt status of the bonds may be terminated, the obligations under the bond documents may be accelerated and the Company may be subject to additional contractual liability.

General real estate investment risks may adversely affect property income and values. Real estate investments are subject to a variety of risks. If the communities do not generate sufficient income to meet operating expenses, including debt service and capital expenditures, cash flow and the ability to make distributions to stockholders will be adversely affected. Income from the communities may be further adversely affected by, among other things, the following factors:

- the general economic climate;
- local economic conditions in which the communities are located, such as oversupply of housing or a reduction in demand for rental housing;
- the attractiveness of the communities to tenants;
- competition from other available housing; and
- the Company's ability to provide for adequate maintenance and insurance.

As leases at the communities expire, tenants may enter into new leases on terms that are less favorable to the Company. Income and real estate values also may be adversely affected by such factors as applicable laws (e.g., the Americans with Disabilities Act of 1990 and tax laws). Real estate investments are relatively illiquid and, therefore, the Company's ability to vary its portfolio promptly in response to changes in economic or other conditions may be quite limited.

National and regional economic environments can negatively impact the Company's operating results. During recent years, a confluence of factors has resulted in job losses, turmoil and volatility in the capital markets, and caused a national and global recession. The Company's forecast for the national economy assumes the return of growth, with estimated gross domestic product growth of the national economy and the economies of the western states. In the event of another recession, the Company could incur reduction in rental rates, occupancy levels, property valuations and increases in operating costs such as advertising and turnover expenses.

Inflation/Deflation may affect rental rates and operating expenses. Substantial inflationary or deflationary pressures could have a negative effect on rental rates and property operating expenses.

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Acquisitions of communities may fail to meet expectations. The Company intends to continue to acquire apartment communities. However, there are risks that acquisitions will fail to meet the Company's expectations. The Company's estimates of future income, expenses and the costs of improvements or redevelopment that is necessary to allow the Company to market an acquired apartment community as originally intended may prove to be inaccurate. The Company expects to finance future acquisitions, in whole or in part, under various forms of secured or unsecured financing or through the issuance of partnership units by the Operating Partnership or related partnerships or additional equity by the Company. The use of equity financing, rather than debt, for future developments or acquisitions could dilute the interest of the Company's existing stockholders. If the Company finances new acquisitions under existing lines of credit, there is a risk that, unless the Company obtains substitute financing, the Company may not be able to secure further lines of credit for new development or such lines of credit may be not available on advantageous terms.

Development and redevelopment activities may be delayed, not completed, and/or not achieve expected results. The Company pursues development and redevelopment projects and these projects generally require various governmental and other approvals, which have no assurance of being received. The Company's development and redevelopment activities generally entail certain risks, including the following:

- funds may be expended and management's time devoted to projects that may not be completed;
- construction costs of a project may exceed original estimates possibly making the project economically unfeasible;
- projects may be delayed due to, without limitation, adverse weather conditions, labor or material shortage;
- occupancy rates and rents at a completed project may be less than anticipated; and
- expenses at completed development projects may be higher than anticipated.

These risks may reduce the funds available for distribution to the Company's stockholders. Further, the development and redevelopment of communities is also subject to the general risks associated with real estate investments. For further information regarding these risks, please see the risk factor "General real estate investment risks may adversely affect property income and values."

The geographic concentration of the Company's communities and fluctuations in local markets may adversely impact the Company's financial condition and operating results. The Company generated significant amounts of rental revenues for the year ended December 31, 2012, from the Company's communities concentrated in Southern California (Los Angeles, Orange, Santa Barbara, San Diego, and Ventura counties), Northern California (the San Francisco Bay Area), and the Seattle metropolitan area. For the year ended December 31, 2012, 82% of the Company's rental revenues were generated from communities located in California. This geographic concentration could present risks if local property market performance falls below expectations. The economic condition of these markets could affect occupancy, property revenues, and expenses, from the communities and their underlying asset values. The financial results of major local employers also may impact the cash flow and value of certain of the communities. This could have a negative impact on the Company's financial condition and operating results, which could affect the Company's ability to pay expected dividends to its stockholders.

Competition in the apartment community market may adversely affect operations and the rental demand for the Company's communities. There are numerous housing alternatives that compete with the Company's communities in attracting residents. These include other apartment communities and single-family homes that are available for rent in the markets in which the communities are located. If the demand for the Company's communities is reduced or if competitors develop and/or acquire competing apartment communities, rental rates may drop, which may have a material adverse effect on the Company's financial condition and results of operations. The Company also faces competition from other real estate investment trusts, businesses and other entities in the acquisition, development and operation of apartment communities. This competition may result in an increase in costs and prices of apartment communities that the Company acquires and/or develops.

Essex Property Trust, Inc.'s Chairman is involved in other real estate activities and investments, which may lead to conflicts of interest. Essex Property Trust, Inc.'s Chairman, George M. Marcus is not an employee of the Company, and is involved in other real estate activities and investments, which may lead to conflicts of interest. Mr. Marcus owns interests in various other real estate-related businesses and investments. He is the Chairman of The Marcus & Millichap Company ("TMMC"), which is a holding company for certain real estate brokerage and services companies. TMMC has an interest in Pacific Urban Residential and Summerhill Homes, companies that invest in apartment communities.

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Mr. Marcus has agreed not to divulge any confidential or proprietary information that may be received by him in his capacity as Chairman of Essex Property Trust, Inc. to any of his affiliated companies and that he will abstain his vote on any and all resolutions by Essex Property Trust, Inc.'s Board of Directors regarding any proposed acquisition and/or development of an apartment community where it appears that there may be a conflict of interest with any of his affiliated companies. Notwithstanding this agreement, Mr. Marcus and his affiliated entities may potentially compete with the Company in acquiring and/or developing apartment communities, which competition may be detrimental to the Company. In addition, due to such potential competition for real estate investments, Mr. Marcus and his affiliated entities may have a conflict of interest with the Company, which may be detrimental to the interests of Essex Property Trust, Inc.'s stockholders or to the interests of holders of units in Essex Portfolio, L.P.

The influence of executive officers, directors and significant stockholders may be detrimental to holders of common stock. As of December 31, 2012, George M. Marcus, the Chairman of Essex Property Trust, Inc.'s Board of Directors, wholly or partially owned 1.6 million shares of common stock (including shares issuable upon exchange of limited partnership interests in the Operating Partnership and certain other partnerships and assuming exercise of all vested options). This represents approximately 4.4% of the outstanding shares of Essex Property Trust, Inc.'s common stock. Mr. Marcus currently does not have majority control over the Company. However, he currently has, and likely will continue to have, significant influence with respect to the election of directors and approval or disapproval of significant corporate actions. Consequently, his influence could result in decisions that do not reflect the interests of all Essex Property Trust, Inc.'s stockholders.

Under the partnership agreement of the Operating Partnership, the consent of the holders of limited partnership interests is generally required for any amendment of the agreement and for certain extraordinary actions. Through their ownership of limited partnership interests and their positions with Essex Property Trust, Inc., Essex Property Trust, Inc.'s directors and executive officers, including Mr. Marcus, have substantial influence on the Company and on Essex Portfolio, L.P. Consequently, their influence could result in decisions that do not reflect the interests of all stockholders or holders of ownership interests in Essex Portfolio, L.P.

The voting rights of preferred stock may allow holders of preferred stock to impede actions that otherwise benefit holders of common stock or ownership interests in Essex Portfolio, L.P. Essex Property Trust, Inc. currently has outstanding shares of 7.125% Series H Cumulative Redeemable Preferred Stock ("Series H Preferred Stock"). In general, the holders of the Essex Property Trust, Inc.'s outstanding shares of Series H Preferred Stock do not have any voting rights. However, if full distributions are not made on outstanding Series H Preferred Stock for six quarterly distributions periods, the holders of Series H Preferred Stock, together with holders of other series of preferred stock upon which like voting rights have been conferred, will have the right to elect two additional directors to serve on Essex Property Trust, Inc.'s Board of Directors.

These voting rights continue until all distributions in arrears and distributions for the current quarterly period on the Series H Preferred Stock have been paid in full. At that time, the holders of the Series H Preferred Stock are divested of these voting rights, and the term of office of the directors so elected immediately terminates.

While any shares of the Essex Property Trust, Inc.'s Series H Preferred Stock are outstanding, Essex Property Trust, Inc. may not, without the consent of the holders of two-thirds of the outstanding shares of Series H Preferred Stock:

- authorize or create any class or series of stock that ranks senior to the Series H Preferred Stock with respect to the payment of dividends, rights upon liquidation, dissolution or winding-up of the Company's business; or
- amend, alter or repeal the provisions of the Company's Charter, including by merger or consolidation, that would materially and adversely affect the rights of the Series H Preferred Stock; provided that in the case of a merger or consolidation, so long as the Series H Preferred Stock remains outstanding with the terms thereof materially unchanged or the holders of shares of Series H Preferred Stock receive shares of stock or other equity securities

with rights, preferences, privileges and voting powers substantially similar to that of the Series H Preferred Stock, the occurrence of such merger or consolidation shall not be deemed to materially and adversely affect the rights of the holders of the Series H Preferred Stock.

These voting rights of the holders of the Series H Preferred Stock and of other preferred stock may allow such holders to impede or veto actions that would otherwise benefit holders of Essex Property Trust, Inc.'s common stock or holders of ownership interests in Essex Portfolio, L.P.

The Maryland business combination law may not allow certain transactions between the Essex Property Trust, Inc. and its affiliates to proceed without compliance with such law. Under Maryland law, "business combinations" between a Maryland corporation and an interested stockholder or an affiliate of an interested stockholder are prohibited for five years after the most recent date on which the interested stockholder becomes an interested stockholder. These business combinations include a merger, consolidation, share exchange, or, in circumstances specified in the statute, an asset transfer or issuance or reclassification of equity securities. An interested stockholder is defined as any person (and certain affiliates of such person) who beneficially owns ten percent or more of the voting power of the then-outstanding voting stock. The law also requires a supermajority stockholder vote for such transactions. This means that the transaction must be approved by at least:

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- 80% of the votes entitled to be cast by holders of outstanding voting shares; and
- Two-thirds of the votes entitled to be cast by holders of outstanding voting shares other than shares held by the interested stockholder with whom the business combination is to be effected.

The statute permits various exemptions from its provisions, including business combinations that are exempted by the board of directors prior to the time that the interested stockholder becomes an interested stockholder. These voting provisions do not apply if the stockholders receive a minimum price, as defined under Maryland law. As permitted by the statute, the Board of Directors of the Essex Property Trust, Inc. irrevocably has elected to exempt any business combination by Essex Property Trust, Inc., George M. Marcus, who is the chairman of Essex Property Trust, Inc., and TMMC or any entity owned or controlled by Mr. Marcus and TMMC. Consequently, the five-year prohibition and supermajority vote requirement described above will not apply to any business combination between the Essex Property Trust, Inc., Mr. Marcus, or TMMC. As a result, Essex Property Trust, Inc. may in the future enter into business combinations with Mr. Marcus and TMMC, without compliance with the supermajority vote requirements and other provisions of the Maryland General Corporation Law.

The Company's joint ventures and joint ownership of communities and partial interests in corporations and limited partnerships could limit the Company's ability to control such communities and partial interests. Instead of purchasing and developing apartment communities directly, the Company has invested and may continue to invest in joint ventures. Joint venture partners often have shared control over the development and operation of the joint venture assets. Therefore, it is possible that a joint venture partner in an investment might become bankrupt, or have economic or business interests or goals that are inconsistent with the Company's business interests or goals, or be in a position to take action contrary to the Company's instructions or requests, or its policies or objectives. Consequently, a joint venture partners' actions might subject property owned by the joint venture to additional risk. Although the Company seeks to maintain sufficient influence over any joint venture to achieve its objectives, the Company may be unable to take action without its joint venture partners' approval, or joint venture partners could take actions binding on the joint venture without its consent. Should a joint venture partner become bankrupt, the Company could become liable for such partner's share of joint venture liabilities. In some instances, the Company and the joint venture partner may each have the right to trigger a buy-sell arrangement, which could cause the Company to sell its interest, or acquire a partner's interest, at a time when the Company otherwise would have not have initiated such a transaction.

From time to time, the Company, through the Operating Partnership, invests in corporations, limited partnerships, limited liability companies or other entities that have been formed for the purpose of acquiring, developing, financing, or managing real property. In certain circumstances, the Operating Partnership's interest in a particular entity may be less than a majority of the outstanding voting interests of that entity. Therefore, the Operating Partnership's ability to control the daily operations of such an entity may be limited. Furthermore, the Operating Partnership may not have the power to remove a majority of the board of directors (in the case of a corporation) or the general partner or partners (in the case of a limited partnership) of such an entity in the event that its operations conflict with the Operating Partnership's objectives. The Operating Partnership may not be able to dispose of its interests in such an entity. In the event that such an entity becomes insolvent, the Operating Partnership may lose up to its entire investment in and any advances to the entity. The Company may also incur losses if any guarantees were made by the Company. The Company has, and in the future may, enter into transactions that could require the Company to pay the tax liabilities of partners, which contribute assets into joint ventures or the Operating Partnership, in the event that certain taxable events, which are within the Company's control, occur. Although the Company plans to hold the contributed assets or defer recognition of gain on sale pursuant to the like-kind exchange rules under Section 1031 of the Internal Revenue Code, the Company can provide no assurance that the Company will be able to do so and if such tax liabilities were incurred they can expect to have a material impact on its financial position.

There are risks that Fund II may operate in ways that may adversely impact the Company's interests. The Company is the general partner of Essex Apartment Value Fund II, L.P. ("Fund II"), and with Fund II there are the following risks:

- the Company’s partners in Fund II might remove the Company as the general partner of Fund II;
- the Company’s partners in Fund II might have economic or business interests or goals that are inconsistent with the Company’s business interests or goals; or

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- the Company's partners in Fund II might fail to approve decisions regarding Fund II that are in the Company's best interest.

Investments in mortgages and other real estate securities could affect the Company's ability to make distributions to Essex Property Trust, Inc.'s stockholders and Essex Portfolio L.P.'s unitholders. The Company may invest in securities related to real estate, which could adversely affect the Essex Property Trust, Inc.'s ability to make distributions to stockholders and Essex Portfolio L.P.'s unitholders. The Company may purchase securities issued by entities which own real estate and invest in mortgages or unsecured debt obligations. These mortgages may be first, second or third mortgages that may or may not be insured or otherwise guaranteed. In general, investments in mortgages include the following risks:

- that the value of mortgaged property may be less than the amounts owed, causing realized or unrealized losses;
- the borrower may not pay indebtedness under the mortgage when due, requiring the Company to foreclose, and the amount recovered in connection with the foreclosure may be less than the amount owed;
- that interest rates payable on the mortgages may be lower than the Company's cost of funds; and
- in the case of junior mortgages, that foreclosure of a senior mortgage could eliminate the junior mortgage.

If any of the above were to occur, cash flows from operations and Essex Property Trust, Inc.'s ability to make expected dividends to stockholders and Essex Portfolio L.P.'s ability to make expected distribution to unitholders could be adversely affected.

Compliance with laws benefiting disabled persons may require the Company to make significant unanticipated expenditures or impact the Company's investment strategy. A number of federal, state and local laws (including the Americans with Disabilities Act) and regulations exist that may require modifications to existing buildings or restrict certain renovations by requiring improved access to such buildings by disabled persons and may require other structural features which add to the cost of buildings under construction. Legislation or regulations adopted in the future may impose further burdens or restrictions on the Company with respect to improved access by disabled persons. The costs of compliance with these laws and regulations may be substantial.

The Company's Portfolio may have unknown environmental liabilities. Under various federal, state and local laws, ordinances and regulations, an owner or operator of real estate is liable for the costs of removal or remediation of certain hazardous or toxic substances on, in, to or migrating from such property. Such laws often impose liability without regard as to whether the owner or operator knew of, or was responsible for, the presence of such hazardous or toxic substances. The presence of such substances, or the failure to properly remediate such substances, may adversely affect the owner's or operator's ability to sell or rent such property or to borrow using such property as collateral. Persons exposed to such substances, either through soil vapor or ingestion of the substances may claim personal injury damages. Persons who arrange for the disposal or treatment of hazardous or toxic substances or wastes also may be liable for the costs of removal or remediation of such substances at the disposal or treatment facility to which such substances or wastes were sent, whether or not such facility is owned or operated by such person. Certain environmental laws impose liability for release of asbestos-containing materials ("ACMs") into the air, and third parties may seek recovery from owners or operators of apartment communities for personal injury associated with ACMs. In connection with the ownership (direct or indirect), operation, management and development of apartment communities, the Company could be considered an owner or operator of such properties or as having arranged for the disposal or treatment of hazardous or toxic substances and, therefore, may be potentially liable for removal or remediation costs, as well as certain other costs, including governmental fines and costs related to injuries of persons and property.

Investments in real property create a potential for environmental liabilities on the part of the owner of such real property. The Company carries certain limited insurance coverage for this type of environmental risk. The Company has conducted environmental studies which revealed the presence of groundwater contamination at certain communities. Such contamination at certain of these apartment communities was reported to have migrated on-site from adjacent industrial manufacturing operations. The former industrial users of the communities were identified as the source of contamination. The environmental studies noted that certain communities are located adjacent to or possibly down gradient from sites with known groundwater contamination, the lateral limits of which may extend onto such apartment communities. The environmental studies also noted that at certain of these apartment communities, contamination existed because of the presence of underground fuel storage tanks, which have been removed. In general, in connection with the ownership, operation, financing, management and development of apartment communities, the Company may be potentially liable for removal or clean-up costs, as well as certain other costs and environmental liabilities. The Company may also be subject to governmental fines and costs related to injuries to persons and property.

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There have been an increasing number of lawsuits against owners and managers of apartment communities alleging personal injury and property damage caused by the presence of mold in residential real estate. Some of these lawsuits have resulted in substantial monetary judgments or settlements. The Company has been sued for mold related matters and has settled some, but not all, of such matters. Insurance carriers have reacted to mold related liability awards by excluding mold related claims from standard policies and pricing mold endorsements at prohibitively high rates. The Company has, however, purchased pollution liability insurance, which includes some coverage for mold. The Company has adopted policies for promptly addressing and resolving reports of mold when it is detected, and to minimize any impact mold might have on residents of the property. The Company believes its mold policies and proactive response to address any known existence, reduces its risk of loss from these cases. There can be no assurance that the Company has identified and responded to all mold occurrences. Liabilities resulting from such mold related matters are not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows. As of December 31, 2012, potential liabilities for mold and other environmental liabilities are not quantifiable and an estimate of possible loss cannot be made.

California has enacted legislation commonly referred to as "Proposition 65" requiring that "clear and reasonable" warnings be given to consumers who are exposed to chemicals known to the State of California to cause cancer or reproductive toxicity, including tobacco smoke. Although the Company has sought to comply with Proposition 65 requirements, the Company cannot assure you that the Company will not be adversely affected by litigation relating to Proposition 65.

Methane gas is a naturally-occurring gas that is commonly found below the surface in several areas, particularly in the Southern California coastal areas. Methane is a non-toxic gas, but can be ignitable in confined spaces. Although naturally-occurring, methane gas is not regulated at the state or federal level, however some local governments, such as the County of Los Angeles, have imposed requirements that new buildings install detection systems in areas where methane gas is known to be located. Methane gas is also associated with certain industrial activities, such as former municipal waste landfills. Radon is also a naturally-occurring gas that is found below the surface. The Company cannot assure you that it will not be adversely affected by costs related to its compliance with methane or radon gas related requirements or litigation costs related to methane or radon gas.

The Company has almost no indemnification agreements from third parties for potential environmental clean-up costs at its communities. The Company has no way of determining at this time the magnitude of any potential liability to which it may be subject arising out of unknown environmental conditions or violations with respect to communities formerly owned by the Company. No assurance can be given that existing environmental studies with respect to any of the communities reveal all environmental liabilities, that any prior owner or operator of an apartment community did not create any material environmental condition not known to the Company, or that a material environmental condition does not exist as to any one or more of the communities. The Company has limited insurance coverage for the types of environmental liabilities described above.

The Company may incur general uninsured losses. The Company carries comprehensive liability, fire, extended coverage and rental loss insurance for each of the communities. There are, however, certain types of extraordinary losses, such as, for example, losses from terrorism or earthquakes, for which the Company does not have insurance coverage. Substantially all of the communities are located in areas that are subject to earthquake activity. In January 2007, the Company canceled its then existing earthquake policy and established a wholly owned insurance subsidiary, Pacific Western Insurance LLC ("PWI"). Through PWI, the Company is self-insured as it relates to earthquake related losses. Additionally, since January 2008, PWI has provided property and casualty insurance coverage for the first $5.0 million of the Company's property level insurance claims per incident.

Although the Company may carry insurance for potential losses associated with its communities, employees, residents, and compliance with applicable laws, it may still incur losses due to uninsured risks, deductibles, co-payments or losses in excess of applicable insurance coverage and those losses may be material. In the event of a substantial loss, insurance coverage may not be able to cover the full replacement cost of the Company's lost investment, or the insurance carrier may become insolvent and not be able to cover the full amount of the insured losses. Changes in building codes and ordinances, environmental considerations and other factors might also affect the Company's ability to replace or renovate an apartment community after it has been damaged or destroyed.

Changes in real estate tax and other laws may adversely affect the Company's results of operations. Generally, the Company does not directly pass through costs resulting from changes in real estate tax laws to residential property tenants. The Company also does not generally pass through increases in income, service or other taxes, to tenants under leases. These costs may adversely affect funds from operations and the ability to make distributions to stockholders. Similarly, compliance with changes in (i) laws increasing the potential liability for environmental conditions existing on apartment communities or the restrictions on discharges or other conditions or (ii) rent control or rent stabilization laws or other laws regulating housing may result in significant unanticipated decrease in revenue or increase in expenditures, which would adversely affect funds from operations and the ability to make distributions to stockholders.

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Adverse changes in laws may affect our liability relating to our properties and our operations. Increases in real estate taxes and income, service and transfer taxes cannot always be passed through to residents or users in the form of higher rents, and may adversely affect our cash available for distribution and our ability to make distributions to our shareholders and pay amounts due on our debt. Similarly, changes in laws increasing the potential liability for environmental conditions existing on properties or increasing the restrictions on discharges or other conditions, as well as changes in laws affecting development, construction and safety requirements, may result in significant unanticipated expenditures, which could have a material adverse effect on us and our ability to make distributions to our shareholders and pay amounts due on our debt. In addition, future enactment of rent control or rent stabilization laws or other laws regulating multifamily housing may reduce rental revenues or increase operating costs.

Changes in the Company's financing policy may lead to higher levels of indebtedness. The Company has adopted a policy of maintaining a limit on debt financing consistent with the existing covenants required to maintain the Company's unsecured line of credit bank facility, unsecured debt and senior unsecured bonds. The Company's organizational documents do not limit the amount or percentage of indebtedness that may be incurred. If the Company changed this policy, the Company could incur more debt, resulting in an increased risk of default on the Company's obligations and the obligations of the Operating Partnership, and an increase in debt service requirements that could adversely affect the Company's financial condition and results of operations. Such increased debt could exceed the underlying value of the communities.

The Company is subject to various tax risks. Essex Property Trust, Inc. has elected to be taxed as a REIT under the Internal Revenue Code. Essex Property Trust, Inc.'s qualification as a REIT requires it to satisfy numerous requirements (some on an annual and quarterly basis) established under highly technical and complex Internal Revenue Code provisions for which there are only limited judicial or administrative interpretations, and involves the determination of various factual matters and circumstances not entirely within the Company's control. Although Essex Property Trust, Inc. intends that its current organization and method of operation enables it to qualify as a REIT, it cannot assure you that it so qualifies or that it will be able to remain so qualified in the future. Future legislation, new regulations, administrative interpretations or court decisions (any of which could have retroactive effect) could adversely affect Essex Property Trust, Inc.'s ability to qualify as a REIT or adversely affect the Essex Property Trust, Inc.'s stockholders and Essex Portfolio, L.P.'s unitholders. If Essex Property Trust, Inc. fails to qualify as a REIT in any taxable year, the Company would be subject to U.S. federal income tax (including any applicable alternative minimum tax) on the Company's taxable income at corporate rates, and Essex Property Trust, Inc. would not be allowed to deduct dividends paid to its shareholders in computing its taxable income. Essex Property Trust, Inc. may also be disqualified from treatment as a REIT for the four taxable years following the year in which Essex Property Trust, Inc. failed to qualify. The additional tax liability would reduce its net earnings available for investment or distribution Essex Property Trust, Inc.'s stockholders and Essex Portfolio, L.P.'s unitholders, and Essex Property Trust, Inc. would no longer be required to make distributions to its stockholders. Even if Essex Property Trust, Inc. continues to qualify as a REIT, it will continue to be subject to certain federal, state and local taxes on the Company's income and property.

The Company has established several taxable REIT subsidiaries ("TRSs"). Despite its qualification as a REIT, the Company's TRSs must pay U.S. federal income tax on their taxable income. While the Company will attempt to ensure that its dealings with its TRSs do not adversely affect Essex Property Trust, Inc.'s REIT qualification, it cannot provide assurance that it will successfully achieve that result. Furthermore, it may be subject to a 100% penalty tax, or its TRSs may be denied deductions, to the extent its dealings with its TRSs are not deemed to be arm's length in nature. No assurances can be given that the Company's dealings with its TRSs will be arm's length in nature.

From time to time, the Company may transfer or otherwise dispose of some of its Properties. Under the Internal Revenue Code, any gain resulting from transfers of Properties that the Company holds as inventory or primarily for sale to customers in the ordinary course of business would be treated as income from a prohibited transaction subject to a 100% penalty tax. Since the Company acquires properties for investment purposes, it does not believe that its occasional transfers or disposals of property are prohibited transactions. However, whether property is held for investment purposes is a question of fact that depends on all the facts and circumstances surrounding the particular transaction. The Internal Revenue Service may contend that certain transfers or disposals of properties by the Company are prohibited transactions. If the Internal Revenue Service were to argue successfully that a transfer or disposition of property constituted a prohibited transaction, then the Company would be required to pay a 100% penalty tax on any gain allocable to it from the prohibited transaction and the Company's ability to retain future gains on real property sales may be jeopardized. Income from a prohibited transaction might adversely affect Essex Property Trust, Inc.'s ability to satisfy the income tests for qualification as a REIT for U.S. federal income tax purposes. Therefore, no assurances can be given that Essex Property Trust, Inc. will be able to satisfy the income tests for qualification as a REIT.

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The U.S. federal tax rate on certain corporate dividends paid to certain individuals and other non-corporate taxpayers is at a reduced rate of 15%; a rate of 20% applies to certain high-income individual taxpayers. Dividends paid by REITs to individuals and other non-corporate stockholders are not eligible for the above reduced 15% and 20% dividend rates. This may cause investors to view REIT investments to be less attractive than investments in non-REIT corporations, which in turn may adversely affect the value of stock in REITs, including Essex Property Trust, Inc.'s stock.

Risks Related to this Offering

If you do not exchange your private notes pursuant to this exchange offer, you may not be able to sell your notes. It may be difficult for you to sell private notes that are not exchanged in the exchange offer. Those private notes may not be offered or sold unless they are registered or there are exemptions from the registration requirements under the Securities Act and applicable state securities laws. If you do not tender your private notes or if we do not accept some of your private notes, those notes will continue to be subject to the transfer and exchange restrictions in:

- the indenture;
- the legend on the private notes; and
- the offering memorandum relating to the private notes.

The restrictions on transfer of your private notes arise because we issued the private notes pursuant to an exemption from the registration requirements of the Securities Act and applicable state securities laws. In general, you may only offer or sell the private notes if they are registered under the Securities Act and applicable state securities laws, or offered and sold pursuant to an exemption from such requirements. We do not intend to register the private notes under the Securities Act. To the extent private notes are tendered and accepted in the exchange offer, the trading market, if any, for untendered private notes would be adversely affected.

If the procedures for tendering your private notes in this exchange offer are not followed, you may not receive exchange notes in exchange for your private notes. We will issue the exchange notes in exchange for your private notes only if you tender the private notes and deliver a properly completed and duly executed letter of transmittal and other required documents before expiration of the exchange offer. You should allow sufficient time to ensure timely delivery of the necessary documents. Neither the Exchange Agent nor we are under any duty to give notification of defects or irregularities with respect to the tenders of private notes for exchange. If you are the beneficial holder of private notes that are registered in the name of your broker, dealer, commercial bank, trust company or other nominee, and you wish to tender private notes in the exchange offer, you should promptly contact the person in whose name your private notes are registered and instruct that person to tender your private notes on your behalf.

The effective subordination of the notes may limit our ability to satisfy our obligations under the notes. The notes will be senior unsecured obligations of Essex Portfolio, L.P. and will rank equally in right of payment with each other and with all of the other senior unsecured indebtedness of Essex Portfolio, L.P. However, the notes will be effectively subordinated to all of the existing and future secured indebtedness of Essex Portfolio, L.P., to the extent of the value of the collateral securing such indebtedness. The indenture governing the notes places limitations on the ability of Essex Portfolio, L.P. to incur secured indebtedness, but does not prohibit it from incurring secured indebtedness in the future. Consequently, in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to Essex Portfolio, L.P., the holders of any secured indebtedness will be entitled to seek recovery of the collateral that secures such indebtedness or the equivalent of such collateral's value. Therefore, such collateral or its value will not be available for satisfaction of any amounts owed under our unsecured indebtedness, including the notes, until such secured indebtedness is satisfied in full. As of December 31, 2012, Essex Portfolio, L.P. had outstanding $1.57 billion of secured indebtedness and $1.25 billion of unsecured indebtedness (exclusive of trade payables, dividends payable and accrued expenses). Other than with respect to the indebtedness of

Essex Portfolio, L.P. or the indebtedness of its subsidiaries, Essex Property Trust, Inc. had no outstanding indebtedness as of December 31, 2012.

The notes will also be effectively subordinated to all existing and future unsecured and secured liabilities and preferred equity of the subsidiaries of Essex Portfolio, L.P. In the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding with respect to any such subsidiary, Essex Portfolio, L.P., as an equity owner of such subsidiary, and therefore holders of our debt, including the notes, will be subject to the prior claims of such subsidiary's creditors, including trade creditors, and preferred equity holders. All of the $1.57 billion of secured indebtedness Essex Portfolio, L.P., had outstanding as of December 31, 2012, was attributable to indebtedness of its subsidiaries, excluding trade payables and accrued expenses.

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Essex Portfolio, L.P. also has equity interests and certain other rights in co-investments accounted for using the equity method (and not classified as subsidiaries) and the notes will also be effectively subordinated to all liabilities and preferred equity (if any) of these co-investment entities, in the manner described in the preceding paragraph.

We may not be able to generate sufficient cash flow to meet our debt service obligations. Our ability to make payments on and to refinance our indebtedness, including the notes, and to fund our operations, working capital and capital expenditures, depends on our ability to generate cash in the future. To a certain extent, our cash flow is subject to general economic, industry, regional, financial, competitive, operating, legislative, regulatory and other factors, many of which are beyond our control.

At December 31, 2012, Essex Portfolio, L.P. had approximately $2.82 billion of indebtedness (exclusive of trade payables, dividends payable and accrued expenses). We cannot assure you that our business will generate sufficient cash flow from operations or that future sources of cash will be available to us in an amount sufficient to enable us to pay amounts due on our indebtedness, including the notes, or to fund our other liquidity needs. Additionally, if we incur additional indebtedness in connection with future acquisitions or development projects or for any other purpose, our debt service obligations could increase.

We may need to refinance all or a portion of our indebtedness, including the notes, on or before maturity. Our ability to refinance our indebtedness or obtain additional financing will depend on, among other things:

- our financial condition and market conditions at the time; and
- restrictions in the agreements governing our indebtedness.

As a result, we may not be able to refinance any of our indebtedness, including the notes, on commercially reasonable terms, or at all. If we do not generate sufficient cash flow from operations, and additional borrowings or refinancings or proceeds of asset sales or other sources of cash are not available to us, we may not have sufficient cash to enable us to meet all of our obligations, including payments on the notes. Accordingly, if we cannot service our indebtedness, we may have to take actions such as seeking additional equity or delaying property acquisitions or developments, any of which could have a material adverse effect on our operations. We cannot assure you that we will be able to affect any of these actions on commercially reasonable terms, or at all.

Essex Property Trust, Inc. has no significant operations and no material assets, other than its investment in Essex Portfolio, L.P. The notes will be fully and unconditionally guaranteed by Essex Property Trust, Inc. However, Essex Property Trust, Inc. has no significant operations and no material assets, other than its investment in Essex Portfolio, L.P. Furthermore, Essex Property Trust, Inc.'s guarantee of the notes will be effectively subordinated to all existing and future unsecured and secured liabilities and preferred equity of its subsidiaries (including us and any entity Essex Property Trust, Inc. accounts for under the equity method of accounting). As of December 31, 2012, the total indebtedness of Essex Property Trust, Inc.'s subsidiaries (including us) was approximately $2.82 billion (excluding trade payables, dividends payable and accrued expenses).

There is currently no trading market for the notes, and an active liquid trading market for the notes may not develop or, if it develops, may not be maintained or be liquid. The failure of an active liquid trading market for the notes to develop or be maintained is likely to adversely affect the market price and liquidity of the notes. The notes are a new issue of securities, and there is currently no existing trading market for the notes. We do not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system. Accordingly, an active trading market may not develop for the notes and, even if one develops, may not be maintained. If an active trading market for the notes does not develop or is not maintained, the market price and liquidity of the notes is likely to be adversely affected, and holders may not be able to sell their notes at desired times and prices or at all. If any of the notes are traded after their purchase, they may trade at a discount from their purchase price.

The liquidity of the trading market, if any, and future trading prices of the notes will depend on many factors, including, among other things, prevailing interest rates, the financial condition, results of operations, business, prospects and credit quality of Essex Portfolio, L.P., Essex Property Trust, Inc. and our subsidiaries, and other comparable entities, the market for similar securities and the overall securities market, and may be adversely affected by unfavorable changes in any of these factors, some of which are beyond our control.

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The indenture governing the notes contains restrictive covenants that limit our operating flexibility. In August 2012, the Company, through the Operating Partnership, issued $300 million of senior notes. The Operating Partnership is conducting an offer pursuant to this prospectus to exchange these senior notes for the exchange notes. The indenture, which governs both the senior notes issued in August 2012 and the exchange notes, contains financial and operating covenants that, among other things, restrict our ability to take specific actions, even if we believe them to be in our best interest, including restrictions on our ability to:

- consummate a merger, consolidation or sale of all or substantially all of our assets; and
- incur additional secured and unsecured indebtedness.

In addition, the instruments governing our other unsecured indebtedness require us to meet specified financial covenants, including covenants relating to net worth, fixed charge coverage, debt service coverage, the amounts of total indebtedness and secured indebtedness, leverage and certain investment limitations. These covenants may restrict our ability to expand or fully pursue our business strategies. Our ability to comply with these provisions and those contained in the indenture governing the notes, may be affected by changes in our operating and financial performance, changes in general business and economic conditions, adverse regulatory developments or other events adversely impacting us. The breach of any of these covenants, including those contained in our indenture, could result in a default under our indebtedness, which could cause those and other obligations to become due and payable. If any of our indebtedness is accelerated, we may not be able to repay it.

Despite our substantial indebtedness, we or our subsidiaries may still incur significantly more debt, which could exacerbate any or all of the risks related to our indebtedness, including our inability to pay the principal of or interest on the notes. We and our subsidiaries may be able to incur substantial additional indebtedness in the future. Although the instruments governing our unsecured and secured indebtedness limit, and the indenture governing the notes will limit, our ability to incur additional indebtedness, these restrictions are subject to a number of qualifications and exceptions and, under certain circumstances, debt incurred in compliance with these restrictions could be substantial. To the extent that we and our subsidiaries incur additional indebtedness or other such obligations, we may face additional risks associated with our indebtedness, including our possible inability to pay the principal of or interest on the notes.

Federal and state statutes allow courts, under specific circumstances, to void guarantees and require holders of notes to return payments received from guarantors. Under the federal bankruptcy law and comparable provisions of state fraudulent transfer laws, a guarantee, such as the guarantee provided by Essex Property Trust, Inc., could be voided, or claims in respect of a guarantee could be subordinated to all other debts of that guarantor if, among other things, the guarantor, at the time it incurred the indebtedness evidenced by its guarantee:

- received less than reasonably equivalent value or fair consideration for the incurrence of the guarantee;
- was insolvent or rendered insolvent by reason of the incurrence of the guarantee;
- was engaged in a business or transaction for which the guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay those debts as they mature.

In addition, any payment by that guarantor pursuant to its guarantee could be voided and required to be returned to the guarantor, or to a fund for the benefit of the creditors of the guarantor. The measures of insolvency for purposes of these fraudulent transfer laws will vary depending upon the law applied in any proceeding to determine whether a fraudulent transfer has occurred. Generally, however, a guarantor would be considered insolvent if:

- the sum of its debts, including contingent liabilities, was greater than the fair saleable value of all of its assets;
-

the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they became absolute and mature; or

- it could not pay its debts as they become due.

The court might also void such guarantee, without regard to the above factors, if it found that a guarantor entered into its guarantee with actual or deemed intent to hinder, delay, or defraud its creditors. A court would likely find that a guarantor did not receive reasonably equivalent value or fair consideration for its guarantee unless it benefited directly or indirectly from the issuance of the notes. If a court voided such guarantee, holders of the notes would no longer have a claim against such guarantor or the benefit of the assets of such guarantor constituting collateral that purportedly secured such guarantee. In addition, the court might direct holders of the notes to repay any amounts already received from a guarantor. If the court were to void Essex Property Trust, Inc.'s guarantee, we cannot assure you that funds would be available to pay the notes from any of our subsidiaries or from any other source.

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An increase in interest rates could result in a decrease in the relative value of the notes. In general, as market interest rates rise, notes bearing interest at a fixed rate generally decline in value because the premium, if any, over market interest rates will decline. Consequently, if you purchase these notes and market interest rates increase, the market value of your notes may decline. We cannot predict the future level of market interest rates.

Our credit ratings may not reflect all risks of an investment in the notes. The credit ratings of the notes may not reflect the potential impact of all risks related to structure and other factors on any trading markets for, or trading prices of, the notes. In addition, real or anticipated changes in our credit ratings will generally affect any trading markets for, and trading prices of, the notes.

A downgrade in our investment grade credit rating could materially and adversely affect our business and financial condition. We plan to manage our operations to maintain our investment grade credit rating with a capital structure consistent with our current profile, but there can be no assurance that we will be able to maintain our current credit ratings. Any downgrades in terms of ratings or outlook by any of the rating agencies could have a material adverse impact on our cost and availability of capital, which could in turn have a material adverse impact on our financial condition, results of operations and liquidity.

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FORWARD-LOOKING STATEMENTS

This prospectus contains "forward-looking statements" within the meaning of the federal securities laws. In particular, statements pertaining to our capital resources, portfolio performance and results of operations contain forward-looking statements. Forward-looking statements involve numerous risks and uncertainties, and you should not rely on them as predictions of future events. Forward-looking statements depend on assumptions, data or methods which may be incorrect or imprecise, and we may not be able to realize them. You can identify forward-looking statements by the use of forward-looking terminology such as "believes", "expects", "may", "will", "should", "seeks", "approximately", "intends", "plans", "pro forma", "estimates" or "anticipates" or the negative of these words and phrases or similar words or phrases. You can also identify forward-looking statements by discussions of strategy, plans or intentions.

The following factors, among others, could cause actual results and future events to differ materially from those set forth or contemplated in the forward-looking statements:

- adverse economic or real estate developments in our target markets;
- our inability to refinance maturing indebtedness; our failure to obtain necessary outside financing on favorable terms or at all;
- general economic conditions, including downturns in the national and local economies; volatility in financial and securities markets;
- our inability to compete effectively;
- increased interest rates and operating costs;
- our inability to successfully complete real estate acquisitions, developments and dispositions; risks and uncertainties affecting property development and construction;
- our failure to successfully operate acquired properties;
- Essex Property Trust, Inc.'s failure to maintain its status as a REIT;
- our 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
- changes in real estate and other laws and increases in real property tax rates.

While forward-looking statements reflect our good faith beliefs, they are not guarantees of future performance. We disclaim any obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise. For a further discussion of these and other factors that could impact our future results, performance or transactions, see the section of this prospectus above entitled "Risk Factors" and the risks incorporated herein from Essex Property Trust, Inc.'s most recent Annual Report on Form 10-K, as updated by our future filings under the Exchange Act.

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THE EXCHANGE OFFER

Purpose of the Exchange Offer

On August 15, 2012, our operating partnership issued $300.0 million of the private notes to Citigroup Global Markets Inc., J.P. Morgan Securities LLC, Wells Fargo Securities, LLC, Mitsubishi UFJ Securities, U.S. Bancorp Investments, Inc., BMO Capital Markets, BNP PARIBAS, HSBC, KeyBanc Capital Markets, Inc. and PNC Capital Markets LLC, the initial purchasers, pursuant to a purchase agreement. The initial purchasers subsequently sold the private notes to "qualified institutional buyers," as defined in Rule 144A under the Securities Act, in reliance on Rule 144A, and outside the United States under Regulation S of the Securities Act. As a condition to the sale of the private notes, we entered into a registration rights agreement with the representatives of the initial purchasers on August 15, 2012. Pursuant to the registration rights agreement, we agreed that we would:

(1) use commercially reasonable efforts to file an exchange offer registration statement with the SEC on or prior to February 11, 2013;

(2) use commercially reasonable efforts to cause the exchange offer registration statement to become effective on or prior to April 12, 2013;

(3) use commercially reasonable efforts to cause the exchange offer to be consummated within 30 business days after the exchange offer registration statement is declared effective; and

(4) in some circumstances, file a shelf registration statement providing for the sale of the private notes by the holders thereof.

Upon the effectiveness of the exchange offer registration statement, we will offer the exchange notes in exchange for the private notes. A copy of the registration rights agreement is incorporated by reference as an exhibit to the registration statement of which this prospectus forms a part.

Resale of the Exchange Notes

Based upon an interpretation by the staff of the SEC contained in no-action letters issued to third parties, we believe that you may exchange private notes for exchange notes in the ordinary course of business. For further information on the SEC's position, see Exxon Capital Holdings Corporation, available May 13, 1988, Morgan Stanley & Co. Incorporated, available June 5, 1991, and Shearman & Sterling, available July 2, 1993, and other interpretive letters to similar effect. You will be allowed to resell exchange notes to the public without further registration under the Securities Act and without delivering to purchasers of the exchange notes a prospectus that satisfies the requirements of Section 10 of the Securities Act so long as you do not participate, do not intend to participate, and have no arrangement or understanding with any person to participate, in a distribution of the exchange notes. However, the foregoing does not apply to you if you are: a broker-dealer who purchased the notes directly from us to resell pursuant to Rule 144A or any other available exemption under the Securities Act; or you are an "affiliate" of ours within the meaning of Rule 405 under the Securities Act. By exchanging your private notes for exchange notes in the Exchange Offer, you will acknowledge that you are not an "affiliate" of ours.

In addition, if you are a broker-dealer, or you acquire exchange notes in the exchange offer for the purpose of distributing or participating in the distribution of the exchange notes, you cannot rely on the position of the staff of the SEC contained in the no-action letters mentioned above or other interpretive letters to similar effect and must comply with the registration and prospectus delivery requirements of the Securities Act in connection with any resale transaction, unless an exemption from registration is otherwise available.

Each broker-dealer that receives exchange notes for its own account in exchange for private notes, which the broker-dealer acquired as a result of market-making activities or other trading activities, must acknowledge that it will deliver a prospectus in connection with any resale of the exchange notes. By delivering a prospectus, a broker-dealer may be deemed to be an “underwriter” within the meaning of the Securities Act. A broker-dealer may use this prospectus, as it may be amended or supplemented from time to time, in connection with resales of exchange notes received in exchange for private notes which the broker-dealer acquired as a result of market-making or other trading activities.

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Terms of the Exchange Offer

Upon the terms and subject to the conditions described in this prospectus and in the accompanying letter of transmittal, which together constitute the exchange offer, we will accept any and all private notes validly tendered and not withdrawn before the expiration date. We will issue $1,000 principal amount of exchange notes in exchange for each $1,000 principal amount of outstanding private notes surrendered pursuant to the exchange offer. You may tender private notes only in denominations of $2,000 and integral multiples of $1,000 in excess thereof.

The form and terms of the exchange notes are the same as the form and terms of the private notes except that:

- we will register the exchange notes under the Securities Act and, therefore, the exchange notes will not bear legends restricting their transfer and will not be subject to an increase in annual interest rate; and

- holders of the exchange notes will not be entitled to any of the rights of holders of private notes under the registration rights agreement, which rights will terminate as to private notes exchanged upon the completion of the exchange offer.

The exchange notes will evidence the same debt as the private notes and will be issued under the same indenture, so the exchange notes and the private notes will be treated as a single class of debt securities under the indenture.

As of the date of this prospectus, $300.0 million in aggregate principal amount of the private notes are outstanding and registered in the name of Cede & Co., as nominee for DTC. Only registered holders of the private notes, or their legal representative or attorney-in-fact, as reflected on the records of the trustee under the indenture, may participate in the exchange offer. We will not set a fixed record date for determining registered holders of the private notes entitled to participate in the exchange offer.

You do not have any appraisal or dissenters’ rights under the indenture in connection with the exchange offer. We intend to conduct the exchange offer in accordance with the provisions of the registration rights agreement and the applicable requirements of the Securities Act, the Exchange Act and the rules and regulations of the SEC.

We will be deemed to have accepted validly tendered private notes when, as and if we have given written notice of acceptance to the Exchange Agent. The Exchange Agent will act as your agent for the purposes of receiving the exchange notes from us.

If you tender private notes in the exchange offer you will not be required to pay brokerage commissions or fees with respect to the exchange of private notes pursuant to the exchange offer. We will pay all charges and expenses, other than the applicable taxes described below, in connection with the exchange offer.

Expiration Date; Extensions; Amendments

The term “expiration date” will mean 5:00 p.m., New York City time on April 30, 2013 (the 21st business day following commencement of the exchange offer), unless we, in our sole discretion, extend the exchange offer, in which case the term expiration date will mean the latest date and time to which we extend the exchange offer.

To extend the exchange offer, we will notify the Exchange Agent and each registered holder of any extension in writing by a press release or other public announcement before 9:00 a.m., New York City time, on the next business day after the previously scheduled expiration date. The notice of extension will disclose the aggregate principal amount of the private notes that have been tendered as of the date of such notice.

We reserve the right, in our reasonable discretion:

- to delay accepting any private notes due to an extension of the exchange offer; or
- if any conditions listed below under "—Conditions" are not satisfied, to terminate the exchange offer,

in each case by written notice of the delay, extension or termination to the Exchange Agent and by press release or other public announcement.

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We will follow any delay in acceptance, extension or termination as promptly as practicable by written notice to the registered holders by a press release or other public announcement. If we amend the exchange offer in a manner we determine constitutes a material change, we will promptly disclose the amendment in a prospectus supplement that we will distribute to the registered holders. We will also extend the exchange offer for a period of five to ten business days, depending upon the significance of the amendment and the manner of disclosure, if the exchange offer would otherwise expire during the five to ten business day period.

Interest on the Exchange Notes

The exchange notes will bear interest at the same rate and on the same terms as the private notes (except for terms for accrual of additional interest under the circumstances provided for in the registration rights agreement). Consequently, the exchange notes will bear interest at a rate equal to 3.625% per year (calculated using a 360-day year). Interest will be payable on the exchange notes semi-annually on each February 15 and August 15. Interest on the exchange notes will accrue from the last interest payment date on which interest was paid on the private notes or, if no interest has been paid on the private notes, from the date of initial issuance of the private notes. We will deem the right to receive any interest accrued but unpaid on the private notes waived by you if we accept your private notes for exchange. Such interest will be paid on the exchange notes issued in exchange for such private notes so accepted.

Procedures for Tendering

Valid Tender

Except as described below, a tendering holder must, prior to the expiration date, transmit to U.S. Bank National Association, the Exchange Agent, at the address listed under the heading "—Exchange Agent":

- if the private notes are not tendered in accordance with the book-entry procedures listed below, a properly completed and duly executed letter of transmittal, including all other documents required by the letter of transmittal; or
- if the private notes are tendered in accordance with the book-entry procedures listed below, an agent's message.

In addition, a tendering holder must:

- deliver certificates, if any, for the private notes to the Exchange Agent at or before the expiration date; or
- deliver a timely confirmation of book-entry transfer of the private notes into the Exchange Agent's account at DTC, the book-entry transfer facility, along with an agent's message; or
- comply with the guaranteed delivery procedures described below.

The term "agent's message" means a message, transmitted by DTC to and received by the Exchange Agent and forming a part of a book-entry confirmation, that states that DTC has received an express acknowledgment that the tendering holder agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this holder.

If the letter of transmittal is signed by a person other than the registered holder of private notes, the letter of transmittal must be accompanied by a written instrument of transfer or exchange in satisfactory form duly executed by the registered holder with the signature guaranteed by an eligible institution. The private notes must be endorsed or accompanied by appropriate powers of attorney. In either case, the private notes must be signed exactly as the name of any registered holder appears on the private notes.

If the letter of transmittal or any private notes or powers of attorney are signed by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations or others acting in a fiduciary or representative capacity, these persons should so indicate when signing. Unless waived by us, proper evidence satisfactory to us of their authority to so act must be submitted.

By tendering private notes pursuant to the exchange offer, each holder will represent to us that, among other things, the exchange notes are being acquired in the ordinary course of business of the person receiving the exchange notes, whether or not that person is the holder, and neither the holder nor the other person has any arrangement or understanding with any person to participate in the distribution of the exchange notes. In the case of a holder that is not a broker-dealer, that holder, by tendering private notes pursuant to the exchange offer, will also represent to us that the holder is not engaged in and does not intend to engage in a distribution of the exchange notes.

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The method of delivery of private notes, letters of transmittal and all other required documents is at your election and risk. If the delivery is by mail, we recommend that you use registered mail, properly insured, with return receipt requested. In all cases, you should allow sufficient time to assure timely delivery. You should not send letters of transmittal or private notes to us.

If you are a beneficial owner whose private notes are registered in the name of a broker, dealer, commercial bank, trust company or other nominee, and wish to tender, you should promptly instruct the registered holder to tender on your behalf. Any registered holder that is a participant in DTC's book-entry transfer facility system must make book-entry delivery of the private notes by causing DTC to transfer the private notes into the Exchange Agent's account, including by means of DTC's Automated Tender Offer Program.

Signature Guarantees

Signatures on a letter of transmittal or a notice of withdrawal must be guaranteed, unless the private notes surrendered for exchange are tendered:

- by a registered holder of the private notes who has not completed the box entitled "Special Issuance Instructions" or "Special Delivery Instructions" on the letter of transmittal; or
- for the account of an "eligible institution."

If signatures on a letter of transmittal or a notice of withdrawal are required to be guaranteed, the guarantees must be by an "eligible institution." An "eligible institution" is an "eligible guarantor institution" meeting the requirements of the registrar for the notes, which requirements include membership or participation in the Security Transfer Agent Medallion Program, or STAMP, or such other "signature guarantee program" as may be determined by the registrar for the notes in addition to, or in substitution for, STAMP, all in accordance with the Exchange Act.

Book-Entry Transfer

The Exchange Agent will make a request to establish an account for the private notes at DTC for purposes of the exchange offer within two business days after the date of this prospectus. Any financial institution that is a participant in DTC's systems must make book-entry delivery of private notes by causing DTC to transfer those private notes into the Exchange Agent's account at DTC in accordance with DTC's procedure for transfer. The participant should transmit its acceptance to DTC at or prior to the expiration date or comply with the guaranteed delivery procedures described below. DTC will verify this acceptance, execute a book-entry transfer of the tendered private notes into the Exchange Agent's account at DTC and then send to the Exchange Agent confirmation of this book-entry transfer. The confirmation of this book-entry transfer will include an agent's message confirming that DTC has received an express acknowledgment from this participant that this participant has received and agrees to be bound by the letter of transmittal and that we may enforce the letter of transmittal against this participant.

Delivery of exchange notes issued in the exchange offer may be effected through book-entry transfer at DTC. However, in order for such delivery to be effected tender of the private notes to be exchanged for such exchange notes must be made in accordance with the applicable procedures for book-entry transfer of such private notes, including that:

- in connection with such tender an agent's message and any other required documentation as described in these procedures must be transmitted to and received by the Exchange Agent at the address listed under "—Exchange Agent" at or prior to the expiration date; or

- such tender must comply with the guaranteed delivery procedures described below.

Delivery of documents to DTC in accordance with DTC's procedures does not constitute delivery to the Exchange Agent.

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Guaranteed Delivery

If a registered holder of private notes desires to tender the private notes, and the private notes are not immediately available, or time will not permit the holder's private notes or other required documents to reach the Exchange Agent before the expiration date, or the procedure for book-entry transfer described above cannot be completed on a timely basis, a tender may nonetheless be made if:

- the tender is made through an eligible institution;
- prior to the expiration date, the Exchange Agent received from an eligible institution a properly completed and duly executed notice of guaranteed delivery, substantially in the form provided by us, by facsimile transmission, mail or hand delivery:

1. stating the name and address of the holder of private notes and the amount of private notes tendered;
2. stating that the tender is being made; and
3. guaranteeing that within three New York Stock Exchange trading days after the expiration date, the certificates for all physically tendered private notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and a properly completed and duly executed letter of transmittal and any other documents required by the letter of transmittal, or, in the case of a book-entry transfer, an agent's message will be deposited by the eligible institution with the exchange agent; and

- the certificates for all physically tendered private notes, in proper form for transfer, or a book-entry confirmation, as the case may be, and a properly completed and duly executed letter of transmittal and all other documents required by the letter of transmittal, or, in the case of a book-entry transfer, an agent's message are received by the Exchange Agent within three New York Stock Exchange trading days after the expiration date.

Determination of Validity

We will determine in our sole discretion all questions as to the validity, form and eligibility of private notes tendered for exchange. This discretion extends to the determination of all questions concerning the time of receipt, acceptance and withdrawal of tendered private notes. These determinations will be final and binding. We reserve the absolute right to reject any and all private notes not properly tendered or any private notes our acceptance of which would, in the opinion of our counsel, be unlawful. We also reserve the right to waive any defects, irregularities or conditions of tender as to any particular private note either before or after the expiration date, including the right to waive the ineligibility of any tendering holder. Our interpretation of the terms and conditions of the exchange offer as to any particular private note either before or after the expiration date, including the letter of transmittal and the instructions to the letter of transmittal, shall be final and binding on all parties. Unless waived, you must cure any defects or irregularities with respect to tenders of private notes within the time we determine. Although we intend to notify you of defects or irregularities with respect to tenders of private notes, neither we, the Exchange Agent nor any other person will incur any liability for failure to give you that notification. Unless waived, we will not deem tenders of private notes to have been made until you cure any defects or irregularities.

Other Rights

While we have no present plan to acquire any private notes that are not tendered in the exchange offer or to file a registration statement to permit resales of any private notes that are not tendered in the exchange offer, we reserve the right in our sole discretion to purchase or make offers for any private notes that remain outstanding after the expiration date. We also reserve the right to terminate the exchange offer, as described below under "—Conditions," and, to the extent permitted by applicable law, purchase private notes in the open market, in privately negotiated transactions or otherwise. The terms of any of those purchases or offers could differ from the terms of the exchange offer.

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Acceptance of Private Notes for Exchange; Issuance of Exchange Notes

Upon the terms and subject to the conditions of the exchange offer, we will accept, promptly after the expiration date, all private notes properly tendered. We will issue the exchange notes promptly after acceptance of the private notes. For purposes of the exchange offer, we will be deemed to have accepted properly tendered private notes for exchange when, as and if we have given oral or written notice to the Exchange Agent, with prompt written confirmation of any oral notice.

In all cases, issuance of exchange notes for private notes will be made only after timely receipt by the Exchange Agent of:

- certificates for the private notes, or a timely book-entry confirmation of the private notes, into the Exchange Agent's account at the book-entry transfer facility;
- a properly completed and duly executed letter of transmittal or, in the case of a book-entry transfer, an agent's message; and
- all other required documents.

For each private note accepted for exchange, the holder of the private note will receive an exchange note having a principal amount equal to that of the surrendered private note.

Return of Notes

Unaccepted or non-exchanged private notes will be returned without expense to the tendering holder of the private notes. In the case of private notes tendered by book-entry transfer in accordance with the book-entry procedures described above, the non-exchanged private notes will be credited to an account maintained with DTC as promptly as practicable after the expiration or termination of the exchange offer.

Withdrawal of Tenders

Except as otherwise provided in this prospectus, you may withdraw tenders of private notes at any time before 5:00 p.m., New York City time, on the expiration date.

For a withdrawal to be effective, the Exchange Agent must either receive a computer generated notice of withdrawal, transmitted on behalf of DTC on behalf of the holder in accordance with DTC's procedures or a written notice of withdrawal at the address or, in the case of eligible institutions, at the facsimile number, indicated under "—Exchange Agent" before the expiration date. Any written notice of withdrawal must:

- specify the name of the person, referred to as the depositor, having tendered the private notes to be withdrawn;
- identify the private notes to be withdrawn, including the certificate number or numbers and principal amount of the private notes;
- contain a statement that the holder is withdrawing its election to have the private notes exchanged;
- be signed by the holder in the same manner as the original signature on the letter of transmittal by which the private notes were tendered, including any required signature guarantees, or be accompanied by documents of transfer to have the trustee with respect to the private notes register the transfer of the private notes in the name of the person

withdrawing the tender; and

- specify the name in which the private notes are registered, if different from that of the depositor.

If certificates for private notes have been delivered or otherwise identified to the Exchange Agent, then, prior to the release of these certificates the withdrawing holder must also submit the serial numbers of the particular certificates to be withdrawn and signed notice of withdrawal with signatures guaranteed by an eligible institution, unless this holder is an eligible institution. If private notes have been tendered in accordance with the procedure for book-entry transfer described above, any computer generated notice of withdrawal must specify the name and number of the account at DTC to be credited with the withdrawn private notes or otherwise comply with DTC's procedures.

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We will determine in our sole discretion all questions as to the validity, form and eligibility of the notices, and our determination will be final and binding on all parties. We will not deem any properly withdrawn private notes to have been validly tendered for purposes of the exchange offer, and we will not issue exchange notes with respect to those private notes, unless you validly retender the withdrawn private notes. You may retender properly withdrawn private notes by following the procedures described above under "—Procedures for Tendering" at any time before 5:00 p.m., New York City time, on the expiration date.

Conditions

Notwithstanding any other term of the exchange offer, we will not be required to accept for exchange, or exchange the exchange notes for, any private notes, and may terminate the exchange offer as provided in this prospectus before the expiration of the exchange offer, if, in our reasonable judgment, the exchange offer violates applicable law, rules or regulations or an applicable interpretation of the staff of the SEC.

If we determine in our reasonable discretion that any of these conditions are not satisfied, we may:

- refuse to accept any private notes and return all tendered private notes to you;

- extend the exchange offer and retain all private notes tendered before the exchange offer expires, subject, however, to your rights to withdraw the private notes; or

- waive the unsatisfied conditions with respect to the exchange offer and accept all properly tendered private notes that have not been withdrawn.

If the waiver constitutes a material change to the exchange offer, we will promptly disclose the waiver by means of a prospectus supplement that we will distribute to the registered holders of the private notes, and we will extend the exchange offer for a period of five to ten business days, depending upon the significance of the waiver and the manner of disclosure to the registered holders, if the exchange offer would otherwise expire during the five to ten business day period.

Termination of Rights

All of your rights under the registration rights agreement will terminate upon your exchange of your private notes in consummation of the exchange offer, except with respect to our continuing obligations:

- to indemnify you and parties related to you against liabilities, including liabilities under the Securities Act; and

- to provide, upon your request, the information required by Rule 144A(d)(4) under the Securities Act to permit resales of the notes pursuant to Rule 144A.

Shelf Registration

In the event that:

(1) we and Essex Property Trust, Inc. determine that an exchange offer is not available or may not be completed because it would violate any applicable law or applicable interpretations of the SEC;

(2) the exchange offer registration statement has not become effective within 240 days of the note issuance or the exchange offer is not consummated within 30 business days after the date that the exchange offer registration

statement became effective; or

(3) we receive a request from any initial purchaser of the private notes that represents that it holds private notes that are or were ineligible to be exchanged for the exchange notes in the exchange offer,

we and Essex Property Trust, Inc. shall use our commercially reasonable efforts to cause to be filed with the SEC as soon as practicable after such determination, date or request, as the case may be, but in no event later than 30 days after such determination, date or request, a shelf registration statement providing for the sale of all the registrable securities by the holders thereof and to have such shelf registration statement declared effective by the SEC no later than 90 days after such determination, date or request; provided that no holder shall be entitled to have its registrable securities covered by such shelf registration statement unless such holder has satisfied certain conditions relating to the provision of information in connection with the shelf registration statement.

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For purposes of this prospectus, “registrable securities” shall mean the private notes; provided that the private notes shall cease to be registrable securities (a) when a registration statement with respect to such private notes has been declared effective under the Securities Act and such private notes have been exchanged or disposed of pursuant to such registration statement, (b) when such private notes are eligible to be sold pursuant to Rule 144 (or any similar provision then in force, but not Rule 144A) under the Securities Act or (c) when such private notes cease to be outstanding.

Registration Default and Additional Interest

The registration rights agreement provides that the following events will constitute a registration default:

- the exchange offer registration statement is not filed with the SEC on or prior to February 11, 2013 or is not declared effective on or prior to April 12, 2013;

- the exchange offer is not consummated within 30 business days after the date the exchange offer registration statement is declared effective;

- if we are obligated to file a shelf registration statement and the shelf registration statement is not filed with the SEC within 30 days of the triggering of such obligation or is not declared effective within 90 days after the triggering of such obligation; or

- if the shelf registration statement, if required, is declared effective but thereafter (and before the expiration of the period referred to in Rule 144) ceases to be effective or useable in connection with resales of the notes for more than 30 days within any 12-month period or if we or Essex Property Trust, Inc. (the "Guarantor"), through our omission, fail to name as a selling security holder any holder that had complied timely with its obligations to be named in the shelf registration statement.

If there is a registration default, then we and the Guarantor agree to pay each holder of registrable securities affected thereby additional interest in an amount equal to 0.25% per annum for the first 90-day period immediately following the date of such registration default, and an additional 0.25% per annum for each additional 90-day period, until all registration defaults have been cured. In no event will additional interest exceed 0.50% per year. Following the cure of any registration defaults, the accrual of additional interest on the affected registrable securities will cease.

We and the Guarantor will pay all additional interest to holders entitled thereto in the same manner as interest is paid on the notes.

Exchange Agent

We have appointed U.S. Bank National Association as Exchange Agent for the exchange offer of notes. All executed letters of transmittal and any other required documents should be directed to the Exchange Agent at the address or facsimile number set forth below. You should direct questions and requests for assistance and requests for additional copies of this prospectus or of the letter of transmittal and requests for notices of guaranteed delivery to the Exchange Agent addressed as follows:

U.S. Bank National Association

By Hand, Overnight Delivery or Mail (Registered or Certified Mail Recommended):	By Facsimile Transmission (for eligible institutions only):
West Side Flats Operations Center	(651) 466-7372

60 Livingston Avenue St. Paul, MN 55107 Attn.: Specialized Finance	Attn: Specialized Finance

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For Information Call:
800-934-6802

Fees and Expenses

We will bear the expenses of soliciting tenders. We have not retained any dealer manager in connection with the exchange offer and will not make any payments to brokers, dealers or others soliciting acceptances of the exchange offer. We will, however, pay the Exchange Agent reasonable and customary fees for its services and will reimburse it for its reasonable out-of-pocket expenses.

We will pay the cash expenses incurred in connection with the exchange offer. These expenses include registration fees, fees and expenses of the Exchange Agent and the trustee, accounting and legal fees and printing costs, among others.

We will pay all transfer taxes, if any, applicable to the exchange of notes pursuant to the exchange offer. If, however, a transfer tax is imposed for any reason other than the exchange of the private notes pursuant to the exchange offer, then you must pay the amount of the transfer taxes. If satisfactory evidence of payment of such taxes or exemption therefrom is not submitted with the letter of transmittal, the amount of such transfer taxes will be billed directly to you.

Consequence of Failures to Exchange

Participation in the exchange offer is voluntary. We urge you to consult your financial and tax advisors in making your decisions on what action to take. Private notes that are not exchanged for exchange notes pursuant to the exchange offer will remain restricted securities. Accordingly, those private notes may be resold only:

- to us, Essex Property Trust, Inc. or one of our subsidiaries;
- for so long as the private notes are eligible for resale pursuant to Rule 144A under the Securities Act, to a person whom the seller reasonably believes is a “qualified institutional buyer” as defined in Rule 144A under the Securities Act that purchases for its own account or for the account of a qualified institutional buyer to whom notice is given that the transfer is being made in reliance on Rule 144A and otherwise in a transaction meeting the requirements of Rule 144A;
- pursuant to a registration statement that has been declared effective under the Securities Act;
- pursuant to offers and sales that occur outside the United States to non-U.S. persons within the meaning of Regulation S under the Securities Act; or
- pursuant to another available exemption from the registration requirements of the Securities Act, subject to our and the trustee’s right prior to any such offer, sale or transfer to require the delivery of an opinion of counsel and/or other information satisfactory to each of us or the trustee.

In each case, the private notes may be resold only in accordance with any applicable securities laws of any state of the United States or any other applicable jurisdiction.

Accounting Treatment

The exchange notes will be recorded at the same carrying value as the original notes, as reflected in our accounting records on the date of the exchange. Accordingly, no gain or loss for accounting purposes will be recognized.

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USE OF PROCEEDS

The exchange offer satisfies an obligation under the registration rights agreement relating to the notes. We will not receive any cash proceeds from the exchange offer.

The net proceeds from the sale of the private notes after deducting discounts, commissions and offering expenses, were approximately $294.5 million. We used $263.0 million of the net proceeds to repay the outstanding indebtedness under our $500.0 million unsecured line of credit, $13.6 million to repay the outstanding indebtedness under our $25.0 million unsecured working capital line of credit and the remaining proceeds for general corporate and working capital purposes.

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SELECTED CONSOLIDATED FINANCIAL DATA

SUMMARY HISTORICAL FINANCIAL DATA

The following tables set forth, on a historical basis, certain summary consolidated financial and operating data for Essex Portfolio, L.P. and Essex Property Trust, Inc. and their respective subsidiaries. You should read the following summary historical financial data in conjunction with the consolidated historical financial statements and notes thereto of each of Essex Portfolio, L.P. and Essex Property Trust, Inc. and their respective subsidiaries and "Management's Discussion and Analysis of Financial Condition and Results of Operations," included elsewhere in this prospectus.

Essex Portfolio, L.P.

The consolidated balance sheet data as of December 31, 2012 and 2011 and the consolidated statement of income operating data for each of the years in the three-year period ended December 31, 2012 have been derived from the historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, which are included in this prospectus and which have been audited by KPMG LLP, an independent registered public accounting firm, whose report with respect thereto is included elsewhere in this prospectus. The consolidated balance sheet data as of December 31, 2010 and the consolidated statement of income operating data for the years ended December 31, 2010 and 2009 have been derived from the historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, have also been audited by KPMG LLP. The consolidated balance sheet data as of December 31, 2009 and 2008 and the consolidated statement of income operating data for the year ended December 31, 2008 have been derived from the unaudited historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries.

	Years Ended December 31,				
	2012	2011	2010	2009	2008
($ in thousands, except per share amounts)					
OPERATING DATA:					
REVENUES					
Rental and other property	$531,936	$465,713	$405,728	$401,550	$397,673
Management and other fees	11,489	6,780	4,551	4,325	5,166
	543,425	472,493	410,279	405,875	402,839
EXPENSES					
Property operating expenses	174,088	159,234	143,164	137,457	130,328
Depreciation	170,592	151,428	128,221	116,540	108,221
General and administrative	23,307	20,694	23,255	24,966	24,725
Cost of management and other fees	6,513	4,610	2,707	3,096	2,959
Impairment and other charges	-	-	2,302	13,084	650
	374,500	335,966	299,649	295,143	266,883
Earnings from operations	168,925	136,527	110,630	110,732	135,956
Interest expense before amortization expense	(100,244)	(91,694)	(82,756)	(81,196)	(78,203)
Amortization expense	(11,644)	(11,474)	(4,828)	(4,820)	(6,860)
Interest and other income	13,833	17,139	27,841	13,040	11,337
Gain on remeasurement of co-investments	21,947	-	-	-	-
Equity income (loss) from co-investments	41,745	(467)	(1,715)	670	7,820
(Loss) gain on early retirement of debt	(5,009)	(1,163)	(10)	4,750	3,997
Gain on the sales of real estate	-	-	-	103	4,578
Income before discontinued operations	129,553	48,868	49,162	43,279	78,625
Income from discontinued operations	10,037	8,648	1,620	10,460	5,770

Net income	139,590	57,516	50,782	53,739	84,395
Net income attributable to noncontrolling interest	(6,347)	(5,571)	(5,770)	(6,107)	(5,943)
Net income attributable to controlling interest	133,243	51,945	45,012	47,632	78,452
Preferred interests distributions - Series F, G, & H	(5,472)	(4,753)	(2,170)	(4,860)	(9,241)
Preferred interests distributions - limited partners	-	(1,650)	(6,300)	(6,300)	(9,909)
Excess (deficit) of the carrying amount of preferred interests redeemed over the cash paid to redeem preferred interests	-	(1,949)	-	49,952	-
Net income available to common unitholders	$127,771	$43,593	$36,542	$86,424	$59,302
Per unit data:					
Basic:					
Income before discontinued operations available to common unitholders	$3.16	$1.00	$1.09	$2.56	$1.86
Net income available to common unitholders	$3.43	$1.25	$1.14	$2.91	$2.06
Weighted average common unit outstanding	37,252	34,774	31,961	29,717	28,809
Diluted:					
Income before discontinued operations available to common unitholders	$3.15	$1.00	$1.09	$2.56	$1.86
Net income available to common unitholders	$3.42	$1.25	$1.14	$2.91	$2.06
Weighted average common unit outstanding	37,344	34,861	32,028	29,747	28,855
Cash dividend per common unit	$4.40	$4.16	$4.13	$4.12	$4.08

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	As of December 31,				
	2012	2011	2010	2009	2008
($ in thousands)					
BALANCE SHEET DATA:					
Investment in rental properties (before accumulated depreciation)	$5,033,672	$4,313,064	$3,964,561	$3,412,930	$3,279,788
Net investment in rental properties	3,952,155	3,393,038	3,189,008	2,663,466	2,639,762
Real estate under development	66,851	44,280	217,531	274,965	272,273
Total assets	4,847,223	4,036,964	3,732,887	3,254,637	3,164,823
Total secured indebtedness	1,565,599	1,745,858	2,082,745	1,832,549	1,588,931
Total unsecured indebtedness	1,253,084	615,000	176,000	14,893	165,457
Cumulative convertible preferred interests	4,349	4,349	4,349	4,349	145,912
Cumulative redeemable preferred interests	71,209	71,209	104,412	104,412	104,412
Partners' capital	1,880,116	1,486,914	1,284,515	1,200,208	1,001,356

	As of and for the years ended December 31,				
	2012	2011	2010	2009	2008
OTHER DATA:					
Net income	$139,590	$57,516	$50,782	$53,739	$84,395
Interest expense before amortization expense	100,244	91,694	82,756	81,196	78,203
Amortization expense	11,644	11,474	4,828	4,820	6,860
Tax benefit	-	(1,682)	-	-	-
Depreciation (1)	170,686	152,543	129,712	118,522	113,294
EBITDA(2)	$422,164	$311,545	$268,078	$258,277	$282,752
Ratio of earnings to fixed charges(3)	1.98	1.36	1.41	1.34	1.66
Ratio of earnings to combined fixed charges and preferred stock dividends (3)	1.89	1.29	1.30	1.20	1.38

(1) Includes amounts classified within discontinued operations.

(2) EBITDA is an operating measure and is defined as net income before interest expense, income taxes, depreciation and amortization. EBITDA, as defined by the Company, is not a recognized measurement under U.S. generally accepted accounting principles, or GAAP. This measurement should not be considered in isolation or as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. The Company’s definition may not be comparable to that of other companies.

(3) The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of income before discontinued operations and before gain on sale of real estate and interest and amortization expense. Fixed charges consist of interest and amortization expense plus interest costs capitalized. Combined fixed charges consist of fixed charges plus preferred interest distributions and preferred unit distributions.

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Essex Property Trust, Inc.

The consolidated balance sheet data as of December 31, 2012 and 2011 and the consolidated statements of income for each of the years in the three year period ended December 31, 2012 have been derived from the historical consolidated financial statements of Essex Property Trust, Inc. and subsidiaries, incorporated by reference herein, which have been audited by KPMG LLP, an independent registered public accounting firm whose report with respect thereto is incorporated by reference herein. The consolidated balance sheet data as of December 31, 2010, 2009 and 2008 and the consolidated statements of income operating data for each of the years ended December 31, 2009 and 2008 have been derived from the historical consolidated financial statements of Essex Property Trust, Inc. and subsidiaries, have also been audited by KPMG LLP. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Years Ended December 31,				
	2012	2011	2010	2009	2008
	($ in thousands, except per share amounts)				
OPERATING DATA:					
REVENUES					
Rental and other property	$531,936	$465,713	$405,728	$401,550	$397,673
Management and other fees from affiliates	11,489	6,780	4,551	4,325	5,166
	543,425	472,493	410,279	405,875	402,839
EXPENSES					
Property operating expenses	174,088	159,234	143,164	137,457	130,328
Depreciation	170,592	151,428	128,221	116,540	108,221
General and administrative	23,307	20,694	23,255	24,966	24,725
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	374,500	335,966	299,649	295,143	266,883
Earnings from operations	168,925	136,527	110,630	110,732	135,956
Interest expense before amortization expense	(100,244)	(91,694)	(82,756)	(81,196)	(78,203)
Amortization expense	(11,644)	(11,474)	(4,828)	(4,820)	(6,860)
Interest and other income	13,833	17,139	27,841	13,040	11,337
Equity income (loss) from co-investments	41,745	(467)	(1,715)	670	7,820
Gain on remeasurement of co-investment	21,947	-	-	-	-
(Loss) gain on early retirement of debt	(5,009)	(1,163)	(10)	4,750	3,997
Gain on the sales of real estate	-	-	-	103	4,578
Income before discontinued operations	129,553	48,868	49,162	43,279	78,625
Income from discontinued operations	10,037	8,648	1,620	10,460	5,770
Net income	139,590	57,516	50,782	53,739	84,395
Net income attributable to noncontrolling interest	(14,306)	(10,446)	(14,848)	(16,631)	(22,255)
Net income attributable to controlling interest	125,284	47,070	35,934	37,108	62,140
Dividends to preferred stockholders	(5,472)	(4,753)	(2,170)	(4,860)	(9,241)
Excess (deficit) of the carrying amount of preferred stock redeemed over the cash paid to redeem preferred stock	-	(1,949)	-	49,952	-
Net income available to common stockholders	$119,812	$40,368	$33,764	$82,200	$52,899
Per share data:					

Basic:					
Income before discontinued operations available to common stockholders	$3.15	$0.99	$1.09	$2.66	$1.88
Net income available to common stockholders	$3.42	$1.24	$1.14	$3.01	$2.10
Weighted average common stock outstanding	35,032	32,542	29,667	27,270	25,205
Diluted:					
Income before discontinued operations available to common stockholders	$3.14	$0.99	$1.09	$2.56	$1.87
Net income available to common stockholders	$3.41	$1.24	$1.14	$2.91	$2.09
Weighted average common stock outstanding	35,125	32,629	29,734	29,747	25,347
Cash dividend per common share	$4.40	$4.16	$4.13	$4.12	$4.08

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	As of December 31,				
	2012	2011	2010	2009	2008
	($ in thousands)				
BALANCE SHEET DATA:					
Investment in rental properties (before accumulated depreciation)	$5,033,672	$4,313,064	$3,964,561	$3,412,930	$3,279,788
Net investment in rental properties	3,952,155	3,393,038	3,189,008	2,663,466	2,639,762
Real estate under development	66,851	44,280	217,531	274,965	272,273
Total assets	4,847,223	4,036,964	3,732,887	3,254,637	3,164,823
Total secured indebtedness	1,565,599	1,745,858	2,082,745	1,832,549	1,588,931
Total unsecured indebtedness	1,253,084	615,000	176,000	14,893	165,457
Cumulative convertible preferred stock	4,349	4,349	4,349	4,349	145,912
Cumulative redeemable preferred stock	73,750	73,750	25,000	25,000	25,000
Stockholders' equity	1,764,804	1,437,527	1,149,946	1,053,096	852,227

	As of and for the years ended December 31,				
	2012	2011	2010	2009	2008
OTHER DATA:					
Net income	$139,590	$57,516	$50,782	$53,739	$84,395
Interest expense before amortization expense	100,244	91,694	82,756	81,196	78,203
Amortization expense	11,644	11,474	4,828	4,820	6,860
Tax benefit	-	(1,682)	-	-	-
Depreciation (1)	170,686	152,543	129,712	118,522	113,294
EBITDA(2)	$422,164	$311,545	$268,078	$258,277	$282,752
Ratio of earnings to fixed charges(3)	1.98	1.36	1.41	1.34	1.66
Ratio of earnings to combined fixed charges and preferred stock dividends (3)	1.89	1.29	1.30	1.20	1.38

(1) Includes amounts classified within discontinued operations.

(2) EBITDA is an operating measure and is defined as net income before interest expense, income taxes, depreciation and amortization. EBITDA, as defined by the Company, is not a recognized measurement under U.S. generally accepted accounting principles, or GAAP. This measurement should not be considered in isolation or as a substitute for net income, cash flows from operating activities and other income or cash flow statement data prepared in accordance with GAAP, or as a measure of profitability or liquidity. The Company’s definition may not be comparable to that of other companies.

(3) The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. For this purpose, earnings consist of income before discontinued operations and before gain on sale of real estate and interest and amortization expense. Fixed charges consist of interest and amortization expense plus interest costs capitalized. Combined fixed charges consist of fixed charges plus preferred stock dividends and preferred unit distributions.

MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

As used herein, the terms "we," "us," "our" or the "Company" refer to Essex Property Trust, Inc., a Maryland corporation, and any of our subsidiaries, including Essex Portfolio, L.P., a California limited partnership of which we are the parent company and general partner, which may be referred to herein as the "Operating Partnership”. Essex Property Trust, Inc., the sole general partner of Essex Portfolio, L.P., is a real estate investment trust ("REIT") engaged primarily in the ownership, operation, management, acquisition, development and redevelopment of predominantly apartment communities. Essex Property Trust, Inc. owns all of its interest in its real estate investments directly or indirectly through Essex Portfolio, L.P. As of December 31, 2012, we had 1,144 employees.

The Company is a self-administered and self-managed REIT that acquires, develops, redevelops and manages apartment communities in selected residential areas located primarily in the West Coast of the United States. The Company owns all of its interests in its real estate investments, directly or indirectly, through the Operating Partnership. The Company is the sole general partner of the Operating Partnership and, as of December 31, 2012, had an approximately 94.5% general partner interest in the Operating Partnership.

As of December 31, 2012, the Company had ownership interests in 163 communities, comprising 33,468 apartment units, and the apartment communities are located in the following major West Coast regions:

Southern California (Los Angeles, Orange, Riverside, San Diego, Santa Barbara, and Ventura counties)
Northern California (the San Francisco Bay Area)
Seattle Metro (Seattle metropolitan area)

As of December 31, 2012, the Operating Partnership also had ownership interests in five commercial buildings (with approximately 315,900 square feet).

As of December 31, 2012, the Operating Partnership’s development pipeline was comprised of two consolidated projects under development, seven unconsolidated joint venture projects under development, two consolidated predevelopment projects, one unconsolidated joint venture predevelopment project and one consolidated land parcel held for future development or sale aggregating 2,994 units, with total incurred costs of $531.6 million, and estimated remaining project costs of approximately $463.9 million for total estimated project costs of $995.5 million. By region, the Operating Partnership’s operating results for 2012 and 2011 and projections for 2013 new housing supply, job growth, and rental income are as follows:

Southern California Region: As of December 31, 2012, this region represented 47% of the Operating Partnership’s consolidated apartment units. During the year ended December 31, 2012, revenues for “2012/2011 Same-Properties” (as defined below), or “Same-Property revenues,” increased 4.2% in 2012 as compared to 2011. In 2013, the Operating Partnership expects new residential supply of 11,500 multifamily and 7,135 single family homes, which represents a total new multifamily supply of 0.5% and 0.3% of total housing stock, respectively. The Operating Partnership assumes an increase of 117,500 jobs or 1.7%, and an increase in rental income of 3.8% to 5.3% in 2013.

Northern California Region: As of December 31, 2012, this region represented 31% of the Operating Partnership’s consolidated apartment units. Same-Property revenues increased 9.6% in 2012 as compared to 2011. In 2013, the Operating Partnership expects new residential supply of 9,900 multifamily and 4,479 single family homes, which represents a total new multifamily supply of 1.1% and 0.6%, respectively, of total housing stock. The Operating Partnership assumes an increase of 68,500 jobs or 2.4%, and an increase in rental income of 6.5% to 8.0% in 2013.

Seattle Metro Region: As of December 31, 2012, this region represented 22% of the Operating Partnership's consolidated apartment units. Same-Property revenues increased 8.4% in 2012 as compared to 2011. In 2013, the Operating Partnership expects new residential supply of 6,900 multifamily and 5,888 single family homes, which represents a total new multifamily supply of 1.7% and 1.1%, respectively, of total housing stock. The Operating Partnership assumes an increase of 41,000 jobs or 2.8%, and an increase in rental income of 6.0% to 7.5% in 2013.

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The Operating Partnership's consolidated apartment communities are as follows:

	As of December 31, 2012			As of December 31, 2011		
	Apartment Units		%	Apartment Units		%
Southern California	13,656	47	%	13,205	48	%
Northern California	8,987	31	%	8,106	30	%
Seattle Metro	6,598	22	%	6,108	22	%
Total	29,241	100	%	27,419	100	%

Co-investments, including Fund II and Wesco I communities, and preferred equity interest co-investment communities are not included in the table presented above for both periods.

Comparison of Year Ended December 31, 2012 to the Year Ended December 31, 2011

The Operating Partnership's average financial occupancies for the Operating Partnership's stabilized apartment communities or "2012/2011 Same-Properties" (stabilized properties consolidated by the Operating Partnership for the years ended December 31, 2012 and 2011) remained consistent at 96.3% for 2012 and 2011. Financial occupancy is defined as the percentage resulting from dividing actual rental revenue by total possible rental revenue. Actual rental revenue represents contractual rental revenue pursuant to leases without considering delinquency and concessions. Total possible rental revenue represents the value of all apartment units, with occupied units valued at contractual rental rates pursuant to leases and vacant units valued at estimated market rents. We believe that financial occupancy is a meaningful measure of occupancy because it considers the value of each vacant unit at its estimated market rate.

Market rates are determined using a variety of factors such as effective rental rates at the property based on recently signed leases and asking rates for comparable properties in the market. The recently signed effective rates at the property are used as the starting point in the determination of the market rates of vacant units. The Operating Partnership then increases or decreases these rates based on the supply and demand in the apartment community's market. The Operating Partnership will check the reasonableness of these rents based on its position within the market and compare the rents against the asking rents by comparable properties in the market. Financial occupancy may not completely reflect short-term trends in physical occupancy and financial occupancy rates as disclosed by other REITs may not be comparable to the Operating Partnership's calculation of financial occupancy.

The Operating Partnership does not take into account delinquency and concessions to calculate actual rent for occupied units and market rents for vacant units. The calculation of financial occupancy compares contractual rates for occupied units to estimated market rents for unoccupied units, thus the calculation compares the gross value of all apartment units excluding delinquency and concessions. For apartment communities that are development properties in lease-up without stabilized occupancy figures, the Operating Partnership believes the physical occupancy rate is the appropriate performance metric. While an apartment community is in the lease-up phase, the Operating Partnership's primary motivation is to stabilize the property which may entail the use of rent concessions and other incentives, and thus financial occupancy which is based on contractual revenue is not considered the best metric to quantify occupancy.

The regional breakdown of the Operating Partnership's 2012/2011 Same-Property portfolio for financial occupancy for the years ended December 31, 2012 and 2011 is as follows:

Years ended

	December 31,			
	2012		2011	
Southern California	96.1	%	96.1	%
Northern California	96.7	%	96.7	%
Seattle Metro	96.1	%	96.1	%

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The following table provides a breakdown of revenue amounts, including revenues attributable to the 2012/2011 Same-Property portfolio:

	Number of Properties	Years Ended December 31, 2012	Years Ended December 31, 2011	Dollar Change	Percentage Change
Property Revenues ($ in thousands)					
2012/2011 Same-Properties:					
Southern California	58	$227,768	$218,626	$9,142	4.2 %
Northern California	33	159,993	146,008	13,985	9.6
Seattle Metro	28	85,373	78,785	6,588	8.4
Total 2012/2011 Same-Property revenues	119	473,134	443,419	29,715	6.7
2012/2011 Non-Same Property Revenues (1)		58,802	22,294	36,508	163.8
Total property revenues		$531,936	$465,713	$66,223	14.2 %

(1) Includes thirteen communities acquired after January 1, 2011, one redevelopment community, five development communities, and three commercial buildings.

2012/2011 Same-Property Revenues increased by $29.7 million or 6.7% to $473.1 million for 2012 compared to $443.4 million in 2011. The increase was primarily attributable to an increase in scheduled rents of $27.9 million as reflected in an increase of 6.4% in average rental rates from $1,388 per unit for 2011 to $1,478 per unit for 2012. Scheduled rents increased in all regions by 3.8%, 9.5%, and 8.2% in Southern California, Northern California, and Seattle Metro, respectively. Income from utility billings and other income increased by $1.3 million and $1.4 million, respectively in 2012 compared to 2011. Occupancy was consistent between years at 96.3%.

2012/2011 Non-Same Property Revenues increased by $36.5 million or 164% to $58.8 million in 2012 compared to $22.3 million in 2011. The increase was primarily due to revenue generated from five development communities (Via, Allegro, Bellerive, Muse, and Santee Village), thirteen communities acquired or consolidated since January 1, 2011 (Bernard, 1000 Kiely, Delano/Bon Terra, Reed Square, Essex Skyline at MacArthur Place, Park Catalina, The Huntington, Montebello, Park West, Domaine, Ascent, Willow Lake, and Bennett Lofts).

Management and other fees from affiliates increased $4.7 million or 69.5% to $11.5 million in 2012 compared to $6.8 million in 2011. The increase is primarily due to the asset and property management fees earned from Wesco I and II co-investments formed during 2011, and development fees earned from the joint ventures formed in 2011 and 2012 to develop Epic, Expo, Connolly Station, Elkhorn, Folsom and Fifth, The Huxley and The Dylan development projects.

Property operating expenses, excluding real estate taxes increased $9.9 million or 8.6% for 2012 compared to 2011, primarily due to the acquisition of thirteen communities and the lease-up of five development properties. 2012/2011 Same-Property operating expenses excluding real estate taxes, increased by $2.2 million or 2.0% for 2012 compared to 2011, due mainly to a $1.5 million increase in salaries, marketing, and administration costs and a $0.3 million increase in utilities due to increases in rates for water and sewer.

Real estate taxes increased $4.9 million or 11.3% for 2012 compared to 2011, due primarily to the acquisition of thirteen communities and expensing property taxes instead of capitalizing the cost for communities that were previously under development. 2012/2011 Same-Property real estate taxes increased by $0.9 million or 2.3% for the 2012 compared to 2011 due to an increase of 5.6% in property taxes for the Seattle Metro and a 2.0% in property taxes for the majority of the properties located in California regulated by Prop. 13 offset by temporary reductions in assessed property valuations for select communities located in California.

Depreciation expense increased by $19.2 million or 12.7% for 2012 compared to 2011, due to the acquisition of thirteen communities and the lease-up of five development properties. Also, the increase is due to the capitalization of approximately $97.9 million in additions to rental properties in 2012, including $40.2 million spent on redevelopment, $13.7 million spent on improvement to recent acquisitions, and $7.7 million spent on revenue generating capital expenditures, and the capitalization of approximately $95.3 million in additions to rental properties for 2011, including $45.1 million spent on redevelopment, $16.4 million spent on improvements to recent acquisitions, and $7.6 million spent on revenue generating capital expenditures.

General and administrative expense increased $2.6 million or 12.6% for 2012 compared to 2011 primarily due to an increase of acquisitions cost of $1.3 million compared to 2011 related to the increase in acquisitions in 2012 compared to 2011, annual compensation adjustments for merit, and the cost of hiring additional staff to manage the new acquisitions.

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Cost of management and other fees increased $1.9 million or 41.3% for 2012 compared to 2011 primarily due to an increase in administrative costs due to hiring of additional staff to assist with the management of the Operating Partnership's co-investments including Wesco I and II and the development joint ventures formed in 2011 and 2012.

Interest expense before amortization increased $8.6 million or 9.3% in 2012, primarily due to the payoff of the $250 million secured line of credit in the fourth quarter of 2011 which had an average interest rate of 1.3%. The Operating Partnership replaced the secured line with an unsecured term loan at an average interest rate of 2.7%. Also, on March 31, 2011, the Operating Partnership issued $150 million of private placement notes with an average interest rate of 4.5%, on August 15, 2012 the Operating Partnership issued $300 million of new unsecured bonds with an interest rate of 3.625%, and the Operating Partnership drew an additional $150 million on a bank term loan in the fourth quarter of 2012. Thus, interest expense increased due to an increase in average outstanding debt for the funding of 2012 acquisitions and the development pipeline and a higher average interest rate for 2012 compared to 2011.

Interest and other income decreased by $3.3 million for 2012 primarily due to $2.3 million of promote income earned from achieving certain performance hurdles related to the Essex Skyline co-investment and the sale of marketable securities for a gain of $0.8 million in 2012, compared to a gain of $5.0 million from the sale of marketable securities, $0.2 million gain from the sale of a land parcel, and a $1.7 million income tax benefit from a taxable REIT subsidiary that met the "more likely than not" threshold in the fourth quarter of 2011. This tax benefit relates to the write-off of an investment in a joint venture development project recognized during 2009.

Equity income (loss) in co-investments was income of $41.7 million in 2012 compared to a loss of $0.5 million in 2011. The increase was primarily due to the Operating Partnership's pro-rata share of the gain of $29.1 million from the sale of seven properties owned by Fund II, and income of $13.5 million in 2012 compared to $3.5 million for 2011, related to the Operating Partnership's preferred equity investments made in 2011. In the fourth quarter of 2011, the Operating Partnership made a preferred equity investment in Wesco II which earned $9.0 million for 2012 compared to $0.5 million in 2011.

Gain on remeasurement of co-investment of $21.9 million in 2012 was due to the Operating Partnership's acquisition of the joint venture partner's membership interest in Essex Skyline at MacArthur Place which the Operating Partnership subsequently consolidated. Upon consolidation, a gain was recorded equal to the amount by which the fair value of the Operating Partnership's previously noncontrolling interest exceeded its carrying value.

Loss on early retirement of debt was $5.0 million for 2012 was due to the write-off of deferred financing costs and prepayment penalties related to the early termination of secured debt related to six communities. The loss for 2012 also included the Operating Partnership's pro-rata share of the write-off of deferred financing costs and prepayment penalties incurred for the prepayment of the secured debt for the Essex Skyline joint venture and seven Fund II communities sold in 2012. During 2011, the loss on early retirement of debt was due to the write-off of deferred financing costs related to the termination of the Operating Partnership's $250 million secured line of credit with Freddie Mac and mortgages paid-off before maturity in 2011.

Income from discontinued operations for 2012 was $10.0 million and included a gain of $9.8 million from the sale of Tierra del Sol/Norte and Alpine Country, net of internal disposition costs. For 2011, income from discontinued operations was $8.6 million and included a gain of $7.5 million from the sale of Woodlawn Colonial and Clarendon, net of internal disposition costs, and the operating results of the two communities sold in 2011 and 2012.

Comparison of Year Ended December 31, 2011 to the Year Ended December 31, 2010

The Operating Partnership's average financial occupancies for the Operating Partnership's stabilized apartment communities for "2011/2010 Same-Properties" (stabilized properties consolidated by the Operating Partnership for the years ended December 31, 2011 and 2010) decreased 50 basis points to 96.4% in 2011 from 96.9% in 2010. The regional breakdown of the Operating Partnership's stabilized 2011/2010 Same-Property portfolio for financial occupancy for the years ended December 31, 2011 and 2010 is as follows:

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	Years ended December 31, 2011		2010	
Southern California	96.3	%	96.8	%
Northern California	96.6	%	97.2	%
Seattle Metro	96.4	%	96.9	%

The following table provides a breakdown of revenue amounts, including the revenues attributable to 2011/2010 Same-Properties.

	Number of Properties	Years Ended December 31, 2011	2010	Dollar Change	Percentage Change	
Property Revenues ($ in thousands)						
2011/2010 Same-Properties:						
Southern California	58	$204,748	$199,348	$5,400	2.7	%
Northern California	28	123,451	116,796	6,655	5.7	
Seattle Metro	23	61,827	59,101	2,726	4.6	
Total 2011/2010 Same-Property revenues	109	390,026	375,245	14,781	3.9	
2011/2010 Non-Same Property Revenues (1)		75,687	30,483	45,204	148.3	
Total property revenues		$465,713	$405,728	$59,985	14.8	%

(1) Includes twelve communities acquired after January 1, 2010, two redevelopment communities, eight development communities, and three commercial buildings.

2011/2010 Same-Property Revenues increased by $14.8 million or 3.9% to $390.0 million for 2011 compared to $375.2 million in 2010. The increase was primarily attributable to an increase in scheduled rents of $15.1 million as reflected in an increase of 4.1% in average rental rates from $1,318 per unit for 2010 to $1,372 per unit for 2011. Scheduled rents increased in all regions by 2.7%, 6.2%, and 4.8% in Southern California, Northern California, and Seattle Metro, respectively. Other income and free rent also increased by $0.6 million and $1.6 million, respectively in 2011 compared to 2010. Occupancy decreased 50 basis points in 2011 to 96.4% compared to 96.9% in 2010 which resulted in a decrease in revenue of $2.5 million due to the Operating Partnership's focus on increasing renewal and new lease rents at the communities compared to 2010 and 2009 when high occupancy was the primary objective due to market conditions.

2011/2010 Non-Same Property Revenues revenue increased $45.2 million or 148% to $75.7 million in 2011 compared to $30.5 million in 2010. The increase was primarily generated from the acquisition of twelve operating properties since January 1, 2010 (Santee Court, Courtyard off Main, Corbella at Juanita Bay, Anavia, 416 on Broadway, 101 San Fernando, The Commons, Bella Villagio, Elevation, 1000 Kiely, The Bernard, and Delano). The increase in 2011/2010 Non-Same Property revenue is also attributable to revenue earned from eight development communities (Via, Santee Village, Bellerive, Muse, Allegro, Axis 2300, Fourth & U and Joule) and the acquisition of the Santa Clara retail center.

Management and other fees from affiliates increased $2.2 million or 49.0% to $6.8 million in 2011 compared to $4.6 million in 2010. The increase is primarily due to the asset and property management fees earned from Wesco I and II co-investments formed during 2011, and development fees earned from the joint ventures formed in 2011 to develop Epic, West Dublin, The Huxley (formerly Fountain at La Brea), The Dylan (formerly Santa Monica at La Brea), and Expo (formerly Queen Anne) development projects.

Property operating expenses, excluding real estate taxes increased $11.5 million or 11.0% for 2011 compared to 2010, primarily due to the acquisition of twelve communities and one retail center, and the lease-up of eight development properties. 2011/2010 Same-Property operating expenses excluding real estate taxes increased by $2.1 million or 2.2% for 2011 compared to 2010, due primarily to an increase of $1.1 million in repairs and maintenance expenses including a $0.5 million increase in turnover costs.

Real estate taxes increased $4.6 million or 11.7% for 2011 compared to 2010, due primarily to the acquisition of twelve communities and one retail center and expensing property taxes instead of capitalizing the cost for communities that were previously under development. Same-Property real estate taxes decreased by $0.7 million or 1.9% for 2011 compared to the 2010 due to a reduction in assessed property valuations for select communities located in California and a decrease in assessed valuations for select properties in the Seattle Metro.

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Depreciation expense increased by $23.2 million or 18.1% for 2011 compared to 2010, due to the acquisition of twelve communities, the completion of eight development communities, and the capitalization of approximately $95.3 million in additions to rental properties for 2011, including $45.1 million spent on redevelopment, $16.4 million spent on improvements to recent acquisitions, $7.6 million on revenue generating capital, and the capitalization of approximately $51.4 million in additions to rental properties for 2010, including the capitalization of approximately $15.7 million spent on redevelopment and revenue generating capital and $6.4 million on acquisition capital.

General and administrative expense decreased $2.6 million or 11.0% for 2011 compared to 2010 primarily due to $1.6 million in non-recurring compensation costs related to the CEO's retirement in 2010 and certain staff in 2011 reallocated to manage newly formed co-investments including Wesco I and II.

Cost of management and other fees increased $1.9 million or 70.3% compared to 2010 primarily due to an increase in administrative costs due to hiring of additional staff to assist with the management of the Operating Partnership's co-investments including Wesco I and II and the development joint ventures formed in 2011.

Impairment and other charges of $2.3 million in 2010 relates to an expense recorded by the Operating Partnership due to the hedge ineffectiveness of certain forward-starting swaps that were settled in 2010.

Interest expense before amortization increased $8.9 million or 10.8% in 2011, primarily due to the increase in average outstanding debt, and a decrease in capitalized interest of $1.2 million compared to 2010.

Amortization expense increased by $6.6 million in 2011 compared to 2010 due primarily to the settlement of forward starting swaps in the third and fourth quarters of 2010 that were applied to new 10-year secured mortgage loans, and as a result, the settlement amounts are being amortized over the ten years.

Interest and other income decreased by $10.7 million for 2011 primarily due to a decrease of $7.5 million in gains from the sales of marketable securities. The Operating Partnership sold marketable securities for a gain of $5.0 million during 2011 compared to $12.5 million in gains generated from the sale of marketable securities for 2010. Additionally, interest on notes receivables decreased by $3.4 million in 2011 compared to 2010. This primarily relates to the settlement of the Santee Court note in 2010 upon the Operating Partnership's acquisition of the Santee Court property and a full year of interest in 2011 on a note purchased at a discount during the fourth quarter of 2010. Finally, interest and dividends on marketable securities decreased by $1.6 million in 2011 compared to 2010 due to lower average investment balances, and this decrease was offset by a $1.6 million increase in other income resulting from an income tax benefit from a taxable REIT subsidiary that met the "more likely than not" threshold in the fourth quarter of 2011. This tax benefit relates to the write-off of an investment in a joint venture development project recognized during 2009.

Equity income (loss) in co-investments was a loss of $0.5 million in 2011 compared to a loss of $1.7 million in 2010 due primarily to the gain on the sale of a co-investment of $0.9 million and an increase in income of $3.3 million related to the Operating Partnership's preferred equity investments made in 2010 and 2011, partially offset by an increase in losses attributable to Wesco I and Essex Skyline at MacArthur Place. Essex Skyline at MacArthur Place achieved stabilization in second quarter of 2011.

Loss on early retirement of debt was $1.2 million for 2011 due to the write-off of deferred financing costs related to the termination of the Operating Partnership's $250 million secured line of credit with Freddie Mac and mortgages paid-off before maturity in 2011.

Income from discontinued operations for 2011 was $8.6 million and includes a gain of $7.5 million on the sale of Woodlawn Colonial and Clarendon, net of internal disposition costs. For 2011 and 2010 discontinued operations consisted of the operating results of the two properties sold in 2011 and the operating results of Tierra del Sol/Norte and Alpine Country which were sold in 2012.

Excess of the carrying amount of preferred interests redeemed over the cash paid to redeem preferred interests for 2011 was $1.9 million due to the redemption of all of the Series B preferred units, which resulted in excess of cash paid of $1.0 million over the carrying value of Series B preferred units and the redemption of Series F preferred interests which resulted in excess of cash paid of $0.9 million over the carrying value of Series F preferred interests due to deferred offering costs and original issuance discounts.

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Liquidity and Capital Resources

As of April 2, 2013, Fitch Ratings, Moody's Investor Service, and Standard and Poor's credit agencies rate Essex Property Trust, Inc. and Essex Portfolio, L.P. BBB+/Stable, Baa2/Stable, and BBB/Stable, respectively.

At December 31, 2012, the Operating Partnership had $18.6 million of unrestricted cash and cash equivalents and $92.7 million in marketable securities, of which $40.7 million were held available for sale. The Operating Partnership believes that cash flows generated by its operations, existing cash, cash equivalents, and marketable securities balances, availability under existing lines of credit, access to capital markets and the ability to generate cash from the disposition of real estate are sufficient to meet all of the Operating Partnership's reasonably anticipated cash needs during 2013. The timing, source and amounts of cash flows provided by financing activities and used in investing activities are sensitive to changes in interest rates and other fluctuations in the capital markets environment, which can affect the Operating Partnership's plans for acquisitions, dispositions, development and redevelopment activities.

The Operating Partnership has two lines of credit aggregating $525.0 million as of December 31, 2012. The Operating Partnership had a $500.0 million unsecured line of credit that was increased to $600.0 million in January 2013. As of December 31, 2012 there was a $141.0 million balance on this unsecured line. The underlying interest rate on the $500.0 million facility is based on a tiered rate structure tied to Fitch and S&P ratings on the credit facility and the rate was LIBOR plus 1.075% as of December 31, 2012. This facility matures in December 2015 with two one-year extensions, exercisable by the Operating Partnership. The Operating Partnership has a working capital unsecured line of credit agreement for $25.0 million. This facility matures in January 2014, with a one year extension option. As of December 31, 2012 there was no balance outstanding on this unsecured line. The underlying interest rate on the $25.0 million line is based on a tiered rate structure tied to Fitch and S&P ratings on the credit facility of LIBOR plus 1.075%.

As of December, 31 2012, the Operating Partnership had $465 million of unsecured bonds outstanding at an average interest rate of 4.5%. During the second quarter of 2012, the Operating Partnership issued through private placements, $100 million of bonds and $50 million of bonds at 4.27% and 4.30%, respectively, due in 2021 and during the third quarter of 2012, $50 million of bonds at 4.37% due in 2021.

As of December 31, 2012, the Operating Partnership had a $350 million unsecured term loan outstanding at an average interest rate of 2.7%. The term loan has a variable interest rate of LIBOR plus 1.2%. During the fourth quarter of 2012, the Operating Partnership increased the size of the term loan from $200 million to $350 million. The Operating Partnership entered into interest rate swap contracts for a term of five years with a notional amount totaling $300 million, which effectively converted the interest rate on $300 million of the term loan to a fixed rate.

During the third quarter of 2012, the Operating Partnership issued $300 million of senior unsecured bonds due August 2022 with a coupon rate of 3.625% per annum and payable on February 15th and August 15th of each year, beginning February 15, 2013.

The Operating Partnership's unsecured line of credit and unsecured debt agreements contain debt covenants related to limitations on indebtedness and liabilities and maintenance of minimum levels of consolidated earnings before depreciation, interest and amortization. The Operating Partnership was in compliance with the debt covenants as of December 31, 2012 and 2011.

As of December 31, 2012, the Operating Partnership's mortgage notes payable totaled $1.6 billion which consisted of $1.4 billion in fixed rate debt with interest rates varying from 4.3% to 6.4% and maturity dates ranging from 2013 to 2021 and $201.9 million of tax-exempt variable rate demand notes with a weighted average interest rate of 1.9%. The tax-exempt variable rate demand notes have maturity dates ranging from 2013 to 2039, and $187.8 million are subject to interest rate caps.

On March 27, 2013, the Company filed a new shelf registration statement with the SEC, allowing the Company to sell an undetermined number or amount of certain equity and debt securities as defined in the prospectus.

In the second quarter of 2011, the Company issued 2,950,000 shares of 7.125% Series H Cumulative Redeemable Preferred Stock ("Series H") at a price of $25.00 per share for net proceeds of $71.2 million, net of costs and original issuance discounts. The Series H has no maturity date and generally may not be called by the Company before April 13, 2016. The $71.2 million net proceeds from the sale of the Series H were contributed by the Company to the Operating Partnership for a Series H Preferred Interest in the Operating Partnership. The contribution was used to redeem all of the 7.875% Series B Cumulative Redeemable Preferred Units of the Operating Partnership ("Series B") with a liquidation value of $80.0 million. The Company received a special distribution from the Operating Partnership and also redeemed its 7.8125% Series F Preferred Stock ("Series F") at liquidation value for $25.0 million.

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The Operating Partnership pays quarterly distributions from cash available for distribution. Until it is distributed, cash available for distribution is invested by the Operating Partnership primarily in investment grade securities held available for sale or is used by the Operating Partnership to reduce balances outstanding under its line of credit.

Derivative Activity

The Operating Partnership has entered into interest rate swap contracts with an aggregate notional amount of $300 million that effectively fixed the interest rate on $300 million of the $350 million unsecured term loan at 2.7%. These derivatives qualify for hedge accounting.

As of December 31, 2012 the Operating Partnership also had twelve interest rate cap contracts totaling a notional amount of $187.8 million that qualify for hedge accounting as they effectively limit the Operating Partnership's exposure to interest rate risk by providing a ceiling on the underlying variable interest rate for $187.8 million of the $201.9 million of the Operating Partnership's tax exempt variable rate debt.

During the third quarter 2012, the Operating Partnership terminated a swap transaction with respect to the $38.0 million of tax-exempt bonds for the 101 San Fernando apartment community with Citibank because the bonds were repurchased by the Operating Partnership at par.

As of December 31, 2012 and 2011 the aggregate carrying value of the interest rate swap contracts was a liability of $6.6 million and $1.4 million, respectively. The aggregate carrying value of the interest rate cap contracts was zero on the balance sheet as of December 31, 2012, and was an asset of $0.2 million as of December 31, 2011.

During the first quarter of 2011, the Operating Partnership settled its remaining $20.0 million forward starting swap contract for $2.3 million which was applied to the $32.0 million mortgage obtained in February 2011, increasing the effective borrowing rate from 5.4% to 6.2%.

During 2010, the Operating Partnership settled $355 million in forward-starting swap contracts for $81.3 million, which was applied to 10-year mortgage loans obtained in 2010. The settlement of the forward-starting swaps increased the average effective interest rate on the 2010 mortgage loans from 4.5% to 6.8%. During 2010, the Operating Partnership incurred $2.3 million in expense related to the ineffectiveness of certain of the settled forward-starting swap hedges, which is included in impairment and other charges in the accompanying consolidated statement of operations for the year ended December 31, 2010. No hedge ineffectiveness on cash flow hedges was incurred during the years ended December 31, 2012 and 2011.

Issuance of Common Stock

On March 29, 2012, the Company entered into equity distribution agreements with Cantor Fitzgerald & Co, Barclays Capital Inc., BMO Capital Markets Corp., BNP Paribas Securities Corp., Liquidnet, Inc., Mitsubishi UFJ Securities (USA), Inc., and Citigroup Global Markets Inc., which superseded the equity distribution agreements entered into in March 2012 with Cantor Fitzgerald & Co, KeyBanc Capital Markets Inc., Barclays Capital Inc., BMO Capital Markets Corp., Liquidnet, Inc., Mitsubishi UFJ Securities (USA), Inc., and Citigroup Global Markets Inc. Pursuant to its equity distribution program, in 2012, the Company issued 2,404,096 shares of common stock for $357.7 million, net of fees and commissions, and in 2011, the Company issued 2,459,947 shares of common stock for $323.9 million, net of fees and commissions, and the Company contributed such net proceeds to the Operating Partnership. During the first quarter of 2013 through March 29, 2013, the Company has issued 815,319 shares of common stock at an average price of $151.82 for $122.6 million, net of fees and commissions, and the Company contributed such net proceeds to the Operating Partnership. Under this program, the Company may from time to time sell shares of common stock into the existing trading market at current market prices, and the Company will contribute such net proceeds to the

Operating Partnership. The Operating Partnership anticipates using the net proceeds to potentially acquire, develop, or redevelop properties, which primarily will be apartment communities, to make other investments and for working capital or general corporate purposes, which may include the repayment of indebtedness. As of April 1, 2013, the Company may sell up to 5,000,000 shares under the current equity distribution program.

Capital Expenditures

Non-revenue generating capital expenditures are improvements and upgrades that extend the useful life of the property. For the year ended December 31, 2012, non-revenue generating capital expenditures totaled approximately $1,101 per unit. The Operating Partnership expects to incur approximately $1,150 per unit in non-revenue generating capital expenditures for the year ending December 31, 2013. These expenditures do not include the improvements required in connection with the origination of mortgage loans, expenditures for deferred maintenance on acquisition properties, and expenditures for property renovations and improvements which are expected to generate additional revenue. The Operating Partnership expects that cash from operations and/or its lines of credit will fund such expenditures. However, there can be no assurance that the actual expenditures incurred during 2013 and/or the funding thereof will not be significantly different than the Operating Partnership's current expectations.

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Development and Predevelopment Pipeline

The Operating Partnership defines development activities as new communities that are in various stages of active development, or the community is in lease-up and phases of the project are not completed. As of December 31, 2012, the Operating Partnership had two consolidated development projects comprised of 311 units with an estimated cost of $95.8 million of which $76.2 million remains to be expended, and seven unconsolidated joint venture active development projects comprised of 2,184 units with an estimated cost of $832.6 million, of which $387.7 million remains to be expended. See discussion in the section, “Risk Factors--Development and redevelopment activities may be delayed, not completed, and/or not achieve expected results” in this prospectus.

The Operating Partnership defines the predevelopment pipeline as proposed communities in negotiation or in the entitlement process with a high likelihood of becoming entitled development projects. As of December 31, 2012, the Operating Partnership had two consolidated joint venture developments that were classified as predevelopment projects aggregating 249 units for a total estimated cost of $39.8 million, and one unconsolidated joint venture predevelopment project aggregating 200 units for a total estimated cost of $19.8 million. The Operating Partnership may also acquire land for future development purposes or sale. The Operating Partnership had incurred $7.5 million in costs related to a land parcel held for future development or sale as of December 31, 2012, which was sold in the first quarter of 2013.

The Operating Partnership expects to fund the development and predevelopment pipeline by using a combination of some or all of the following sources: its working capital, amounts available on its lines of credit, construction loans, net proceeds from public and private equity and debt issuances, and proceeds from the disposition of properties, if any.

The Operating Partnership defines redevelopment communities as existing properties owned or recently acquired, which have been targeted for additional investment by the Operating Partnership with the expectation of increased financial returns through property improvement. During redevelopment, apartment units may not be available for rent and, as a result, may have less than stabilized operations. As of December 31, 2012, the Operating Partnership had ownership interests in five major redevelopment communities aggregating 1,056 apartment units with estimated redevelopment costs of $64.9 million, of which approximately $20.7 million remains to be expended.

Alternative Capital Sources

Essex Apartment Value Fund II, L.P. (“Fund II”) , an investment fund formed by the Operating Partnership, has eight institutional investors, and the Operating Partnership, with combined partner equity contributions of $265.9 million were fully contributed as of 2008. See “Business and Properties—Business--Essex Apartment Value Fund II, L.P.” The Operating Partnership contributed $75.0 million to Fund II, which represents a 28.2% interest as general partner and limited partner. Fund II utilized leverage equal to approximately 55% upon the initial acquisition of the underlying real estate. Fund II invested in apartment communities in the Operating Partnership’s targeted West Coast markets and, as of December 31, 2012, owned seven apartment communities. The Operating Partnership records revenue for its asset management, property management, development and redevelopment services when earned, and promote income when realized if Fund II exceeds certain financial return benchmarks. Seven communities were sold during 2012 from Fund II, and it is anticipated that the remaining seven communities will be sold during 2013.

Wesco, I LLC (“Wesco I”) is a 50/50 programmatic joint venture with an institutional partner for a total equity commitment of $300.0 million. Each partner’s equity commitment is $150.0 million. Wesco I will utilize debt as leverage equal to approximately 50% of the underlying real estate. The Operating Partnership has contributed $150.0 million to Wesco I, and as of December 31, 2012, Wesco I owned nine apartment communities with 2,713 units with an aggregate carrying value of $660.5 million.

During 2012, the Operating Partnership entered into a 50/50 programmatic joint venture, Wesco III LLC ("Wesco III"), with an institutional partner for a total equity commitment from the parties of $120.0 million. Each partner's commitment is $60.0 million. Wesco III will utilize debt as leverage equal to approximately 50% of the underlying real estate. The Operating Partnership has contributed $10.0 million to Wesco III, and provided a $26.0 million short term bridge loan to Wesco III at a rate of LIBOR + 2.5%, and as of December 31, 2012, Wesco III owned one apartment community with 264 units for a purchase price of $45.6 million. Permanent secured financing is expected to be placed on the property in the first quarter of 2013.

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Contractual Obligations and Commercial Commitments

The following table summarizes the maturation or due dates of the Operating Partnership's contractual obligations and other commitments at December 31, 2012, and the effect such obligations could have on the Operating Partnership's liquidity and cash flow in future periods ($ in thousands):

	2013	2014 and 2015	2016 and 2017	Thereafter	Total
Mortgage notes payable	$ 57,621	$ 116,920	$ 197,957	$ 1,193,101	$ 1,565,599
Unsecured debt	-	-	540,000	572,084	1,112,084
Lines of credit	-	141,000	-	-	141,000
Interest on indebtedness (1)	119,547	226,264	180,971	225,038	751,820
Development commitments (including co-investments)	198,400	87,700	-	-	286,100
Redevelopment commitments	13,820	6,908	-	-	20,728
	$ 389,388	$ 578,792	$ 918,928	$ 1,990,223	$ 3,877,331

(1) Interest on indebtedness for variable debt was calculated using interest rates as of December 31, 2012.

Variable Interest Entities

In accordance with accounting standards for consolidation of variable interest entities, the Operating Partnership consolidates 19 DownREIT limited partnerships (comprising twelve communities). The Operating Partnership consolidates these entities because it is deemed the primary beneficiary. The consolidated total assets and liabilities related to these VIEs, net of intercompany eliminations, were approximately $201.1 million and $178.6 million, respectively, as of December 31, 2012, and $199.8 million and $171.5 million, respectively, as of December 31, 2011. Interest holders in VIEs consolidated by the Operating Partnership are allocated net income equal to the cash payments made to those interest holders for services rendered or distributions from cash flow. The remaining results of operations are generally allocated to the Operating Partnership. As of December 31, 2012, the Operating Partnership did not have any VIE's of which it was not deemed to be the primary beneficiary.

Critical Accounting Policies and Estimates

The preparation of consolidated financial statements, in accordance with U.S. generally accepted accounting principles, requires the Operating Partnership to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosures of contingent assets and liabilities. The Operating Partnership defines critical accounting policies as those accounting policies that require the Operating Partnership's management to exercise their most difficult, subjective and complex judgments. The Operating Partnership's critical accounting policies relate principally to the following key areas: (i) consolidation under applicable accounting standards of various entities; (ii) assessing the carrying values of the Operating Partnership's real estate and investments in and advances to joint ventures and affiliates; and (iii) internal cost capitalization. The Operating Partnership bases its estimates on historical experience, current market conditions, and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may differ from those estimates made by management.

The Operating Partnership assesses each entity in which it has an investment or contractual relationship to determine if it may be deemed to be a VIE. If such an entity is a VIE, then the Operating Partnership performs an analysis to determine who is the primary beneficiary. If the Operating Partnership is the primary beneficiary, then the entity is consolidated. The analysis required to identify VIEs and primary beneficiaries is complex and judgmental, and the analysis must be applied to various types of entities and legal structures.

The Operating Partnership assesses the carrying value of its real estate investments by monitoring investment market conditions and performance compared to budget for operating properties and joint ventures, and by monitoring estimated costs for properties under development. Local market knowledge and data is used to assess carrying values of properties and the market value of acquisition opportunities. Whenever events or changes in circumstances indicate that the carrying amount of a property held for investment may not be fully recoverable, the carrying amount is evaluated. If the sum of the property's expected future cash flows (undiscounted and without interest charges) is less than the carrying amount of the property, then the Operating Partnership will recognize an impairment loss equal to the excess of the carrying amount over the fair value of the property. Adverse changes in market conditions or poor operating results of real estate investments could result in impairment charges. When the Operating Partnership determines that a property is held for sale, it discontinues the periodic depreciation of that property. The criteria for determining when a property is held for sale requires judgment and has potential financial statement impact as depreciation would cease and an impairment loss could occur upon determination of held for sale status. Assets held for sale are reported at the lower of the carrying amount or estimated fair value less costs to sell. With respect to investments in and advances to joint ventures and affiliates, the Operating Partnership looks to the underlying properties to assess performance and the recoverability of carrying amounts for those investments in a manner similar to direct investments in real estate properties.

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Further, the Operating Partnership evaluates whether its co-investments have other than temporary impairment and, if so, records a write down.

The Operating Partnership capitalizes all direct and certain indirect costs, including interest and real estate taxes, incurred during development and redevelopment activities. Interest is capitalized on real estate assets that require a period of time to get them ready for their intended use. The amount of interest capitalized is based upon the average amount of accumulated development expenditures during the reporting period. Included in capitalized costs are management’s accounting estimates of the direct and incremental personnel costs and indirect project costs associated with the Operating Partnership's development and redevelopment activities. Indirect project costs consist primarily of personnel costs associated with construction administration and development, including accounting, legal fees, and various office costs that clearly relate to projects under development.

The Operating Partnership bases its accounting estimates on historical experience and on various other assumptions that are believed to be reasonable under the circumstances. Actual results may vary from those estimates and those estimates could be different under different assumptions or conditions.

Funds from Operations (“FFO”)

FFO is a financial measure that is commonly used in the REIT industry. The Company presents funds from operations as a supplemental operating performance measure. FFO is not used by the Company, nor should it be considered to be, as an alternative to net earnings computed under GAAP as an indicator of the Company’s operating performance or as an alternative to cash from operating activities computed under GAAP as an indicator of the Company's ability to fund its cash needs.

FFO is not meant to represent a comprehensive system of financial reporting and does not present, nor does it intend to present, a complete picture of the Company's financial condition and operating performance. The Company believes that net earnings computed under GAAP remain the primary measure of performance and that FFO is only meaningful when it is used in conjunction with net earnings. The Company considers FFO and FFO excluding non-recurring items (referred to as “Core FFO”) to be useful financial performance measurements of an equity REIT because, together with net income and cash flows, FFO provides investors with an additional basis to evaluate operating performance and ability of a REIT to incur and service debt and to fund acquisitions and other capital expenditures and ability to pay dividends. Further, the Company believes that its consolidated financial statements, prepared in accordance with GAAP, provide the most meaningful picture of its financial condition and its operating performance.

In calculating FFO, the Company follows the definition for this measure published by the National Association of Real Estate Investment Trusts (“NAREIT”), which is a REIT trade association. The Company believes that, under the NAREIT FFO definition, the two most significant adjustments made to net income are (i) the exclusion of historical cost depreciation and (ii) the exclusion of gains and losses from the sale of previously depreciated properties. The Company agrees that these two NAREIT adjustments are useful to investors for the following reasons:

(a) historical cost accounting for real estate assets in accordance with GAAP assumes, through depreciation charges, that the value of real estate assets diminishes predictably over time. NAREIT stated in its White Paper on Funds from Operations “since real estate asset values have historically risen or fallen with market conditions, many industry investors have considered presentations of operating results for real estate companies that use historical cost accounting to be insufficient by themselves.” Consequently, NAREIT’s definition of FFO reflects the fact that real estate, as an asset class, generally appreciates over time and depreciation charges required by GAAP do not reflect the underlying economic realities.

(b) REITs were created as a legal form of organization in order to encourage public ownership of real estate as an asset class through investment in firms that were in the business of long-term ownership and management of real estate. The exclusion, in NAREIT's definition of FFO, of gains from the sales of previously depreciated operating real estate assets allows investors and analysts to readily identify the operating results of the long-term assets that form the core of a REIT's activity and assists in comparing those operating results between periods.

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Management has consistently applied the NAREIT definition of FFO to all periods presented. However, other REITs in calculating FFO may vary from the NAREIT definition for this measure, and thus their disclosure of FFO may not be comparable to the Company's calculation.

The following table sets forth the Company's calculation of FFO and Core FFO for 2012 ($ in thousands).

	For the year ended	For the quarter ended			
	12/31/12	12/31/12	9/30/12	6/30/12	3/31/12
Net income available to common stockholders	$119,812	$43,793	$16,219	$37,078	$22,722
Adjustments:					
Depreciation and amortization	170,686	45,017	43,041	41,801	40,827
Gains not included in FFO, net of internal disposition costs	(60,842)	(29,112)	-	(21,947)	(9,783)
Depreciation add back from unconsolidated co-investments and add back convertible preferred dividend - Series G	14,467	3,365	3,352	3,366	4,384
Noncontrolling interests related to Operating Partnership units	7,950	2,781	1,077	2,502	1,590
Depreciation attributable to third party of co-investments	(1,223)	(319)	(312)	(303)	(289)
Funds from operations	$250,850	$65,525	$63,377	$62,497	$59,451
Funds from operations per share - diluted	$6.71	$1.72	$1.67	$1.69	$1.63
Non-core items:					
Loss on early retirement of debt	5,009	2,348	1,211	1,450	-
Acquisition costs	2,255	1,480	277	312	186
Gain on sales of marketable securities	(819)	(298)	-	(521)	-
Co-investment promote income	(2,299)	-	-	(2,299)	-
Funds from operations excluding non-core items	$254,996	$69,055	$64,865	$61,439	$59,637
Core funds from operations per share - diluted	$6.82	$1.81	$1.71	$1.66	$1.64
Weighted average number of shares outstanding, diluted(1)	37,377,986	38,182,569	37,969,407	36,947,477	36,396,641

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The following table sets forth the Company's calculation of FFO and Core FFO for 2011 ($ in thousands).

	For the year ended 12/31/11	For the quarter ended 12/31/11	9/30/11	6/30/11	3/31/11
Net income available to common stockholders	$40,368	$13,937	$7,687	$10,325	$8,419
Adjustments:	-				
Depreciation and amortization	152,544	39,863	38,137	37,510	37,034
Gains not included in FFO, net of internal disposition costs	(7,543)	(3,159)	880	(5,264)	-
Depreciation add back from unconsolidated co-investments and add back convertible preferred dividend - Series G	12,642	4,145	3,502	1,957	3,038
Noncontrolling interests related to Operating Partnership units	3,228	1,027	583	987	631
Depreciation attributable to third party of co-investments	(1,066)	(277)	(266)	(260)	(263)
Funds from operations	$200,173	$55,536	$50,523	$45,255	$48,859
Funds from operations per share - diluted	$5.74	$1.55	$1.43	$1.32	$1.45
Non-core items:					
Loss on early retirement of debt	1,163	343	567	253	-
Acquisition costs	1,231	181	210	510	330
Gain on sales of marketable securities	(4,956)	(414)	-	-	(4,542)
Tax benefit - TRS activity	(1,682)	(1,682)	-	-	-
Gain on sale of co-investment	(919)	-	(919)	-	-
Gain on sale of land	(180)	-	(180)	-	-
Excess of cash paid to redeem preferred stock and units over the carrying value	1,949	-	-	1,949	-
Funds from operations excluding non-core items	$196,779	$53,964	$50,201	$47,967	$44,647
Core funds from operations per share - diluted	$5.64	$1.51	$1.42	$1.40	$1.32
Weighted average number of shares outstanding, diluted(1)	34,860,521	35,818,631	35,437,693	34,365,418	33,787,332

(1) Assumes conversion of all dilutive outstanding operating partnership interests in the Operating Partnership.

The following table sets forth the Operating Partnership's cash flows for 2012 and 2011 ($ in thousands).

	For the year ended 12/31/12	For the quarter ended 12/31/2012	9/30/2012	6/30/2012	3/31/2012
Cash flow provided by (used in):					
Operating activities	$ 267,499	$48,164	$89,943	$57,232	$72,160

Investing activities	(812,138)	(294,072)	(201,888)	(272,127)	(44,051)
Financing activities	550,356	262,571	109,756	205,283	(27,254)

	For the year ended	For the quarter ended			
	12/31/11	12/31/2011	9/30/2011	6/30/2011	3/31/2011
Cash flow provided by (used in):					
Operating activities	$ 216,571	$ 45,877	$ 66,343	$ 47,044	$ 57,307
Investing activities	(425,783)	(167,271)	(108,393)	(65,933)	(84,186)
Financing activities	208,348	125,263	42,261	(69,985)	110,809

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Quantitative and Qualitative Disclosures About Market Risks

Interest Rate Hedging Activities

The Operating Partnership's objective in using derivatives is to add stability to interest expense and to manage its exposure to interest rate movements or other identified risks. To accomplish this objective, the Operating Partnership uses interest rate swaps as part of its cash flow hedging strategy. As of December 31, 2012, the Operating Partnership has entered into ten interest rate swap contracts to mitigate the risk of changes in the interest-related cash outflows on $300.0 million of the five-year unsecured term debt. As of December 31, 2012, the Operating Partnership also had $201.9 million of variable rate indebtedness, of which $187.8 million is subject to interest rate cap protection. All of the Operating Partnership's derivative instruments are designated as cash flow hedges, and the Operating Partnership does not have any fair value hedges as of December 31, 2012. The following table summarizes the notional amount, carrying value, and estimated fair value of the Operating Partnership's derivative instruments used to hedge interest rates as of December 31, 2012. The notional amount represents the aggregate amount of a particular security that is currently hedged at one time, but does not represent exposure to credit, interest rates or market risks. The table also includes a sensitivity analysis to demonstrate the impact on the Operating Partnership's derivative instruments from an increase or decrease in 10-year Treasury bill interest rates by 50 basis points, as of December 31, 2012.

($ in thousands)	Notional Amount	Maturity Date Range	Carrying and Estimate Fair Value	Estimated Carrying Value + 50 Basis Points	Estimated Carrying Value - 50 Basis Points
Cash flow hedges:					
Interest rate swaps	$ 300,000	2016-2017	$ (6,606)	$ (474)	$ (11,619)
Interest rate caps	187,788	2013-2018	-	102	-
Total cash flow hedges	$ 487,788	2013-2018	$ (6,606)	$ (372)	$ (11,619)

Interest Rate Sensitive Liabilities

The Operating Partnership is exposed to interest rate changes primarily as a result of its line of credit and long-term debt used to maintain liquidity and fund capital expenditures and expansion of the Operating Partnership's real estate investment portfolio and operations. The Operating Partnership's interest rate risk management objective is to limit the impact of interest rate changes on earnings and cash flows and to lower its overall borrowing costs. To achieve its objectives the Operating Partnership borrows primarily at fixed rates and may enter into derivative financial instruments such as interest rate swaps, caps and treasury locks in order to mitigate its interest rate risk on a related financial instrument. The Operating Partnerhip does not enter into derivative or interest rate transactions for speculative purposes.

The Operating Partnership's interest rate risk is monitored using a variety of techniques. The table below presents the principal amounts and weighted average interest rates by year of expected maturity to evaluate the expected cash flows. Management has estimated that the fair value of the Operating Partnership's $2.13 billion and $1.77 billion of fixed rate debt at December 31, 2012 and 2011 respectively, to be $2.24 billion and $1.88 billion. Management has estimated the fair value of the Operating Partnership's $692.9 million and $593.7 million of variable rate debt at December 31, 2012 and 2011, respectively, is $671.7 million and $572.3 million based on the terms of existing mortgage notes payable and variable rate demand notes compared to those available in the marketplace ($ in thousands).

For the Years Ended December 31,

	2013	2014	2015	2016	2017	Thereafter	Total	Fair value
Fixed rate debt	$38,201	$47,994	$68,926	$162,656	$225,301	$1,582,737	$2,125,815	$2,237,462
Average interest rate	5.6 %	5.2 %	5.2 %	4.5 %	5.5 %	5.4 %		
Variable rate debt	$19,420	$-	$141,000	$200,000	$150,000	$182,448 (1)	$692,868	$671,651
Average interest rate	1.5 %	-	2.3 %	2.6 %	2.7 %	1.9 %		

(1) $187.8 million subject to interest rate caps.

The table incorporates only those exposures that exist as of December 31, 2012; it does not consider those exposures or positions that could arise after that date. As a result, the Operating Partnership's ultimate realized gain or loss, with respect to interest rate fluctuations and hedging strategies would depend on the exposures that arise during the period.

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Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not Applicable.

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BUSINESS AND PROPERTIES

Business

Overview

The Company is engaged primarily in the ownership, operation, management, acquisition, development and redevelopment of predominantly apartment communities. As of December 31, 2012, the Company owned or held an interest in 163 communities, aggregating 33,468 units, located along the West Coast, as well as five commercial buildings (totaling approximately 315,900 square feet), and nine active development projects with 2,495 units in various stages of development (collectively, the "Portfolio").

Essex Property Trust, Inc. is a Maryland corporation that operates as a self-administered and self-managed real estate investment trust ("REIT"). The Company owns all of its interest in its real estate investments directly or indirectly through Essex Portfolio, L.P. a California limited partnership (the "Operating Partnership"). Essex Property Trust, Inc. is the sole general partner of the Operating Partnership and as of December 31, 2012 owned a 94.5% general partnership interest.

Essex Property Trust, Inc. has elected to be treated as a REIT for federal income tax purposes, commencing with the year ended December 31, 1994 as the Company completed an initial public offering on June 13, 1994. In order to maintain compliance with REIT tax rules, the Company utilizes taxable REIT subsidiaries for various revenue generating or investment activities. All taxable REIT subsidiaries are consolidated by the Company.

The Company's website address is http://www.essexpropertytrust.com. The Company's annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and all amendments to those reports, and the Proxy Statement for its Annual Meeting of Stockholders are available, free of charge, on its website as soon as practicable after the Company files the reports with the Securities and Exchange Commission ("SEC").

Recent Developments

Acquisitions

In February 2013, the Company acquired Fox Plaza, a 444 unit property located in San Francisco, California for $135.0 million. The 29 story high rise tower was built in 1968, and the Fox Plaza apartments are located on floors 14 through 29. The purchase did not include the 12 floors of commercial office space but did include an adjacent two story building comprised of 37,800 square feet of space leased to retail and office tenants and a two story underground parking garage comprised of 405 stalls.

Dispositions

In January 2013, the Company sold the land parcel held for future development located in Palo Alto, California for $9.1 million, resulting in a gain of $1.5 million.

In January 2013, the Company sold $20.3 million of a common stock investment for a gain of $1.8 million.

Common Stock

During the first quarter of 2013, through March 29, 2013, the Company sold 815,319 shares of common stock for $122.6 million, net of fees and commissions at an average price of $151.82.

Business Strategies

Research Driven Approach to Investments – The Company believes that successful real estate investment decisions and portfolio growth begin with extensive regional economic research and local market knowledge. The Company continually assesses markets where the Company operates, as well as markets where the Company considers future investment opportunities by evaluating the following:

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- Focus on markets in major metropolitan areas that have regional population in excess of one million;

- Constraints on new supply driven by: (i) low availability of developable land sites where competing housing could be economically built; (ii) political growth barriers, such as protected land, urban growth boundaries, and potential lengthy and expensive development permit processes; and (iii) natural limitations to development, such as mountains or waterways;

- Rental demand is enhanced by affordability of rents relative to costs of for-sale housing; and

- Housing demand that is based on proximity to jobs, high median incomes, the quality of life and related commuting factors, as well as potential job growth.

Recognizing that all real estate markets are cyclical, the Company regularly evaluates the results of its regional economic, and its local market research, and adjusts the geographic focus of its portfolio accordingly. The Company seeks to increase its Portfolio allocation in markets projected to have the strongest local economies and to decrease such allocations in markets projected to have declining economic conditions. Likewise, the Company also seeks to increase its portfolio allocation in markets that have attractive property valuations and to decrease such allocations in markets that have inflated valuations and low relative yields.

Property Operations – The Company manages its communities by focusing on activities that generate above-average rental growth, tenant retention/satisfaction and long-term asset appreciation. The Company intends to achieve this by utilizing the strategies set forth below:

- Property Management – Oversee delivery of and quality of the housing provided to our residents and are responsible for the properties financial performance.

- Capital Preservation –Asset Management is responsible for the planning, budgeting and completion of major capital improvement projects at the Company's communities.

- Business Planning and Control – Comprehensive business plans are implemented in conjunction with every investment decision. These plans include benchmarks for future financial performance, based on collaborative discussions between on-site managers and senior management.

- Development and Redevelopment – The Company focuses on acquiring and developing apartment communities in supply constrained markets, and redeveloping its existing communities to improve the financial and physical aspects of the Company's communities.

Acquisitions of Real Estate

Acquisitions are an important component of the Company's business plan, and during 2012, the Company acquired ownership interests in fifteen communities totaling $801.9 million. The following is a summary of its 2012 acquisitions:

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Property Name	Location	Units	Essex Ownership Percentage	Ownership	Date	Purchase Price	Assumed Debt Principal	Assumed Debt Stated Rate	Assumed Debt Effective Rate
Bon Terra	Redmond, WA	60	100 %	EPLP	Q1 2012	$ 16,000	$ -	-	-
Reed Square	Sunnyvale, CA	100	100 %	EPLP	Q1 2012	23,000	-	-	-
Park Catalina	Los Angeles, CA	90	100 %	EPLP	Q2 2012	23,650	-	-	-
Skyline (1)	Santa Ana, CA	349	100 %	EPLP	Q2 2012	85,000	-	-	-
The Huntington	Huntington Beach, CA	276	100 %	EPLP	Q2 2012	48,250	30,300	5.7 %	3.3 %
Domaine	Seattle, WA	92	100 %	EPLP	Q3 2012	34,000	14,600	5.7 %	3.0 %
Montebello	Kirkland, WA	248	100 %	EPLP	Q3 2012	52,000	26,515	5.6 %	3.1 %
Park West	San Francisco, CA	126	100 %	EPLP	Q3 2012	31,600	-	-	-
Riley Square	Santa Clara, CA	156	50 %	Wesco I	Q3 2012	38,250	17,500	5.2 %	3.1 %
Ascent	Kirkland, WA	90	100 %	EPLP	Q4 2012	15,850	-	-	-
Bennett Lofts (2)	San Francisco, CA	113	100 %	EPLP	Q4 2012	73,730	-	-	-
Haver Hill	Fullerton, CA	264	50 %	Wesco III	Q4 2012	45,600	-	-	-
Madrid	Mission Viejo, CA	230	50 %	Wesco I	Q4 2012	(3)	33,266	5.3 %	2.6 %
Pacific Electric Lofts	Los Angeles, CA	314	50 %	Wesco I	Q4 2012	(3)	46,939	4.0 %	2.5 %
Willow Lake	San Jose, CA	508	100 %	EPLP	Q4 2012	148,000	-	-	-
	Total 2012	3,016				$ 801,930	$ 169,120		

(1) In April 2012, the Company purchased the joint venture partner's remaining membership interest in the co-investment Essex Skyline at MacArthur Place for a purchase price of $85 million. The property is now consolidated.

(2) Approximately 75% of the property was acquired in December and the remainder in January 2013 for $22.2 million.

(3) In accordance with terms of the purchase agreements, purchase price of the properties are not being disclosed by the Company.

Dispositions of Real Estate

As part of its strategic plan to own quality real estate in supply-constrained markets, the Company continually evaluates all the communities and sells those which no longer meet its strategic criteria. The Company may use the capital generated from the dispositions to invest in higher-return communities or other real estate investments, or repay debts. The Company believes that the sale of these communities will not have a material impact on its future results of operations or cash flows nor will their sale materially affect its ongoing operations. Generally, the Company seeks to have any impact of earnings dilution resulting from these dispositions offset by the positive impact of its acquisitions, development and redevelopment activities.

During 2012, the Company sold two apartment communities, for a total of $28.3 million resulting in a gain of $10.9 million. Also, Essex Apartment Value Fund II sold seven communities for a total of $413.0 million. The total gain on the transaction was $106 million, of which the Company's pro-rata share was $29.1 million.

Development Pipeline

The Company defines development projects as new communities that are in various stages of active development, or the community is in lease-up and phases of the project are not completed. As of December 31, 2012, the Company had two consolidated development projects and seven joint venture development projects comprised of 2,495 units for an estimated cost of $928.4 million, of which $463.9 million remains to be expended.

The Company defines the predevelopment projects as proposed communities in negotiation or in the entitlement process with a high likelihood of becoming entitled development projects. As of December 31, 2012, the Company had two consolidated predevelopment projects and one unconsolidated joint venture predevelopment project aggregating 449 units. The Company may also acquire land for future development purposes or sale.

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The following table sets forth information regarding the Company's development pipeline:

Development Pipeline	Location	Essex Ownership %		Units	As of 12/31/12 ($ in millions) Incurred Project Cost	Estimated Remaining Cost	Estimated Project Cost(1)	Projected Stabilization
Development Projects - Consolidated								
64th & Christie	Emeryville, CA	100	%	190	$ 18.1	$ 40.1	$ 58.2	Feb-15
Valley Village	Valley Village, CA	(2	)	121	1.5	36.1	37.6	Jun-14
Total - Consolidated Development Projects				311	19.6	76.2	95.8	
Development Projects - Joint Venture								
Expo	Seattle, WA	50	%	275	64.5	5.5	70.0	Apr-13
Epic - Phase I and II	San Jose, CA	55	%	569	128.2	63.4	191.6	Dec-14
Connolly Station (fka Linc)	Dublin, CA	55	%	309	51.6	42.9	94.5	May-14
The Huxley (fka Fountain at La Brea)	West Hollywood, CA	50	%	187	46.2	28.8	75.0	Jul-14
The Dylan (fka Santa Monica at La Brea)	West Hollywood, CA	50	%	184	41.3	34.1	75.4	Oct-14
Folsom and Fifth	San Francisco, CA	55	%	463	88.5	161.5	250.0	Mar-15
Elkhorn	San Mateo, CA	55	%	197	24.6	51.5	76.1	Dec-14
Total - Joint Venture Development Projects				2,184	444.9	387.7	832.6	
Predevelopment Projects								
City Centre	Moorpark, CA	100	%	200	9.7	-	9.7	
Epic - Phase III	San Jose, CA	55	% (3)	200	19.8	-	19.8	
Main Street	Walnut Creek, CA	50	%	49	28.5	-	28.5	
Other Projects				-	1.6	-	1.6	
Total - Predevelopment Projects				449	59.6	-	59.6	

Land Held for Future Development or Sale						
Park Boulevard	Palo Alto, CA	(4)	50	7.5	-	7.5
Grand Total - Development Pipeline			2,994	$ 531.6	$ 463.9	$ 995.5

(1) Includes incurred costs and estimated costs to complete these development projects.

(2) The Company invested $1.0 million and has incurred $0.5 million of additional internal costs as part of an agreement to purchase the property upon receipt of temporary certificate of occupancy for total estimated cost of $37.6 million, which is expected in the first quarter of 2014.

(3) The Company accounts for this joint venture predevelopment project on the equity method.

(4) This property was sold in January 2013 for $9.1 million, representing a gain on sale of $1.5 million.

Redevelopment Pipeline

The Company defines redevelopment pipeline as existing properties owned or recently acquired, which have been targeted for additional investment by the Company with the expectation of increased financial returns through property improvement. During redevelopment, apartment units may not be available for rent and, as a result, may have less than stabilized operations. As of December 31, 2012, the Company had ownership interests in five redevelopment communities aggregating 1,056 apartment units with estimated redevelopment costs of $64.9 million, of which approximately $20.7 million remains to be expended.

Long Term Debt

During 2012, the Company paid off $237.7 million in secured debt including secured mortgage debt totaling $202.6 million at an average interest rate of 5.5% and $35.1 million of tax-exempt bonds. Also, the Essex Skyline secured loan was repaid for $80.0 million.

During 2012, the Company issued $200 million of unsecured bonds through private placement offerings at an average rate of 4.3%.

In August 2012, the Company issued $300.0 million of senior unsecured bonds due August 2022 with a coupon rate of 3.625% per annum.

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Bank Debt

During 2012, the Company increased the capacity of the unsecured line of credit facility from $425.0 million to $500.0 million, and the facility was increased to $600.0 million in January 2013. This facility matures in December 2015 with two one-year extension options. In November, Fitch Ratings upgraded the Company’s credit rating to BBB+ with a stable outlook from BBB with a positive outlook. As a result, the pricing on the Company’s unsecured credit facility was reduced from LIBOR + 120 basis points to LIBOR + 107.5 basis points, and the pricing for the Company’s $350.0 million term loan was reduced from LIBOR + 130 basis points to LIBOR + 120 basis points.

During 2012, the Company increased the size of the unsecured term loan from $200 million to $350 million. The Company entered into interest rate swap contracts for a term of five years with a notional amount totaling $300 million, which effectively converted the interest rate on $300 million of the term loan to a fixed rate. As of December 31, 2012, the Company had $350 million outstanding on the unsecured term loan outstanding at an average interest rate of 2.7%.

Equity Transactions

During 2012, the Company issued 2,404,096 shares of common stock at an average share price of $150.26 for $357.7 million, net of fees and commissions. During the first quarter of 2013 through March 29, 2013, the Company has issued 815,319 shares of common stock at an average price of $151.82 for $122.6 million, net of fees and commissions. The Company used the net proceeds from the stock offerings to pay down debt, fund redevelopment and development pipelines, fund acquisitions, and for general corporate purposes.

Essex Apartment Value Fund II, L.P.

Essex Apartment Value Fund II, L.P. (“Fund II”) is an investment fund formed by the Company to add value through rental growth and asset appreciation, utilizing the Company's development, redevelopment, and property and asset management capabilities.

Fund II has eight institutional investors, and the Company, with combined partner equity contributions of $265.9 million. The Company contributed $75.0 million to Fund II, which represents a 28.2% interest as general partner and limited partner, and the Company uses the equity method of accounting for its investment in Fund II. Fund II utilized leverage equal to approximately 55% upon the initial acquisition of the underlying real estate. Fund II invested in fourteen apartment communities in the Company’s targeted West Coast markets and sold seven of those communities in 2012. As of December 31, 2012, Fund II owned seven apartment communities with 1,284 units. The Company records revenue for its asset management, property management, development, and redevelopment services when earned, and promote income when realized, if Fund II exceeds certain financial return benchmarks.

Wesco

In 2011, the Company entered into a 50/50 programmatic joint venture, Wesco I LLC (“Wesco I”), with an institutional partner for a total equity commitment of $300.0 million. Each partner’s equity commitment was $150.0 million, and Wesco I utilized debt as leverage equal to approximately 50% of the underlying real estate. The Company has contributed $150.0 million to Wesco I, and as of December 31, 2012, Wesco I owned nine apartment communities with 2,713 units with an aggregate carrying value of $660.5 million. Investments must meet certain criteria to qualify for inclusion in the joint venture and both partners must approve any new acquisitions and material dispositions. The Company receives asset and property management fees, and may earn a promoted interest.

During 2012, the Company entered into a 50/50 programmatic joint venture, Wesco III LLC ("Wesco III"), with an institutional partner for a total equity commitment from the parties of $120.0 million. Wesco III will utilize debt as leverage equal to approximately 50% of the underlying real estate. The Company has contributed $10.0 million to Wesco III, and provided a $26.0 million short term bridge loan to Wesco III at a rate of LIBOR + 2.5%. As of December 31, 2012, Wesco III owned one apartment community with 264 units for a purchase price of $45.6 million. Permanent secured financing is expected to be placed on the property in the first quarter of 2013. Investments must meet certain criteria to qualify for inclusion in the joint venture and both partners must approve any new acquisitions and material dispositions. The joint venture has an investment period of up to two years. The Company receives asset and property management fees, and may earn a promoted interest.

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Offices and Employees

The Company is headquartered in Palo Alto, California, and has regional offices in Woodland Hills, California; Irvine, California; San Diego, California and Bellevue, Washington. As of December 31, 2012, the Company had 1,144 employees.

Insurance

The Company carries comprehensive liability, fire, extended coverage and rental loss insurance for each of the communities. Under comprehensive liability claims, the Company has insurance to cover claims in excess of $100,000 per incident. Under property casualty claims, the Company reinsures the primary carrier for losses up to $5.0 million deductible per incident. There are, however, certain types of extraordinary losses, such as, losses from terrorism and earthquakes, for which the Company does not have insurance. Substantially all of the communities are located in areas that are subject to earthquakes.

The Company believes it has a proactive approach to its potential earthquake losses. The Company utilizes third-party seismic consultants for its acquisitions and may perform seismic upgrades to those acquisitions that are determined to have a higher level of potential loss from an earthquake. The Company utilizes third-party loss models to help to determine its exposure. The majority of the communities are lower density garden-style apartments which may be less susceptible to material earthquake damage. The Company will continue to monitor third-party earthquake insurance pricing and conditions and may consider obtaining third-party coverage if it deems it cost effective.

Although the Company may carry insurance for potential losses associated with its communities, employees, residents, and compliance with applicable laws, it may still incur losses due to uninsured risks, deductibles, co-payments or losses in excess of applicable insurance coverage and those losses may be material.

Competition

There are numerous housing alternatives that compete with the Company's communities in attracting residents. These include other apartment communities, and single-family homes. The communities also compete for residents with new and existing condominiums. If the demand for the Company's communities is reduced or if competitors develop and/or acquire competing housing, rental rates and occupancy may drop which may have a material adverse effect on the Company's financial condition and results of operations.

The Company faces competition from other real estate investment trusts, businesses and other entities in the acquisition, development and operation of apartment communities. Some competitors are larger and have greater financial resources than the Company. This competition may result in increased costs of apartment communities the Company acquires and or develops.

Working Capital

The Company believes that cash flows generated by its operations, existing cash and marketable securities balances, availability under existing lines of credit, access to capital markets and the ability to generate cash from the disposition of real estate are sufficient to meet all of its reasonably anticipated cash needs during 2013. The timing, source and amounts of cash flows provided by financing activities and used in investing activities are sensitive to changes in interest rates and other fluctuations in the capital markets environment, which can affect its plans for acquisitions, dispositions, development and redevelopment activities.

Environmental Considerations

See the discussion under the caption, “Risk Factors - The Company’s Portfolio may have unknown environmental liabilities”, in this prospectus, for information concerning the potential effect of environmental regulations on its operations.

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Legal Proceedings

There have been have been an increasing number of lawsuits against owners and managers of apartment communities alleging personal injury and property damage caused by the presence of mold in residential real estate. Some of these lawsuits have resulted in substantial monetary judgments or settlements. The Company has been sued for mold related matters and has settled some, but not all, of such matters. Insurance carriers have reacted to mold related liability awards by excluding mold related claims from standard policies and pricing mold endorsements at prohibitively high rates. The Company has, however, purchased pollution liability insurance, which includes some coverage for mold. The Company has adopted policies for promptly addressing and resolving reports of mold when it is detected, and to minimize any impact mold might have on residents of the property. The Company believes its mold policies and proactive response to address any known existence, reduces its risk of loss from these cases. There can be no assurances that the Company has identified and responded to all mold occurrences, but the Company promptly addresses all known reports of mold. Liabilities resulting from such mold related matters are not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows. As of December 31, 2012, potential liabilities for mold and other environmental liabilities are not quantifiable and an estimate of possible loss cannot be made.

The Company is subject to various other lawsuits in the normal course of its business operations. Such lawsuits are not expected to have a material adverse effect on the Company's financial condition, results of operations or cash flows.

Properties

Overview

The Company's Portfolio as of December 31, 2012 (including communities owned by unconsolidated joint ventures, but excluding communities underlying preferred equity investments) was comprised of 163 apartment communities (comprising 33,468 apartment units), of which 15,444 units are located in Southern California, 10,189 units are located in the San Francisco Bay Area, and 7,835 units are located in the Seattle metropolitan area. The Company's apartment communities accounted for 98.4% of the Company's revenues for the year ended December 31, 2012.

Occupancy Rates

The Company's average financial occupancies for the Company's stabilized communities or "2012/2011 Same-Properties" (stabilized properties consolidated by the Company for the years ended December 31, 2012 and 2011) was unchanged at 96.3% for the years ended December 31, 2012, and 2011. Financial occupancy is defined as the percentage resulting from dividing actual rental revenue by total possible rental revenue. When calculating actual rents for occupied units and market rents for vacant units, delinquencies and concessions are not taken into account. Total possible rental revenue represents the value of all apartment units, with occupied units valued at contractual rental rates pursuant to leases and vacant units valued at estimated market rents. The Company believes that financial occupancy is a meaningful measure of occupancy because it considers the value of each vacant unit at its estimated market rate. Financial occupancy may not completely reflect short-term trends in physical occupancy and financial occupancy rates as disclosed by other REITs may not be comparable to the Company's calculation of financial occupancy. Market rates are determined using a variety of factors such as effective rental rates at the property based on recently signed leases and asking rates for comparable properties in the market. The recently signed effective rates at the property are used as the starting point in the determination of the market rates of vacant units. The Company then increases or decreases these rates based on the supply and demand in the apartment community's market. The Company will check the reasonableness of these rents based on its position within the market and compare the rents against the asking rents by comparable properties in the market. For communities that are development properties in lease-up without stabilized occupancy figures, the Company believes the physical occupancy rate is the appropriate performance metric. While a community is in the lease-up phase, the Company's primary motivation is to stabilize the property which may entail the use of rent concessions and other incentives, and thus financial occupancy which is based on contractual revenue is not considered the best metric to quantify occupancy.

Communities

The Company's communities are primarily suburban garden-style communities and town homes comprising multiple clusters of two and three-story buildings situated on three to fifteen acres of land. As of December 31, 2012, the Company's communities include 117 garden-style, 43 mid-rise, and 3 high-rise communities. The communities have an average of approximately 206 units, with a mix of studio, one, two and some three-bedroom units. A wide variety of amenities are available at the Company's communities, including covered parking, fireplaces, swimming pools, clubhouses with fitness facilities, volleyball and playground areas and tennis courts.

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The Company hires, trains and supervises on-site service and maintenance personnel. The Company believes that the following primary factors enhance the Company's ability to retain tenants:

- located near employment centers;
- attractive communities that are well maintained; and
- proactive customer service approach.

Commercial Buildings

The Company's corporate headquarters is located in two office buildings with approximately 31,900 square feet located at 925/935 East Meadow Drive, Palo Alto, California. The Company owns an office building with approximately 110,000 square feet located in Irvine, California, of which the Company occupies approximately 7,150 square feet at December 31, 2012. The Company owns Essex-Hollywood, a 35,000 square foot commercial building as a future development site that is currently 100% leased as a production studio.

During 2011, the Company purchased a retail site in Santa Clara for $20.6 million. The plans for this project are to entitle the site for 494 apartment units. The site is currently improved with a 139,000 square foot retail space that is 100% leased.

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The following tables describe the Company's Portfolio as of December 31, 2012. The first table describes the Company's communities and the second table describes the Company's other real estate assets.

Communities (1)	Location	Units	Rentable Square Footage	Year Built		Year Acquired	Occupancy(2)	
Southern California								
Alpine Village	Alpine, CA	301	254,400	1971		2002	97	%
Anavia	Anaheim, CA	250	312,343	2009		2010	95	%
Barkley, The(3)(4)	Anaheim, CA	161	139,800	1984		2000	97	%
Bonita Cedars	Bonita, CA	120	120,800	1983		2002	96	%
Camarillo Oaks	Camarillo, CA	564	459,000	1985		1996	96	%
Camino Ruiz Square	Camarillo, CA	160	105,448	1990		2006	97	%
Cambridge	Chula Vista, CA	40	22,100	1965		2002	95	%
Mesa Village	Clairemont, CA	133	43,600	1963		2002	97	%
Regency at Encino	Encino, CA	75	78,487	1989		2009	97	%
Valley Park(4)	Fountain Valley, CA	160	169,700	1969		2001	97	%
Capri at Sunny Hills(4)	Fullerton, CA	100	128,100	1961		2001	95	%
Haver Hill(5)	Fullerton, CA	264	224,130	1973		2012	96	%
Wilshire Promenade	Fullerton, CA	149	128,000	1992		1997	96	%
Montejo(4)	Garden Grove, CA	124	103,200	1974		2001	97	%
CBC Apartments	Goleta, CA	148	91,538	1962		2006	95	%
Sweeps, The (Chimney Sweep Apartments)	Goleta, CA	91	88,370	1967		2006	84	%
416 on Broadway	Glendale, CA	115	126,782	2009		2010	95	%
Hampton Court	Glendale, CA	83	71,500	1974		1999	97	%
Hampton Place	Glendale, CA	132	141,500	1970		1999	97	%
Devonshire	Hemet, CA	276	207,200	1988		2002	92	%
Huntington Breakers	Huntington Beach, CA	342	241,700	1984		1997	95	%
The Huntington	Huntington Beach, CA	276	202,256	1975		2012	97	%
Axis 2300	Irvine, CA	115	170,714	2010	(6)	2010	95	%
Hillsborough Park	La Habra, CA	235	215,500	1999		1999	96	%
Trabuco Villas	Lake Forest, CA	132	131,000	1985		1997	96	%
Madrid Apartments(7)	Mission Viejo, CA	230	228,099	2000		2012	97	%
Marbrisa	Long Beach, CA	202	122,800	1987		2002	97	%
Pathways	Long Beach, CA	296	197,700	1975	(8)	1991	96	%
Belmont Station	Los Angeles, CA	275	225,000	2008		2008	96	%
Bellerive	Los Angeles, CA	63	79,296	2011		2011	98	%
Bunker Hill	Los Angeles, CA	456	346,600	1968		1998	96	%
Cochran Apartments	Los Angeles, CA	58	51,400	1989		1998	96	%
Kings Road	Los Angeles, CA	196	132,100	1979		1997	96	%
Marbella, The	Los Angeles, CA	60	50,108	1991		2005	96	%
Pacific Electric Lofts(7)	Los Angeles, CA	314	277,980	2006		2012	100	%
Park Catalina	Los Angeles, CA	90	72,864	2002		2012	98	%
Park Place	Los Angeles, CA	60	48,000	1988		1997	96	%
Renaissance, The(9)	Los Angeles, CA	169	154,268	1990	(10)	2006	98	%

Santee Court	Los Angeles, CA	165	132,040	2004	2010	97	%
Santee Village	Los Angeles, CA	73	69,817	2011	2010	97	%
Windsor Court	Los Angeles, CA	58	46,600	1988	1997	96	%
Marina City Club(11)	Marina Del Rey, CA	101	127,200	1971	2004	97	%
Mirabella	Marina Del Rey, CA	188	176,800	2000	2000	96	%
Mira Monte	Mira Mesa, CA	355	262,600	1982	2002	97	%
Hillcrest Park	Newbury Park, CA	608	521,900	1973	1998	97	%
Fairways(12)	Newport Beach, CA	74	107,100	1972	1999	95	%
Muse	North Hollywood, CA	152	135,292	2011	2011	96	%
Country Villas	Oceanside, CA	180	179,700	1976	2002	96	%
Mission Hills	Oceanside, CA	282	244,000	1984	2005	97	%
Mariners Place	Oxnard, CA	105	77,200	1987	2000	98	%
Monterey Villas	Oxnard, CA	122	122,100	1974	1997	97	%
Tierra Vista	Oxnard, CA	404	387,100	2001	2001	96	%
Arbors Parc Rose(7)	Oxnard, CA	373	503,196	2001	2011	96	%
Monterra del Mar	Pasadena, CA	123	74,400	1972	1997	97	%
Monterra del Rey	Pasadena, CA	84	73,100	1972	1999	97	%
Monterra del Sol	Pasadena, CA	85	69,200	1972	1999	97	%
Villa Angelina(4)	Placentia, CA	256	217,600	1970	2001	97	%

(continued)

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Communities (1)	Location	Units	Rentable Square Footage	Year Built		Year Acquired	Occupancy(2)	
Southern California (continued)								
Fountain Park	Playa Vista, CA	705	608,900	2002		2004	97	%
Highridge(4)	Rancho Palos Verdes, CA	255	290,200	1972	(13)	1997	94	%
CentrePointe (The Bluffs II)	San Diego, CA	224	126,700	1974	(14)	1997	94	%
Summit Park	San Diego, CA	300	229,400	1972		2002	96	%
Vista Capri - North	San Diego, CA	106	51,800	1975		2002	97	%
Brentwood(4)	Santa Ana, CA	140	154,800	1970		2001	98	%
Essex Skyline at MacArthur Place (15)	Santa Ana, CA	349	512,791	2008	(6)	2010	95	%
Fairhaven (Treehouse)(4)	Santa Ana, CA	164	135,700	1970		2001	96	%
Hope Ranch Collection	Santa Barbara, CA	108	126,700	1965&73		2007	98	%
Hidden Valley(16)	Simi Valley, CA	324	310,900	2004		2004	96	%
Meadowood	Simi Valley, CA	320	264,500	1986		1996	96	%
Shadow Point	Spring Valley, CA	172	131,200	1983		2002	96	%
Coldwater Canyon	Studio City, CA	39	34,125	1979		2007	96	%
Allegro	Valley Village, CA	97	127,812	2010	(6)	2010	97	%
Lofts at Pinehurst, The	Ventura, CA	118	71,100	1971		1997	96	%
Pinehurst(17)	Ventura, CA	28	21,200	1973		2004	99	%
Woodside Village	Ventura, CA	145	136,500	1987		2004	97	%
Walnut Heights	Walnut, CA	163	146,700	1964		2003	96	%
Reveal(7)	Woodland Hills, CA	438	414,892	2010		2011	93	%
Avondale at Warner Center	Woodland Hills, CA	446	331,000	1970	(18)	1997	97	%
		15,444	13,717,248				96	%
Northern California								
Belmont Terrace	Belmont, CA	71	72,951	1974		2006	98	%
Carlmont Woods(9)	Belmont, CA	195	107,200	1971		2004	96	%
Davey Glen(9)	Belmont, CA	69	65,974	1962		2006	96	%
Fourth and U	Berkeley, CA	171	146,255	2010		2010	96	%
Commons, The	Campbell, CA	264	153,168	1973		2010	97	%
Pointe at Cupertino, The	Cupertino, CA	116	135,200	1963	(19)	1998	97	%
Harbor Cove(9)	Foster City, CA	400	306,600	1971		2004	96	%
Stevenson Place	Fremont, CA	200	146,200	1971		1983	97	%
Boulevard	Fremont, CA	172	131,200	1978	(20)	1996	95	%
Briarwood(7)	Fremont, CA	160	111,160	1975		2011	96	%
The Woods(7)	Fremont, CA	160	105,280	1978		2011	97	%
City View	Hayward, CA	572	462,400	1975	(21)	1998	96	%
Alderwood Park(9)	Newark, CA	96	74,624	1987		2006	97	%
Bridgeport	Newark, CA	184	139,000	1987	(22)	1987	97	%

The Grand	Oakland, CA	243	205,026	2009		2009	99	%
San Marcos	Richmond, CA	432	407,600	2003		2003	98	%
Mt. Sutro	San Francisco, CA	99	64,000	1973		2001	96	%
Park West	San Francisco, CA	126	90,060	1958		2012	82	%
Bennett Lofts	San Francisco, CA	113	142,667	2004		2012	93	%
101 San Fernando	San Jose, CA	323	296,078	2001		2010	97	%
Willow Lake	San Jose, CA	508	471,744	1989		2012	95	%
Bella Villagio	San Jose, CA	231	227,511	2004		2010	98	%
Carlyle, The	San Jose, CA	132	129,200	2000		2000	97	%
Esplanade	San Jose, CA	278	279,000	2002		2004	97	%
Waterford, The	San Jose, CA	238	219,600	2000		2000	97	%
Hillsdale Garden	San Mateo, CA	697	611,505	1948		2006	97	%
Bel Air	San Ramon, CA	462	391,000	1988/2000		1997	96	%
Canyon Oaks	San Ramon, CA	250	237,894	2005		2007	97	%
Foothill Gardens	San Ramon, CA	132	155,100	1985		1997	95	%
Mill Creek at Windermere	San Ramon, CA	400	381,060	2005		2007	96	%
Twin Creeks	San Ramon, CA	44	51,700	1985		1997	95	%
1000 Kiely	Santa Clara, CA	121	128,486	1971		2011	96	%
Le Parc Luxury Apartments	Santa Clara, CA	140	113,200	1975		1994	97	%
Marina Cove(23)	Santa Clara, CA	292	250,200	1974	(24)	1994	96	%
Riley Square(7)	Santa Clara, CA	156	126,900	1972		2012	94	%
Chestnut Street	Santa Cruz, CA	96	87,640	2002		2008	95	%
Harvest Park	Santa Rosa, CA	104	116,628	2004		2007	97	%
Bristol Commons	Sunnyvale, CA	188	142,600	1989		1997	97	%

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Communities (1)	Location	Units	Rentable Square Footage	Year Built		Year Acquired	Occupancy(2)	
Northern California (continued)								
Brookside Oaks(4)	Sunnyvale, CA	170	119,900	1973		2000	96	%
Magnolia Lane(25)	Sunnyvale, CA	32	31,541	2001	(26)	2007	96	%
Montclaire, The	Sunnyvale, CA	390	294,100	1973	(27)	1988	97	%
Reed Square	Sunnyvale, CA	100	95,440	1970		2011	96	%
Summerhill Park	Sunnyvale, CA	100	78,500	1988		1988	98	%
Magnolia Square(4).	Sunnyvale, CA	156	110,824	1969	(26)	2007	96	%
Windsor Ridge	Sunnyvale, CA	216	161,800	1989		1989	97	%
Via	Sunnyvale, CA	284	309,421	2011		2011	97	%
Vista Belvedere	Tiburon, CA	76	78,300	1963		2004	96	%
Tuscana	Tracy, CA	30	29,088	2007		2007	93	%
		10,189	8,792,525				97	%
Seattle, Washington Metropolitan Area								
Cedar Terrace	Bellevue, WA	180	174,200	1984		2005	96	%
Courtyard off Main	Bellevue, WA	109	108,388	2000		2010	97	%
Emerald Ridge	Bellevue, WA	180	144,000	1987		1994	96	%
Foothill Commons	Bellevue, WA	388	288,300	1978	(28)	1990	94	%
Palisades, The	Bellevue, WA	192	159,700	1977		1990	97	%
Sammamish View	Bellevue, WA	153	133,500	1986		1994	98	%
Woodland Commons	Bellevue, WA	236	172,300	1978	(29)	1990	88	%
Canyon Pointe	Bothell, WA	250	210,400	1990		2003	96	%
Inglenook Court	Bothell, WA	224	183,600	1985		1994	96	%
Salmon Run at Perry Creek	Bothell, WA	132	117,100	2000		2000	98	%
Stonehedge Village	Bothell, WA	196	214,800	1986		1997	98	%
Highlands at Wynhaven	Issaquah, WA	333	424,674	2000		2008	96	%
Park Hill at Issaquah	Issaquah, WA	245	277,700	1999		1999	97	%
Wandering Creek	Kent, WA	156	124,300	1986		1995	98	%
Ascent	Kirkland, WA	90	75,840	1988		2012	94	%
Bridle Trails	Kirkland, WA	108	99,700	1986	(30)	1997	97	%
Corbella at Juanita Bay	Kirkland, WA	169	103,339	1978		2010	97	%
Evergreen Heights	Kirkland, WA	200	188,300	1990		1997	95	%
Montebello	Kirkland, WA	248	272,734	1996		2012	96	%
Laurels at Mill Creek, The	Mill Creek, WA	164	134,300	1981		1996	95	%
Morning Run(9)	Monroe, WA	222	221,786	1991		2005	97	%
The Elliot at Mukilteo (Anchor Village)(4).	Mukilteo, WA	301	245,900	1981		1997	95	%
Castle Creek	Newcastle, WA	216	191,900	1997		1997	97	%
Delano/Bon Terra	Redmond, WA	126	116,340	2011/2005		2011/2012	96	%
Elevation	Redmond, WA	157	138,916	1986		2010	94	%
Vesta (Redmond Hill East)(7)	Redmond, WA	440	381,675	1998		2011	96	%
Redmond Hill West(7)	Redmond, WA	442	350,275	1985		2011	96	%

Brighton Ridge	Renton, WA	264	201,300	1986	1996	97	%
Fairwood Pond	Renton, WA	194	189,200	1997	2004	96	%
Forest View	Renton, WA	192	182,500	1998	2003	97	%
Bernard, The	Seattle, WA	63	43,151	2008	2011	97	%
Cairns, The	Seattle, WA	100	70,806	2006	2007	96	%
Domaine	Seattle, WA	92	79,421	2012	2012	88	%
Eastlake 2851(9)	Seattle, WA	133	234,086	2008	2008	96	%
Fountain Court	Seattle, WA	320	207,000	2000	2000	95	%
Joule (31)	Seattle, WA	295	191,109	2010	2010	96	%
Linden Square	Seattle, WA	183	142,200	1994	2000	96	%
Wharfside Pointe	Seattle, WA	142	119,200	1990	1994	95	%
		7,835	6,913,940			96	%
Total/Weighted Average		33,468	29,423,713			96	%

Other real estate assets(1)	Location	Tenants	Rentable Square Footage	Year Built	Year Acquired	Occupancy(2)	
Office Buildings							
925 / 935 East Meadow Drive(32)	Palo Alto, CA	1	31,900	1988 / 1962	1997 / 2007	100	%
6230 Sunset Blvd(33)	Los Angeles, CA	1	35,000	1938	2006	100	%
17461 Derian Ave(34)	Irvine, CA	6	110,000	1983	2000	93	%
Santa Clara Retail	Santa Clara, CA	3	139,000	1970	2011	100	%
Total Office Buildings		11	315,900			99	%

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Footnotes to the Company's Portfolio Listing as of December 31, 2012

(1) Unless otherwise specified, the Company has a 100% ownership interest in each community.
(2) For communities, occupancy rates are based on financial occupancy for the year ended December 31, 2012; for the commercial buildings or properties which have not yet stabilized, or have insufficient operating history, occupancy rates are based on physical occupancy as of December 31, 2012. For an explanation of how financial occupancy and physical occupancy are calculated, see "Business and Properties - Properties - Occupancy Rates" in this prospectus.
(3) The community is subject to a ground lease, which, unless extended, will expire in 2082.
(4) The Company holds a 1% special limited partner interest in the partnerships which own these apartment communities. These investments were made under arrangements whereby EMC became the 1% sole general partner and the other limited partners were granted the right to require the applicable partnership to redeem their interest for cash. Subject to certain conditions, the Company may, however, elect to deliver an equivalent number of shares of the Company's common stock in satisfaction of the applicable partnership's cash redemption obligation.
(5) This community is owned by Wesco III. The Company has a 50% interest in Wesco III which is accounted for using the equity method of accounting.
(6) The Company completed development of the property in 2010.
(7) This community is owned by Wesco I. The Company has a 50% interest in Wesco I which is accounted for using the equity method of accounting.
(8) The Company completed a $10.8 million redevelopment in 2009.
(9) This community is owned by Fund II. The Company has a 28.2% interest in Fund II which is accounted for using the equity method of accounting.
(10) Fund II completed a $5.3 million redevelopment in 2008.
(11) This community is subject to a ground lease, which, unless extended, will expire in 2067.
(12) This community is subject to a ground lease, which, unless extended, will expire in 2027.
(13) The Company completed a $16.6 million redevelopment in 2009.
(14) The Company is in the process of performing a $10.2 million redevelopment.
(15) The Company has a 97% interest. A 50% voting interest was acquired in April 2012 when the Company acquired the joint venture partner's membership interest.
(16) The Company and EMC have a 74.0% and a 1% member interest, respectively.
(17) The community is subject to a ground lease, which, unless extended, will expire in 2028.
(18) The Company completed a $12.0 million redevelopment in 2008.
(19) The Company is in the process of performing a $10.0 million redevelopment
(20) The Company completed an $8.9 million redevelopment in 2008.
(21) The Company completed a $9.4 million redevelopment in 2009.
(22) The Company completed a $4.6 million redevelopment in 2009.
(23) A portion of this community on which 84 units are presently located is subject to a ground lease, which, unless extended, will expire in 2028.
(24) The Company is in the process of performing a $9.9 million redevelopment.
(25) The community is subject to a ground lease, which, unless extended, will expire in 2070.
(26) The Company is in the process of performing a $13.3 million redevelopment.
(27) The Company completed a $12.5 million redevelopment in 2009.
(28) The Company completed a $36.3 million redevelopment in 2012, which included the construction of 28 in-fill units in 2009.
(29) The Company completed the construction of 66 additional apartment homes in 2012 and is in the process of performing a redevelopment for a total cost of $21.6 million.
(30) The Company completed a $5.1 million redevelopment and completed construction of 16 units of the community's 108 units in 2006.

(31) The Company has 99% ownership in this community.
(32) The Company occupies 100% of this property.
(33) The property is leased through July 2014 to a single tenant.
(34) The Company occupies 7% of this property.

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INVESTMENT POLICIES AND POLICIES WITH RESPECT TO CERTAIN ACTIVITIES

The following is a discussion of certain of Essex Property Trust, Inc.'s investment, financing and other policies. These policies have been determined by Essex Property Trust, Inc.'s board of directors and management and, in general, may be amended or revised from time to time by Essex Property Trust, Inc.'s board of directors or management without a vote of Essex Property Trust, Inc.'s stockholders.

Investment Policies

Investment in Real Estate or Interests in real estate

Essex Property Trust, Inc. (the "Company"). is a Maryland corporation that operates as a self-administered and self-managed real estate investment trust ("REIT"). The Company owns all of its interest in its real estate investments directly or indirectly through Essex Portfolio, L.P. a California limited partnership (the "Operating Partnership"). Essex Property Trust, Inc. is the sole general partner of the Operating Partnership and as of December 31, 2012 owned a 94.5% general partnership interest.

The Company, through the Operating Partnership, is engaged primarily in the ownership, operation, management, acquisition, development and redevelopment of predominantly apartment communities. As of December 31, 2012, the Company, through the Operating Partnership, owned or held an interest in 163 communities, aggregating 33,468 units, located along the West Coast, as well as five commercial buildings (totaling approximately 315,900 square feet), and nine active development projects with 2,495 units in various stages of development (collectively, the "Portfolio").

Essex Property Trust, Inc. has elected to be treated as a REIT for federal income tax purposes, commencing with the year ended December 31, 1994 as the Company completed an initial public offering on June 13, 1994. In order to maintain compliance with REIT tax rules, the Company utilizes taxable REIT subsidiaries for various revenue generating or investment activities. All taxable REIT subsidiaries are consolidated by the Company.

The Company, through the Operating Partnership, invests primarily in apartment communities that are located in predominantly coastal markets within Southern California, the San Francisco Bay Area, and the Seattle metropolitan area. The Company currently intends to continue to invest in apartment communities in such regions. However, these practices may be reviewed and modified periodically by management. For a discussion of the Company's business strategies, see "Business and Properties—Business—Business Strategies."

Instead of purchasing and developing apartment communities directly, the Company, through the Operating Partnership, has invested and may continue to invest in joint ventures. From time to time, the Company, through the Operating Partnership, invests in corporations, limited partnerships, limited liability companies or other entities that have been formed for the purpose of acquiring, developing, financing, or managing real property. In certain circumstances, the Operating Partnership's interest in a particular entity may be less than a majority of the outstanding voting interests of that entity. We have also formed investment funds that utilize the Company's development, redevelopment, and property and asset management capabilities. See "Business and Properties—Business—Essex Apartment Value Fund II, L.P."

Investment in Real Estate Mortgages

We may, at the discretion of our management or Essex Property Trust, Inc.'s board of directors, invest in mortgages and other types of real estate interests consistent with Essex Property Trust, Inc.'s qualification as a REIT. Investments in real estate mortgages run the risk that one or more borrowers may default under certain mortgages and that the collateral securing certain mortgages may not be sufficient to enable us to recoup our full investment.

Securities of or Interests in Persons Primarily Engaged in Real Estate Activities and Other Issuers

We may invest in securities of other REITs, other entities engaged in real estate activities or other issuers.

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Dispositions

As part of its strategic plan to own quality real estate in supply-constrained markets, the Company continually evaluates all the communities and sells those which no longer meet its strategic criteria. The Company may use the capital generated from the dispositions to invest in higher-return communities or other real estate investments, repurchase the Company's common stock, or repay debts. The Company believes that the sale of these communities will not have a material impact on its future results of operations or cash flows nor will their sale materially affect its ongoing operations. Generally, the Company seeks to have any impact of earnings dilution resulting from these dispositions offset by the positive impact of its acquisitions, development and redevelopment activities.

Financing Policies

The Company has adopted a policy of maintaining a limit on debt financing consistent with the existing covenants required to maintain the Company's unsecured line of credit bank facility and unsecured term loan. The Company's organizational documents do not limit the amount or percentage of indebtedness that may be incurred. If the Company changed this policy, the Company could incur more debt, resulting in an increased risk of default on the Company's obligations and the obligations of the Operating Partnership, and an increase in debt service requirements that could adversely affect the Company's financial condition and results of operations. Such increased debt could exceed the underlying value of the communities. See "Risk Factors – "Debt financing has inherent risks".

Conflict of Interest Policies

We have adopted a code of business conduct and ethics that prohibits conflicts of interest between our officers, employees and directors on the one hand, and our company on the other hand, except in compliance with the policy. Waivers of our code of business conduct and ethics must be disclosed in accordance with New York Stock Exchange, or NYSE, and SEC requirements. In addition, Essex Property Trust, Inc.'s board of directors is subject to certain provisions of Maryland law, which are also designed to eliminate or minimize conflicts. However, we cannot assure you that these policies or provisions of law will always succeed in eliminating the influence of such conflicts. If they are not successful, decisions could be made that might fail to reflect fully the interests of all of Essex Property Trust, Inc.'s stockholders.

Interested Director and Officer Transactions

Pursuant to the Maryland General Corporation Law, a contract or other transaction between us and a director or between us and any other corporation or other entity in which any of Essex Property Trust, Inc.'s directors is a director or has a material financial interest is not void or voidable solely on the grounds of such common directorship or interest, the presence of such director at the meeting at which the contract or transaction is authorized, approved or ratified or the counting of the director's vote in favor thereof, provided that

- the material facts relating to the common directorship or interest and as to the transaction are disclosed or known to Essex Property Trust, Inc.'s board of directors or a committee of Essex Property Trust, Inc.'s board, and Essex Property Trust, Inc.'s board or a duly authorized committee authorizes, approves or ratifies the transaction or contract by the affirmative vote of a majority of disinterested directors, even if the disinterested directors constitute less than a quorum,

- the material facts relating to the common directorship or interest and as to the transaction are disclosed to Essex Property Trust, Inc.'s stockholders entitled to vote thereon, and the transaction is authorized, approved or ratified by a majority of the votes cast by the stockholders entitled to vote, other than the votes of shares owned of record or beneficially by the interested director or corporation or other entity, or

- the transaction or contract is fair and reasonable to us at the time that we enter into the transaction or contract.

The Company has adopted a policy that generally requires specified committees of its Board of Directors to approve transactions between it or an entity it controls, such as the Operating Partnership, on the one hand and any of the Company's directors, director nominees or executive officers, any beneficial owner of more than 5% of Essex outstanding common stock and any immediate family member of any of the foregoing persons, on the other hand. See "Certain Relationships and Related Persons Transactions; Director Independence—Policies and Procedures with Respect to Related Person Transactions."

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Policies with Respect to Other Activities

The Company intends to continue to operate in a manner that will not subject it to regulation under the Investment Company Act of 1940. The Company has in the past five years and may in the future (i) issue securities senior to its common stock, (ii) fund acquisition activities with borrowings under its line of credit and (iii) offer shares of common stock and/or units of limited partnership interest in the Operating Partnership or affiliated partnerships as partial consideration for property acquisitions. The Company from time to time acquires partnership interests in partnerships and joint ventures, either directly or indirectly through subsidiaries of the Company, when such entities' underlying assets are real estate.

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DIRECTORS AND EXECUTIVE OFFICERS

This section reflects information with respect to the directors and executive officers of Essex Property Trust, Inc. The operating partnership is managed by Essex Property Trust, Inc., its sole general partner and parent company. Consequently, the operating partnership does not have its own separate directors.

The following table sets forth information as of February 28, 2013 with respect to directors and executive officers, including their ages.

Name and Position	Age	First Elected	Term Expires
George M. Marcus Chairman of the Board	71	1994	2015
Keith R. Guericke Vice Chairman of the Board	64	1994	2013
Michael J. Schall Director, Chief Executive Officer and President	55	1994	2015
Michael T. Dance Executive Vice President and Chief Financial Officer	56	—	—
John D. Eudy Executive Vice President-Development	58	—	—
Craig K. Zimmerman Executive Vice President-Acquisitions	62	—	—
John F. Burkart Executive Vice President-Asset Management	49	—	—
Erik J. Alexander Senior Vice President-Property Operations	45	—	—
David W. Brady Director	72	1994	2014
Gary P. Martin Director	65	1994	2015
Issie N. Rabinovitch Director	67	1994	2013
Thomas E. Randlett Director	70	1994	2013
Byron A. Scordelis Director	63	2011	2014
Janice L. Sears Director	52	2011	2014
Claude J. Zinngrabe, Jr. Director	67	2011	2014

Biographical information concerning directors and executive officers of Essex Property Trust, Inc. (some of whom are also directors) is set forth below.

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George M. Marcus is the founder and has been the Chairman of Essex Property Corporation (the predecessor to Essex Property Trust, Inc.) and The Marcus & Millichap Company since their inception in 1971. The Marcus & Millichap Company is the parent company of a diversified group of real estate service, investment and development firms. Mr. Marcus was one of the original founders of Greater Bay Bancorp, a publicly held financial institution, which was acquired by Wells Fargo in 2007. Included among Mr. Marcus' professional memberships are the Regent Emeritus of the University of California, the Real Estate Roundtable, the Policy Advisory Board of the University of California at Berkeley — Center for Real Estate and Urban Economics, as well as numerous other professional and community organizations. He graduated with a Bachelor of Science degree in Economics from San Francisco State University. He was honored as Alumnus of the Millennium in 1999. Mr. Marcus is also a graduate of the Harvard Business School of Owners / Presidents Management Program and the Georgetown University Leadership Program. The Board selected Mr. Marcus to serve as a director because he is the founder of the Company, he brings outstanding leadership and vision to the Company, he has extensive knowledge of the Company, and over 35 years of experience working in the real estate industry.

Keith R. Guericke, Director and Vice Chairman of the Board, held the position of President and Chief Executive Officer of the Company from 1988 through 2010. Effective January 1, 2011, Mr. Guericke retired from his position as an executive officer, and he remains a director of the Company and will continue to provide additional services as a part-time employee. Mr. Guericke joined the Company's predecessor, Essex Property Corporation, in 1977 to focus on investment strategies and portfolio expansion. Mr. Guericke prepared the Company for its IPO in 1994, and has since significantly increased the Company's multifamily portfolio in supply-constrained markets along the West Coast. Mr. Guericke is a member of National Association of Real Estate Investment Trusts ("NAREIT"), the National Multi Housing Council, and several local apartment industry groups. Prior to joining Essex, Mr. Guericke began his career with Kenneth Leventhal & Company, a CPA firm noted for its real estate expertise. Mr. Guericke received his Bachelor of Science degree in Accounting from Southern Oregon College in 1971. The Board selected Mr. Guericke to serve as a director because he served the Company for over 33 years and was its principal executive officer from 1988 to 2010, and he has expansive knowledge of the real estate industry and strong relationships with many executives and other senior management at real estate companies throughout the United States.

Michael J. Schall, Director, is the President and Chief Executive Officer of the Company, having been promoted to that position by the Board of Directors effective January 1, 2011. He previously served as the Senior Executive Vice President and Chief Operating Officer for the Company from 2005 to 2010, during which years he was responsible for the strategic planning and management of the Company's property operations, redevelopment and co-investment programs. From 1993 to 2005, Mr. Schall was the Company's Chief Financial Officer, responsible for the organization's financial and administrative matters. He joined The Marcus & Millichap Company in 1986. He was also the Chief Financial Officer of the Company's predecessor, Essex Property Corporation. From 1982 to 1986, Mr. Schall was the Director of Finance for Churchill International, a technology-oriented venture capital company. From 1979 to 1982, Mr. Schall was employed in the audit department of Ernst & Young (then known as Ernst & Whinney), where he specialized in the real estate and financial services industries. Mr. Schall received a B.S. from the University of San Francisco. Mr. Schall currently serves as a member of the Board of Trustees of Pebblebrook Hotel Trust, Inc. Mr. Schall is a Certified Public Accountant (inactive) and is a member of NAREIT, the National Multi Housing Council, the AICPA, and the Board of Governors of NAREIT. The Board selected Mr. Schall to serve as a director because he was a principal officer of the Company when initially selected as a director, he has extensive knowledge of the financial and operating matters of the Company, and he has strong relationships with many executives and senior management at real estate companies throughout the United States.

Michael T. Dance, has been the Company's Executive Vice President and Chief Financial Officer since February 2005. From September 2002 to February 2005, Mr. Dance provided accounting research, consulting, and litigation support services, while teaching as an adjunct Professor for the University of California at Berkeley, HAAS School of Business. Mr. Dance began his career at Peat, Marwick, Mitchell & Co in 1978. From 1990 to 2002, he was a partner with KPMG LLP, where he worked with clients in the real estate, construction, health care and technology industries. He received a Bachelor of Arts degree in Economics from California State University, East Bay in 1978. Mr. Dance is a CPA (inactive).

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John D. Eudy is responsible for development activities, from the point of acquisition through construction and stabilization. Mr. Eudy joined the Company's predecessor, Essex Property Corporation, in 1985. While at the Company, Mr. Eudy has been responsible for numerous activities including arranging of financing, due diligence, asset management and asset disposition. Prior to joining the Company, Mr. Eudy was a Vice President in the Commercial Real Estate Investment Group of Crocker National Bank from 1980 to 1985 and Home Federal Savings from 1977 to 1980. He received a Bachelor of Science degree in Finance from San Diego State University in 1977 and is a graduate of the University of Southern California's Management Leadership School. Mr. Eudy is a member of the Urban Land Institute ("ULI") and NAREIT.

Craig K. Zimmerman is responsible for acquisition activities. Mr. Zimmerman joined the Company's predecessor, Essex Property Corporation, in 1984 and was primarily responsible for the acquisition of multifamily residential properties. Prior to joining the Company, Mr. Zimmerman was the Vice President of Acquisitions with Prometheus Development Company, a national real estate developer and a principal in Zimmerman Properties. From 1975 through 1978, Mr. Zimmerman worked as a real estate acquisitions specialist for American Equities Corporation. He received a Bachelor of Arts degree in Rhetoric from the University of California at Berkeley in 1974.

John F. Burkart is responsible for the Company's asset management activities, including evaluation of existing investments, renovation, disposition, capital improvements, due diligence, economic research, and the Company's institutional co-investment program. Mr. Burkart was responsible for supervising property management activity in the Northern Division as well as the creation and management of the institutional co-investments. Mr. Burkart joined Essex in 1996 and was responsible for various finance duties including identifying potential sources of financing and negotiating joint venture and debt financing transactions. From 1993 to 1996, Mr. Burkart was a real estate finance consultant for various companies. From 1987 to 1993 Mr. Burkart was a Vice President at Pacific States Management Company, responsible for the property management and accounting departments, along with other corporate duties. Mr. Burkart received a Bachelor of Science degree in Finance from San Jose State University in 1987 and a MBA degree in Real Estate from Golden Gate University in 1993.

Erik J. Alexander is responsible for property operations of the Company. Mr. Alexander joined the Company in 1997 as a Regional Portfolio Manager and later served as the Director of Redevelopment. Prior to joining the Company, Mr. Alexander served as the Director of Operations for Century West Properties, a Santa Monica based apartment developer and operator. Mr. Alexander also held a position as a real estate consultant with The Meyers Group providing pricing strategies, demand analysis and feasibility studies to new home developers and lenders in Southern California. Mr. Alexander received his Bachelor of Science degree in Business Administration with a Certificate of Real Property Development and Management from the University of Southern California in 1990.

David W. Brady, Director, holds the Bowen H. and Janice Arthur McCoy endowed chair at Stanford University Graduate School of Business and is a professor of political science in Stanford University School of Humanities and Sciences since 1988. Dr. Brady served as an associate Dean for academic affairs at the Graduate School of Business from 1996 until 2000, and continues to teach corporate ethics in both MBA and executive education. He is a Deputy Director at the Hoover Institution and senior fellow by courtesy at the Institute for International Studies. He was a member of the advisory council for the Kansai Silicon Valley Venture Forum in Japan. The Board selected Mr. Brady to serve as a director because of his many years of experience as a professor of political science and business, which has enabled him to assist the full board in understanding corporate governance and ethics issues, and he is familiar with a full range of corporate and board functions.

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Gary P. Martin, Director, is a private investor, and a member of the Board of Directors of LeoNovos, a public company on the Toronto Exchange and Chairman of the Audit Committee. He was the Vice President and Chief Financial Officer of Mobile Smart, a semiconductor company serving the automotive industry for the period from September 2000 to July 2002. From April 1998 to August 2000, he served as Vice President and Chief Financial Officer of Halo Data Devices, a supplier of data storage products for the disk drive market. Mr. Martin served from August 1995 to January 1998 as Vice President of Finance and Chief Financial Officer of 3Dfx Interactive, Inc. From September 1993 to July 1995, he served as Vice President of Finance and the Chief Financial Officer for MiniStor Peripherals Corporation, a supplier of data storage products for the mobile computer market. From 1985 to 1993, he was Senior Vice President of Finance and Administration for Chips and Technologies, Inc., where he also developed joint business ventures within the Soviet Union. From 1983 to 1984, Mr. Martin was Vice President of Finance and Chief Financial Officer for Starstruck, Inc., a company involved in space development through private enterprise. Mr. Martin was one of the earliest employees at Apple Computer, Inc., where he held both corporate and European controller positions during the period from 1977 to 1983. From 1971 to 1977, he worked for Aero Air Freight and National Semiconductor. He received a Bachelor of Science degree in Accounting from San Jose State University in 1971. The Board selected Mr. Martin to serve as a director because he has years of experience serving on both public and private boards and committees, he has served as a Chief Financial Officer for a variety of companies, and he has an extensive understanding of internal and external financial reporting of public companies.

Issie N. Rabinovitch, Director, is a partner at Cheyenne Capital, a venture capital firm. He was the Chief Executive Officer of Mainsail Networks, a telecommunications company in 2000 and 2001. Prior to joining Cheyenne Capital, Mr. Rabinovitch served from 1991 to 1994 as President and Chief Executive Officer of Micro Power Systems, Inc., a company engaged in the designing, manufacturing and marketing of multiple semiconductor products. From 1985 to 1991, Mr. Rabinovitch was President of Berkeley International Capital Corporation, a venture capital firm. From 1983 to 1985, Mr. Rabinovitch was President of Crowntek Software International, a software development and distribution company. Before joining Crowntek, he was employed by the Xerox Corporation in various management roles. Mr. Rabinovitch received a Bachelor of Science degree from McGill University in 1967 and a Master's of Business Administration degree from Harvard University in 1970. The Board selected Mr. Rabinovitch to serve as a director because he brings valuable financial expertise, including extensive knowledge of capital markets transactions and investments in both public and private companies.

Thomas E. Randlett, Director, is a certified public accountant and was a testifying expert and director at LECG, Inc. from 1992 to 2010. Mr. Randlett's professional specialties include the real estate and construction, financial institutions and transportation industries. Prior to joining LECG, Mr. Randlett was a managing partner and senior real estate specialist for KPMG in Northern California, where he had been employed since 1966, and then a consultant at the New York branch of Midland Bank from 1989 to 1990. He served on the board of directors of Greater Bay Bancorp, a publicly held financial institution, from 2005 until the company was sold in 2007. He is a former member of the Policy Advisory Board, School of Real Estate and Urban Economics, University of California at Berkeley and a current member of the American Institute of Certified Public Accountants ("AICPA"), NAREIT, and California Society of Certified Public Accountants ("CSCPA"). He received a Bachelor of Arts degree from Princeton University in 1966. The Board selected Mr. Randlett to serve as a director because of his 23 years of experience as an auditor of public and private construction and real estate companies, including audits of REITs, as well as his consulting experience, which includes interaction with the Resolution Trust Corporation and the Department of Justice.

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Byron A. Scordelis, Director, served as the President and Chief Executive Officer of Greater Bay Bancorp and as a member of the Board of Directors of Greater Bay Bancorp and its wholly-owned subsidiary, Greater Bay Bank N.A. from January 1, 2004 until its sale in October 1, 2007. Mr. Scordelis served as the Chief Operating Officer and President of the Greater Bay Banking Group which was comprised of the company's banking subsidiaries as well as its business and technology operations, trust services and human resources activities. Mr. Scordelis has previously served as an Executive Vice President with Wells Fargo Bank where he was named President of the San Francisco Bay Area Region and was responsible for the management and performance of 235 financial service offices in the San Francisco Bay area. He joined Wells Fargo in 1998 as an Executive Vice President responsible for its retail banking activities in seven western states, and was appointed as a co-chair of its integration task force following the bank's merger with Norwest. From 1974 to 1998, Mr. Scordelis was President and Chief Executive Officer of Eureka Bank and also served as Senior Vice President and head of Bank of America's San Francisco Bay Area region, and was responsible for corporate finance, corporate strategic planning, merger integration, and other staff and managerial areas. Mr. Scordelis is a Phi Beta Kappa graduate of the University of California at Berkeley where he earned bachelor's degrees in economics and natural resource studies in 1972. He received a Master of Business Administration from Stanford University in 1974. Mr. Scordelis currently serves on the Board of Regents at Santa Clara University where he is also a member of its Audit Committee as well as on the Advisory Board of the Markkula Center for Applied Ethics. He is also a member of the Board of EHC Lifebuilders, a non-profit organization, and also serves on the Advisory Board of the Palo Alto Medical Foundation. The Board selected Mr. Scordelis to serve as a director because of his many years of experience as a Chief Executive Officer and a board member of a publicly-traded financial service company.

Janice L. Sears, Director, serves as a Board Member, Chair of the Compensation Committee and member of the Governance and Investment Committees of The Swig Company, a corporate owner of office properties nationwide. Previously, Ms. Sears held the position of Managing Director, Western Region Head in the Real Estate, Gaming & Lodging Investment Banking Group at Banc of America Securities. She was concurrently the San Francisco Market President for Bank of America. As Market President, Ms. Sears managed a senior leadership team, deepening relationships with the nonprofit community, local government and worked to build awareness of the Bank of America brand. Prior to 1999, Ms. Sears was Head of Client Management for Bank of America's Commercial Real Estate Group in California, where she oversaw client relationships with REIT's, homebuilders and opportunity funds. Prior to 1988, Ms. Sears was a Real Estate Economist at both Chemical Bank and Citicorp in New York. Ms. Sears earned a B.S. in both Economics and Marketing from the University of Delaware. Her professional activities have included NAREIT and ULI. Ms. Sears is the Past President and Past Treasurer of the San Francisco Chapter of the National Charity League and most recently sat on the boards of the San Francisco Chamber of Commerce, the San Francisco Economic Development Council and Leadership San Francisco. She acts as an advisor to the Audit Committee of the San Francisco Art Institute. Ms. Sears has been named one of the '100 Most Powerful Women in Business' in San Francisco. The Board selected Ms. Sears to serve as a director because of her knowledge of capital markets and extensive experience working in the commercial real estate and REIT industry.

Claude J. Zinngrabe, Jr., Director, is co-founder and a Managing Partner of Fremont Realty Capital, the real estate merchant banking arm of the Fremont Group, a San Francisco-based, private-investment firm of the Bechtel family. The firm focuses on opportunistic and value-added real estate investments, both domestically and abroad. Prior to 1996, Mr. Zinngrabe was Chairman and CEO of Prudential Real Estate Investors, the institutional real estate investment arm of Prudential Financial, Inc. From 1992 to 1994, Mr. Zinngrabe served as President of Prudential Institutional Investors and was responsible for strategic planning in Latin America and Eastern Europe. Concurrently, he founded and held the title of Chairman and CEO of Prudential Homebuilding Investors, a real estate investment management firm specializing in homebuilding investments. From 1972 to 1992, Mr. Zinngrabe held a number of investment professional and management positions within Prudential's mortgage lending, property investment and asset management businesses. Mr. Zinngrabe is a member of ULI where he has served as a trustee and Executive Committee member. He is also a member of the Pension Real Estate Association and the National Association of Real Estate Investment Managers. Previously, Mr. Zinngrabe has served as a pro-bono ULI real estate advisor to the U.S.

Department of Defense, National Institutes of Health and the Government of Bermuda. Mr. Zinngrabe received a Bachelor of Science Degree in History from Xavier University in 1968 followed by a Master of Arts in History in 1970 and Master of Business Administration degree in 1977 from Cleveland State University. Mr. Zinngrabe also completed the Advanced Management Program at Harvard Business School in 1989. Mr. Zinngrabe is a Governance Fellow of the National Association of Corporate Directors. The Board selected Mr. Zinngrabe to serve as a director because of his extensive experience in the real estate investment management business and his knowledge of the real estate industry.

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary. The Company's goals for its executive compensation program are (i) to attract, motivate and retain experienced, effective executives, (ii) to direct the performance of those executives with clearly defined goals and measures of achievement, and (iii) to align the interests of management with the interests of our stockholders. With regard to absolute levels of executive compensation and the compensation programs we use, the Compensation Committee periodically reviews relevant information about competitive pay levels and structures but also considers a number of other factors, as described below.

Each year the Board sets annual corporate goals that are designed to promote shareholder value creation over a multiple year period. These corporate goals are used as the basis for measuring management performance, a key consideration in granting both cash bonuses and long term equity. These goals, which include measures of performance on both an absolute basis as well as relative to peers, are described in more detail in the discussion below. Goals for 2012 included specific company performance metrics such as per share growth in Funds from Operations ("FFO"), yields from recent investment transactions relative to the pro-forma underwriting, increasing same property net operating income ("NOI"), and discretionary objectives, such as progress on specific corporate initiatives.

The compensation of our executive officers also reflects performance against individual and (where appropriate) business unit goals, as described in the discussion below. Achievements for 2012 included the following:

- Reported FFO per share, excluding non-core items, of $6.82, representing a 21% increase compared to 2011. We exceeded our original guidance for NOI growth and per share FFO growth.

- Maintained strong liquidity and conservative debt structure through access to both debt and equity capital sources. Reflecting the commitment to a well-structured balance sheet, Fitch improved our unsecured debt rating to BBB+/stable and we successfully completed our debut public debt offering totaling $300 million of unsecured bonds due in 2022 at a coupon of 3.625%.

- Acquired 15 apartment communities (on balance sheet and in joint ventures) totaling $802 million.

- Expanded our development pipeline to almost $1 billion with the commencement of five apartment projects with an estimated cost of $516 million.

- Completed the construction of Expo, a 275-unit community located in Seattle, Washington. Expo was a ground up development that was completed ahead of schedule and below our budgeted cost. Leasing activities are progressing as planned and the forecasted stabilized yield of approximately 7% exceeds our investment expectations.

- Improved the customer experience through numerous technology iniatives and adding amenities to the existing apartment portfolio through redevelopment.

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We believe that our executive management and our company performed well in 2012 when measured against the corporate and business unit performance goals established at the end of 2011. Accordingly, our Board's compensation committee determined that the Company's management achieved all of its corporate, team and individual goals and, as a result, the non-discretionary components of bonuses were paid at their maximum and the discretionary bonuses were paid out at between 90% and 100% of their targets.

In 2012 the Company's Compensation Committee retained Mercer to select a peer group of fifteen REITs and complete a review of the executive compensation levels and practices relative to the peer group. Based on the results of the study, the Compensation Committee increased the salary of the Chief Executive Officer ("CEO") by $100,000 per year effective April 1, 2013 which is slightly below the median of the peer group. The 2012 performance criteria for the non-discretionary bonus includes achieving certain levels of same-property NOI growth, core FFO growth and external growth goals. In 2013 the Compensation Committee engaged Mercer to complete a review of board compensation relative to the same peer group used for management compensation and to recommend the number of shares to include in the proposed 2013 Stock Award and Incentive Compensation Plan that is being submitted for shareholder approval pursuant to the Company's 2013 proxy statement.

Mercer has not provided any services to the Company other than to the Compensation Committee with respect to executive and board compensation matters, reports directly to the Compensation Committee and not to management, and is independent from the Company. The Compensation Committee has assessed the independence of Mercer pursuant to, and taking into account factors listed in, applicable SEC rules and concluded that the work of Mercer has not raised any conflict of interest.

Shareholder advisory approval of the Company's executive compensation. In 2012, the Company held a "say-on-pay" vote on the Company's executive compensation program as set forth in the proxy statement and 97.5% of the votes cast voted "for" the proposal. The Compensation Committee will consider the results of the shareholder vote in finalizing 2013 compensation but because a substantial majority of shareholders approved the compensation program, the Committee continued to apply the same principles in determining the amounts and types of executive compensation and did not implement substantial changes as a result of the shareholder advisory vote. An advisory vote to approve the compensation of the Company's named executive officers will be held on an annual basis until the next required vote on the frequency of shareholder votes is held.

Role and Procedures of the Compensation Committee. Our Board's Compensation Committee, composed of independent, non-employee directors, determines and approves the compensation arrangements for the named executive officers. The Committee has the authority to select, retain and terminate special counsel and other experts (including compensation consultants) as the Committee deems appropriate. During 2012 the Committee retained the services of Mercer to select a peer group of fifteen REITs and complete a review of the Company's executive compensation programs.

While the Compensation Committee determines Essex's overall compensation philosophies and sets the compensation for the CEO and other executive officers, it looks to the CEO to make recommendations with respect to both overall compensation policies and specific compensation decisions. For the upcoming fiscal year, the CEO recommends to the Compensation Committee the levels of base salary, targeted annual bonus and long-term equity for the named executive officers other than himself, within the elements of compensation otherwise established by the Committee. The sum of such base salaries and targeted bonuses and long term equity compensation, if any, is included in the Essex annual business plan, which is approved by our Board. Also, at that time, the Committee reviews and approves goals for the upcoming year for specific executive officers. Such goals may include company-wide, business unit and individual goals.

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At the end of a fiscal year, the Board reviews actual performance against such goals and, in consultation with the CEO and as discussed further below, sets the actual bonuses to be paid to the executive officers. The CEO also provides the Compensation Committee with his perspective on the performance of Essex's executive officers as well as a self-assessment of his own performance. The Committee establishes the compensation package for the CEO. Our Chief Financial Officer also attends certain of the Compensation Committee's meetings to provide perspective on the competitive landscape and the needs of the business and to discuss potentially new elements for the executive officer's compensation packages.

The following fifteen REITs (all are equity REITs, five of which are headquartered in California, nine are reasonably similar to the Company in revenue and market capitalization and ten invest primarily in apartments) are considered in an annual peer comparison prepared by Mercer based on publicly filed proxy materials. Compared to the peer group the Company ranked at the 47th percentile on revenues and at the 80th percentile on the market value of the common equity.

	($ in millions)	
Company	Revenues ($)(*)	Market Value($)(*)
AvalonBay Communities, Inc. (AVB)	1,044	13,093
Apartment Investment and Management Company (AIV)	1,060	3,849
Alexandria Real Estate Equities, Inc. (ARE)	590	4,384
American Campus Communities, Inc. (ACC)	445	3,386
BioMed Realty Trust, Inc. (BMR)	470	2,948
BRE Properties, Inc. (BRE)	397	3,715
Camden Property Trust (CPT)	719	5,616
Douglas Emmett, Inc. (DEI)	575	3,277
Equity Lifestyle Properties, Inc. (ELS)	699	2,783
Home Properties, Inc. (HME)	621	3,028
Mid-America Apartment Communities, Inc. (MAA)	474	2,660
Post Properties, Inc. (PPS)	335	2,641
Colonial Properties (CLP)	430	1,906
Realty Income Corporation (O)	464	5,241
United Dominion Realty Trust, Inc. (UDR)	728	6,071
Essex Property Trust, Inc. (ESS)	527	5,261

* Revenues are for the twelve months ended September 30, 2012, and the equity market capitalization ("Market Value") is as of October 31, 2012.

The Compensation Committee considered the peer group information in determining overall compensation levels in light of the Committee's view of appropriate, market-based compensation levels. However, the Committee did not utilize any specific or numeric percentile or other benchmark within the peer group companies for this purpose.

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Compensation Program Objectives. The objectives of our compensation program for named executive officers are to:

- Attract, retain, and motivate executive officers through the overall design and mix of cash, equity, and short and long-term compensation elements;

- Reward individual performance by tying significant portions of short-term compensation in the form of salary and annual bonus opportunity to achievement of individual performance; and

- Align the interests of executive officers with the interests of our stockholders by tying significant portions of short and long- term compensation, in the form of annual bonus and long-term equity based awards, to increasing distributable cash flow to shareholders, and increasing the value of our common stock based on the acquisition, development, redevelopment and onsite property management of apartment communities.

Within these objectives, the Compensation Committee believes that the primary goal of our executive compensation program should be related to creating stockholder value. The Committee seeks to offer the named executive officers competitive compensation opportunities based upon their personal performance, the financial performance of Essex as compared to other REITs, and their contribution to that performance. The executive compensation program is designed to attract and retain executive talent that contributes to long-term success, to reward the achievement of our short-term and long-term strategic goals, to link executive officer compensation and stockholder interests through equity-based plans, and to recognize and reward individual contributions to corporate performance.

Key elements. The key elements of our current compensation program for the named executive officers are summarized in the table below:

Compensation element:	Why this element is included:	How the amount of this element is determined:	How this elements fits in the overall program:
Base salary	Customary element necessary to hire and retain executives.	Base salary and any changes in salary are based on views of individual retention or performance factors and market data at peer companies (but without specific benchmarking).	Short-term cash compensation that is fixed and paid during the year.
Annual bonus	Customary element appropriate to motivate executives and tie a significant compensation opportunity to a mix of individual and corporate performance.	Annual bonus is based on both discretionary and non-discretionary performance criteria.	Short-term cash compensation that is contingent on Compensation Committee discretion and review of non-discretionary criteria.
Equity incentive – stock options grants and Essex Operating Partnership Units	Equity compensation for long-term retention of management and alignment of shareholder interest that complements cash compensation and provides performance incentives.	Stock option awards and Z-1 Unit awards are determined primarily based on how the award’s grant date value relates to the officer’s total compensation and how the vesting and other aspects of the awards might incentivize performance.	Long-term compensation is primarily contingent on performance goals which are expected to be consistent with an increase in the long-term value of our common stock into which the units are ultimately exchangeable. The sale of

			Z-1 incentive units is contractually prohibited.
Deferred compensation plan	Supplemental element to assist in retaining executives.	Executive officers may defer up to 100% of their base salary and bonus.	A tax planning benefit for executives.
Severance plan	For hiring and retaining executives, this element provides a reasonable level of continued economic benefit if a change of control and related termination was to occur. As stated below under the caption “Severance and Other Benefits Upon Termination of Employment of Change or Control”, these payments provide a reasonable level of incentive for the covered individuals to remain with Essex prior to any proposal or contemplation of, and during any negotiations for, a change of control.	The element provides that in the event of a change of control and related involuntary termination within the period commencing 2 month preceding a change of control and ending 24 months after the change of control, an executive receives two times his current annual salary and three-year average annual bonus, vesting acceleration of equity awards and Z-1 incentive units, continued insurance benefits and out placement services.	A supplement to the base salary and annual bonus arrangements, which addresses possible change of control situations.
Perquisites	Customary element necessary to hire and retain executives.	Generally based on perquisites being offered by comparable companies.	A supplement to the base salary.

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Base Salaries. None of our executive officers have an employment agreement. Base salaries are viewed as a customary element necessary to hire and retain executive officers. Base salary and any changes in base salary are based on views of individual retention and/or performance factors and market data at peer companies, without benchmarking. For 2012, the Compensation Committee established base salaries in light of these considerations as well as subjective assessments of individual performance, scope of responsibilities, expertise and experience, and Essex's financial performance and condition. The base salaries were increased to reflect results of the Mercer peer compensation study for comparable responsibilities as shown in the "Summary Compensation Table" below.

Executive	Salary 2011 ($)	Salary 2012 ($)	Percentage Change
Michael Schall, CEO	350,000	450,000	28.6%
Michael Dance, CFO	300,000	325,000	8.3%
Craig Zimmerman, EVP	300,000	325,000	8.3%
John Eudy, EVP	300,000	325,000	8.3%
John Burkart, EVP	250,000	275,000	10.0%

Annual Bonuses. Each named executive officer is eligible to earn an annual cash bonus based on the achievement of the operating performance budget approved by our Board and the meeting of performance goals during the year. The performance goals used for determining an officer's annual bonus fall into one or more of the following categories, as determined by the Compensation Committee and by the CEO in his recommendations to the Compensation Committee:

- individual performance;
- corporate and business unit performance; and
- the functions performed by the executive officer.

Each year a target bonus amount is established for each named executive officer, and the sum of all target bonuses are included in the Essex annual business plan which is approved by our Board. To the extent that Essex does not meet its annual business plan targets and its results are less than the plan targets, the annual target bonus amounts can be reduced to zero. In years that Essex exceeds its financial targets, the Compensation Committee has awarded the named executive officers annual bonuses that are as much as twice the individual's target bonus amount.

The Company believes that Funds from Operations ("FFO") per share and Core Funds from Operations ("Core FFO") per share are the primary corporate performance measures. The Board reviews and approves an annual FFO and Core FFO per share target. The Compensation Committee monitors management's achievement of the set dollar amount target and on a relative basis (ranking in the top quartile of the multifamily REITs with respect to Core FFO per share growth). The target levels for the dollar amount of FFO and Core FFO per share changes from year to year and are dependent on a number of factors, including expectations surrounding internal and external earnings, general economic conditions, real estate fundamentals and other specific circumstances facing the Company in the coming year. The compensation committee also establishes FFO and Core FFO goals that are consistent with the board approved operating plan for the Company. For 2012, the following specific goals were set for corporate performance:

1) Same-property NOI growth of 8.0%, adjusted for dispositions;

2) FFO per diluted share of $6.62, and Core FFO per diluted share of $6.65;

3)

Increase FFO with external growth investments consistent with the FFO guidance provided to common stock investors; and

4) Actual results exceeding underwritten yields from 2010 and 2011 acquisitions and developments.

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For 2012, same-property NOI growth was 9.2%; FFO per diluted share was $6.71, and after adjustments for non-core items was $6.82 per diluted share; aggregate FFO accretion from external growth investments exceeded the underwritten yields; and actual versus underwritten yields from 2010 and 2011 acquisitions and developments exceeded the underwritten yields. Thus, the actual results for these items exceeded the performance goals. For a discussion of the calculation of FFO, see "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations, Funds from Operation (FFO)" in our Form 10-K for the fiscal year ended December 31, 2012. The Compensation Committee considered the quantitative criteria above for the non-discretionary incentive bonus and based on the Company's results the Compensation Committee concluded that the maximum incentive bonus was earned as the Company exceeded all its corporate performance goals. On average 98% of the targeted discretionary bonuses were paid based on the accomplishment of individual goals.

The 2012 discretionary and non-discretionary bonuses for the named executive officers ranged from approximately 130% to 140% of their annual base salary amounts.

Mr. Schall, Chief Executive Officer, received $580,000 or 98% of his maximum 2012 bonus for achieving the Company's financial and operating objectives, identifying and mentoring future leaders, implementation of new information technology and human resources and other strategic initiatives.

Mr. Dance, Chief Financial Officer, received $435,000 or 97% of his maximum 2012 bonus for achieving the Company's financial and operating objectives, successfully accessing the unsecured debt markets including the origination of the debut $300 million public bond offering, improving managerial reporting and overseeing human resource and information system initiatives.

Mr. Eudy, Executive Vice President, Development, received $442,500 or 98% of his maximum 2012 bonus for initiation of development starts in excess of $150 million with projected capitalization rates of an appropriate premium over acquisition capitalization rates and completing active development projects on time and on budget.

Mr. Zimmerman, Executive Vice President, Acquisitions received $442,500 or 98% of his maximum 2012 bonus for his individual and business unit goal of completing property acquisitions in excess of $400 million which improved the growth rate of the portfolio.

Mr. Burkart, Executive Vice President of Asset Management received $383,500 or 98% of his maximum 2012 bonus for identifying assets for renovations to improve the long term performance including unit upgrades to achieve targeted returns and the successful disposition of seven assets in the Fund II portfolio and two assets that were not expected to achieve the desired long term returns on investment.

The 2013 Short-Term Incentive Target Award Opportunities for the named executive officers are approximately 100% of their annual base salary. The Target Award Opportunities are set at these percentages of base salary to incent the executives to achieve their individual, business unit, and the corporate performance goals.

For 2013, our executive officers are provided an opportunity to earn incentives as follows:

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2013 Short-Term Incentive Award Opportunity

Executive	Targeted Discretionary Bonus ($)	Targeted Non-Discretionary Incentive Bonus ($)	Maximum Bonus ($)
Michael Schall, CEO	250,000	250,000	750,000
Michael Dance, CFO	150,000	150,000	450,000
Craig Zimmerman, EVP	150,000	150,000	450,000
John Eudy, EVP	150,000	150,000	450,000
John Burkart, EVP	150,000	150,000	450,000

The Targeted Non-Discretionary Incentive Bonus is tied to achieving corporate performance goals. Each executive will be paid based on meeting objective corporate performance goals with a maximum opportunity of up to 200% of the targeted non-discretionary bonus if specific performance levels exceed the objective corporate performance goals at levels consistent with the Company's high end of its 2013 guidance. The targeted corporate performance goals for 2013 are based on achievement of the board approved operating plan in the following areas:

1) Same Property NOI growth of 7%, adjusted for dispositions;

2) FFO per diluted share of $7.70; and Core FFO per diluted share of $7.55; and

3) Increase FFO with external growth investments consistent with the FFO guidance provided to common stock investors; and

4) Actual results exceeding underwritten yields from 2011 and 2012 acquisitions and developments.

It should be noted that the foregoing are goals and should not in any way be considered to be a prediction, or guidance, by Essex as to its future results. The Targeted Discretionary Bonus, for each executive will be earned based on achievement of both objective and subjective factors, including the evaluation of the officer's handling of his day-to-day responsibilities, and individual performance goals and, in some cases, business unit goals. For 2013, the primary individual-based bonus criteria for the payment of the Targeted Discretionary Bonus are as follows:

- Mr. Schall's goals include achieving the Company's financial and operating objectives, including ranking in the top quartile of multifamily REITs with respect to Core FFO results, establishing a career planning process for high impact employees, restructuring the Company's economic research activities to improve the long term portfolio performance and other strategic initiatives.

- Mr. Dance's goals include achieving the Company's financial and operating objectives, including ranking in the top quartile of multifamily REITs with respect to Core FFO results, overseeing the implementation of a human resource information system and improving the Company's equity compensation programs consistent with best corporate governance practices.

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- Mr. Eudy's goals include the initiation of two new development starts with projected capitalization rates of an appropriate premium over acquisition capitalization rates and completing eight active development projects on time and on budget.

- Mr. Zimmerman's goals include allocating capital via acquisitions to the supply constrained markets with the best return potential resulting in over $400 million in acquisitions and other investments at returns that exceed the cost of capital.

- Mr. Burkart's goals include identifying assets for renovations to improve their long term performance including unit upgrades to achieve targeted returns, the disposition of assets that are not expected to achieve the desired long term returns on investment, including the remaining seven assets in the Fund II portfolio, and to earn a minimum of a $3 million promote from the liquidation of Fund II.

Long-Term Equity Incentives. The Essex long-term equity incentive program is designed to provide an opportunity for management to share in the value creation to shareholders. The Compensation Committee approves the granting of new equity based compensation awards as well as determining the performance criteria for the annual increases in the conversion ratio (equivalent to vesting) for Z-1 incentive unit awards.

Awards granted under the Essex long-term incentive program include restricted operating partnership units, referred to as "Z-1 incentive units", issued and sold to designated executive officers in 2004, 2005, 2010 and 2011. As described more fully under the caption "Series Z-1 incentive units," these incentive units are convertible into limited partnership units of the Essex operating partnership, which are exchangeable for shares of Essex common stock. The conversion ratio generally starts at zero upon issuance of the awards and may increase up to 14% each year and up to 20% in certain circumstances in the year following their initial issuance, in which Essex meets the performance criteria set forth in the plan. The Compensation Committee may revise the criteria for increases in the conversion ratio to reflect different or additional parameters, objectives or performance measures if it determines that the funds from operations per share performance measure is no longer appropriate for establishing management objectives or that the target levels are no longer feasible in light of factors or circumstances outside of Essex's control (such as general economic conditions, legal/regulatory changes, war or similar events). To change such criteria, the Compensation Committee must further determine that the revised criteria are, as a whole, comparable or more effective for analyzing the performance of the Company and incentivizing the executives and that such amended or revised criterion shall not be more difficult to achieve than the funds from operations target measure set forth in the plan. The sale of these incentive units is contractually prohibited; Z-1 Units are convertible into operating partnership common units which are exchangeable for shares of Essex common stock that may have marketability restrictions.

For 2012, the conversion ratio of outstanding units increased by 5% to 15% based on Essex reported FFO results.

In December 2012, the Compensation Committee granted to each of our named executive officers stock options at an exercise price of $143.03 per share (the fair value on the date of grant), vesting 10% on the grant date and 20% per year through 2016 with the remaining 10% vesting in 2017. The Committee determined the relative amounts of these awards based primarily on considerations of how the grant date value of each award related to the total compensation of each officer, and how the long term vesting and incentive aspects of each award would incentivize our executive team to focus on longer term corporate performance. The Committee also made an overall subjective determination that the awards reflected an appropriate part of total compensation for the officers in light of the longer term value that might be realized from the awards if applicable performance targets are met. See "Summary Compensation Table" and "Grants of Plan-Based Awards for 2012" below for further information on total compensation and grant date values.

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Nonqualified Deferred Compensation. Named executive officers are currently permitted to make elections to defer up to 100% of their base salaries and bonuses under Essex's Deferred Compensation Plan. Essex believes that providing the named executive officers and other eligible employees with nonqualified deferred compensation opportunities is a cost-effective supplemental benefit that enables named executive officers to defer income tax on deferred salary and bonus payments, even though Essex also defers the related deduction. Essex makes no matching contributions to the plan. Additional information concerning this deferred compensation plan is set forth in the Nonqualified Deferred Compensation table and related text below.

Retirement Benefit. Named executive officers are eligible to participate in the Essex tax-qualified 401(k) plan. Essex does not make any additional matching contributions to the officers' accounts. Essex does not maintain any defined benefit, pension, or supplemental or "excess" retirement plans for the named executive officers.

Severance and Other Benefits Upon Termination of Employment or Change of Control. Under the Essex Property Trust, Inc. Executive Severance Plan, which was amended and restated March 12, 2013, each of our named executive officers would be entitled to benefits defined under the plan if, within the period commencing 2 months prior to a change in control (as defined in the section titled "Potential Payments Upon Termination or Change of Control") of Essex (if the termination were in connection with a change of control) and ending 24 months after a change of control, the individual's employment is terminated by the employer for any reason other than cause (as defined in the plan), death or disability, or if the individual resigns for good reason (as defined in the plan).

The benefits in such event generally consist of:

- severance payments of two times current annual base salary and two times the individual's average annual bonus for the three calendar years preceding the change in control;
- continuation of health, dental and life insurance for up to 24 months to be paid by the Company;
- accelerated vesting of all outstanding, unvested equity-based compensation awards and Series Z-1 incentive units that are not assumed or substituted in connection with a change in control (the vesting will accelerate at the time of a change in control if such awards or units are not assumed or substituted in connection with a change in control of the Company) ; and
- outplacement services provided at the cost of the Company.

Severance payments and benefits are subject to withholding and other potential requirements of applicable income tax law. Individuals participating in the plan are not entitled to any tax "gross up" in respect of excise taxes, if any, that might arise under the "golden parachute" sections of the federal income tax law (Section 280G of the Code), and may be subject to a reduction in benefits if any such excise tax were applicable and the reduced benefit would maximize the after-tax payment to the participant.

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The Compensation Committee believes that these provisions provide a reasonable level of continued economic benefit to the named executive officer if a change of control and related termination event were to occur, are a reasonable balance to the at will nature (and lack of fixed terms) of employment for the officers, and provide a reasonable level of incentive for the covered individuals to remain with Essex prior to any proposal or contemplation of, and during any negotiations for, a change of control. The Committee also believes that the 2 years' cash severance payment, the accelerated vesting of equity awards and other reasonable severance benefits, together with the absence of a tax "gross-up" provision, is in line with or provides lesser benefits than the scope of change of control benefits offered by many companies the Committee considers to be comparable. Generally, the existence of this plan, and the potential benefits to executive officers under it, does not affect the annual determination of an executive officer's base salary, cash bonus or long-term incentive unit grants.

Life insurance and perquisites. Named executive officers receive automobile allowances or leased automobiles, automobile insurance, annual DMV renewals, health and dental insurance and payment of life insurance premiums. The Committee believes that such perquisites are comparable to, or less than, what are provided by comparable companies.

Tax and Accounting Considerations. Section 162(m) of the internal revenue code of 1986, as amended, prohibits the Company from deducting compensation in excess of $1 million for certain executive officers unless certain performance, disclosure, and stockholder approval requirements are met. Option grants under the Essex 1994 and 2004 Stock Incentive Plans are intended to qualify as "performance-based" compensation not subject to the Section 162(m) deduction limitation. The Committee's present intention is to qualify, to the extent reasonable, a substantial portion of the executive officers' compensation for deductibility under applicable tax laws. However, the Committee reserves the right to design programs that incorporate a full range of performance criteria important to the company's success, even where compensation payable under such programs may not be deductible.

Under the incentive program involving the issuance of Series Z-1 incentive units of limited partnership interests in the Essex operating partnership, vesting in the units is based on performance criteria established in the plan. The estimated fair value of a unit is determined on the grant date and considers the company's current stock price, the unpaid dividends on unvested units and the discount factor for the 8 to 15 years of illiquidity. Compensation expense for the units is calculated by taking annual vesting increases multiplied by the estimated fair value as of the grant date less each unit's $1.00 purchase price.

See Note 13 to Notes to Consolidated Financial Statements in our Form 10-K for the fiscal year ended December 31, 2012, for a discussion of the accounting for our stock based compensation plans.

Stock ownership guidelines. The company has stock ownership guidelines that require executives to acquire and hold a certain amount of company shares and all named executive officers were in compliance with such guidelines as of December 31, 2012.

Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee was formed in June 1994. No interlocking relationship existed in 2012 or presently exists between any member of the Company's Compensation Committee or Board of Directors on the one hand and another company's compensation committee or Board of Directors on the other hand. Certain transactions and relationships between the Company and certain of its officers and directors are set forth below in the section titled "Certain Relationships and Related Persons Transactions."

Presiding Independent Director; Board Leadership Structure and Role in Risk Management

The Board has designated, in accordance with New York Stock Exchange corporate governance listing standards, George M. Marcus as the presiding independent director. The Company's non-management directors meet at regularly scheduled executive sessions, without management, at which Mr. Marcus presides.

The offices of the Chairman and the Chief Executive Officer of the Company are held by different individuals. The Chairman is Mr. Marcus, who is a founder of the Company and has a significant ownership interest. The principal executive officer is Mr. Schall, who is the Chief Executive Officer and a director. The Company has maintained a leadership structure of different individuals serving as Chairman and principal executive officer since its initial public offering in 1994. Mr. Marcus has extensive knowledge of the Company and the real estate industry, and the Company believes that because of his background and experience he is able to effectively lead the Board in providing oversight and direction to the Company's management. Mr. Marcus is involved in many other business and philanthropic activities. Mr. Schall's responsibility as the Chief Executive Officer is to oversee the day to day execution of the Company's business strategy.

With respect to the Board's role in the risk oversight of the Company, the Board has promulgated internal Company policies that set forth which transactions may require the prior approval of the Board or a committee of the Board and which transactions may proceed with management authorization and without any such Board prior approval. These Board policies cover transactions in the following areas: financings, property acquisition, property development, property redevelopment, property dispositions, other investments and general corporate activities. Generally, these policies set forth a specified dollar threshold and if a transaction exceeds that threshold, the prior approval of the Board or a committee of the Board is required. By requiring the prior approval of larger transactions, which generally may involve more risk to the Company simply due to the transaction size, the Board seeks to provide risk oversight of the Company. The Board has also set forth a policy that limits the aggregate indebtedness of the Company. The Board has promulgated a corporate investment policy that establishes guidelines with respect to investment of the Company's funds; such guidelines cover the required qualifications of outside investment managers and the types and concentration limits of investment securities that are authorized for investment. The Board's Compensation Committee has determined that the pay policies and practices of the Company are not reasonably likely to have a material adverse effect on the Company. Also, related party transactions are generally reviewed by the Board or one or more committees of the Board. See "Certain Relationships and Related Persons Transactions – Policies and Procedures with Respect to Related Person Transactions."

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Summary Compensation Table

The following table summarizes compensation information for our named executive officers for our year ended December 31, 2012, which refer to as "2012", December 31, 2011, which we refer to as "2011", and December 31, 2010, which we refer to as "2010".

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)(1)	All Other Compensation ($)(2)	Total ($)
Michael J. Schall	2012	450,000	580,000	-	646,800	13,647	1,690,447
Director, President and	2011	350,000	475,000	418,200	269,800	11,260	1,524,260
Chief Executive Officer	2010	295,000	400,000	751,000	-	11,207	1,457,207
Michael T. Dance	2012	325,000	435,000	-	199,920	14,168	974,088
Executive Vice President and	2011	300,000	375,000	167,280	168,625	13,556	1,024,461
Chief Financial Officer	2010	225,000	300,000	660,880	-	11,383	1,197,263
John D. Eudy	2012	325,000	442,500	-	199,920	13,527	980,947
Executive Vice President,	2011	300,000	375,000	167,280	168,625	14,083	1,024,988
Development	2010	300,000	300,000	660,880	-	14,130	1,270,010
Craig K. Zimmerman	2012	325,000	442,500	-	199,920	13,423	980,843
Executive Vice President,	2011	300,000	375,000	167,280	168,625	13,600	1,024,505
Acquisitions	2010	300,000	400,000	660,880	-	13,547	1,374,427
John F. Burkart	2012	275,000	383,500	-	176,400	13,427	848,327
Executive Vice President,	2011	250,000	350,000	585,480	67,450	14,165	1,267,095
Asset Management	2010	224,000	275,000	450,600	-	14,097	964,697

(1) These dollar amounts reflect the aggregate grant date fair value calculated in accordance with FASB ASC Topic 718 for the awards granted for the year indicated. The 2011 stock awards are subject to performance conditions, and the grant date fair value of these awards is based on the probable outcome of the performance conditions calculated in accordance with ASC Topic 718. These dollar amounts do not represent payments actually received by the officers.

- These awards consist of (i) for 2012, stock option awards (described in the next table below) (ii) for 2011, Series Z-1 incentive unit awards (described under "Series Z-1 Incentive Units" below) and stock option awards and (iii) for 2010, Series Z-1 incentive unit awards.

- The grant date fair value of the performance-based stock awards granted in 2011 based on the maximum level of performance is as follows: $697,500 for Mr. Schall, $279,020 for Mr. Dance, $279,020, for Mr. Eudy, $279,020 for Mr. Zimmerman, and $976,570 for Mr. Burkart.

- The assumptions used to calculate the values of the 2012 awards are set forth in Note 13 of the Notes to Consolidated Financial Statements in our Form 10-K for 2012, 2011 and 2010.

(2) For 2012, these amounts include the named executive officers' respective perquisites limited to Company provided leased automobiles or automobile allowances, and payments of life insurance premiums of $368, for Mr. Schall, Mr. Dance, Mr. Eudy, Mr. Zimmerman, and Mr. Burkart, respectively.

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Grants of Plan-Based Awards for 2012

The following table shows all plan-based awards which Essex granted to the named executive officers during 2012. The equity awards are also reported in the Outstanding Equity Awards table on page 38.

Name	Grant Date	Estimated Future Payouts Under Equity Incentive Plan Awards Maximum (#)	All Other Option Awards: Number of Securities Underlying Options (#)(1)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Options Awards ($)
Schall	12/11/2012	-	55,000	143.03	646,800
Dance	12/11/2012	-	17,000	143.03	199,920
Eudy	12/11/2012	-	17,000	143.03	199,920
Zimmerman	12/11/2012	-	17,000	143.03	199,920
Burkart	12/11/2012	-	15,000	143.03	176,400

(1) 10% of these options vested on December 11, 2012, the date of grant, and will vest 20% each year through 2016 with the remaining 10% vesting in 2017.

Series Z-1 Incentive Units

The Company has adopted an incentive program involving the issuance of Series Z-1 incentive units (“Z-1 Units”) of limited partnership interests in the operating partnership. This program is intended to further the Company’s objective of long-term growth in funds from operations per share by providing long-term incentives to those key employees of the Company who will be largely responsible for the achievement of such long-term growth. The Series Z-1 incentive units are a means to link compensation to targeted levels of growth in funds from operations per share.

The issuance of Z-1 Units is administered by the Company’s Compensation Committee. Participants in the program are senior management and key employees of the Company. The Compensation Committee has the authority to select participants and determine the awards to be made to each.

Up to 400,000 Z-1 Units are authorized to be issued under the Z-1 Incentive Unit Program. In June 2004, the operating partnership issued 95,953 Z-1 Units to fourteen executives of the Company in exchange for a capital commitment of $1.00 per Unit. On January 1, 2013, the 2004 Z-1 Units became 100 percent vested and were converted into common units of the operating partnership.

In 2005, the operating partnership issued 116,999 Z-1 Units to sixteen executives of the Company for cash or a capital commitment of $1.00 per unit. In 2010, the operating partnership issued 108,000 Z-1 Units to twenty executives of the Company in return for cash of $1.00 per unit from seven executive officers of the Company, and a capital commitment from the remaining thirteen executives of $1.00 per unit. In 2011, the Operating Partnership issued 46,500 Z-1 Units to fourteen executives of the Company in return for cash from eight executive officers of the Company, and a capital commitment from the remaining six executives of $1.00 per unit.

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The Z-1 Units' conversion ratio increases over time. On each January 1 following the issuance, the conversion ratio increases by up to 14%, if (i) the participating executive is still employed by the Company and (ii) the Company has met a specified "Funds from Operations" per share target, or such other target as the Compensation Committee deems appropriate for the previous year. The maximum conversion ratio is 100%.

The Z-1 Units automatically convert into common units of the operating partnership if either (i) the conversion ratio reaches the maximum level of 100%, (ii) none of the participating executives remain employed by the Company, (iii) the Company dissolves or is liquidated, or (iv) generally fifteen years after the date of issue of the specific unit. In certain change of control situations, the participating executives will also be given the option to convert their units at the then-effective conversion ratio. The Compensation Committee may provide for increasing the conversion ratio of Z-1 Units to 100% at the time of a change in control of the Company (i) if such Z-1 Units are not assumed or substituted in connection with such change in control or (ii) in the event the Z-1 Units are assumed and substituted and a holder of Z-1 Units or substituted units experiences an involuntary termination within a specified period.

The operating partnership has the option to redeem Z-1 Units held by any executive whose employment has been terminated for any reason and is obliged to redeem any such units upon the death of any holder. In such event, the operating partnership has the option of redeeming the units for common units of the operating partnership or shares of the Company's common stock based on the then-effective conversion ratio.

Holders of Z-1 Units are also allowed to elect an early conversion once a year and such conversion is based on the conversion ratio as of January 1 of the year of election. Holder may elect to convert up to that number of common units into which their total holdings of incentive units is convertible. Based on the number of common units a holder elects to receive, the conversion ratio of the equivalent number of incentive units is increased to 100% and those incentive units are then converted into common units on a one-for-one basis. The conversion ratio for the remaining units is then adjusted accordingly so that there is no overall change in the number of common units issued or issuable upon conversion of all incentive units held by a holder, as based on the current conversion ratio. Common units, issued upon conversion of incentive units, are in turn exchangeable on a one-for-one basis into shares of the Company's common stock. Such shares are subject to limitations as to when they can be sold or otherwise transferred.

The Z-1 Units are entitled to participate in regular quarterly distributions paid out by the operating partnership. These units receive a percentage, generally based on the current conversion ratio of the units, of such quarterly distributions.

Executive Severance Plan

We discuss our executive severance plan and related quantitative disclosure based on assumed triggering events below under the heading "Potential Payments Upon Termination or Change Of Control" below.

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Outstanding Equity Awards at December 31, 2012

The following table shows all outstanding equity awards held by the named executive officers at the end of 2012:

	Option Awards				Stock Awards	
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Option Exercise Price ($)	Option Expiration Date	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested (#) (1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested ($)(2)
Schall	5,500	49,500	143.03	12/11/2019	12,524	1,824,121
	6,000	14,000	132.03	12/6/2021	----	-
Dance	1,700	15,300	143.03	12/11/2019	7,955	1,158,646
	3,750	8,750	132.03	12/6/2021	-	-
Eudy	1,700	15,300	143.03	12/11/2019	9,210	1,341,437
	3,750	8,750	132.03	12/6/2021	-	-
Zimmerman	1,700	15,300	143.03	12/11/2019	9,210	1,341,437
	3,750	8,750	132.03	12/6/2021	-	-
Burkart	1,500	13,500	143.03	12/11/2019	10,884	1,585,255
	1,500	3,500	132.03	12/6/2021	-	-

(1) Unvested units issued pursuant to the Z-1 Unit programs described above.

(2) The value is based on the closing price of Essex common stock on the NYSE on December 31, 2012, of $146.65, multiplied by the number of units indicated in the adjacent column, less the $1.00 capital contribution required for each unit.

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Option Exercises and Stock Vested for 2012

The following table shows for 2012 the number of shares acquired upon vesting of stock awards and value realized upon vesting.

	Option Awards		Stock Awards	
Name	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting ($)(2)
Schall	-	-	3,921	571,094
Dance	-	-	4,070	592,796
Eudy	-	-	3,065	446,417
Zimmerman	-	-	3,065	446,417
Burkart	-	-	3,042	443,067

(1) Stock awards consist of Z-1 Units, the amount reflect the increase in conversion ratio as of January 1, 2013.

(2) The value is based on the closing price of Essex common stock on the NYSE on December 31, 2012 of $146.65 multiplied by the number of units acquired on vesting, less the $1.00 per unit capital contribution.

Nonqualified Deferred Compensation

The named executive officers are currently eligible to participate in the Essex Portfolio, L.P. 2005 Deferred Compensation Plan, which is referred to in this proxy statement as the “2005 deferred compensation plan.” The 2005 deferred compensation plan, which was adopted on December 2, 2008 and replaced an older plan, to comply with Section 409A of the Internal Revenue Code. Under the deferred compensation plan, eligible employees, which include the named executive officers, may elect in accordance with plan procedures to defer up to 100% of their base salary and up to 100% of their cash bonus (and other cash compensation) in any year, in each case, after taking into effect reductions due to income and payroll tax withholding and contributions to benefits plans. Essex does not currently make company matching contributions, although the plan allows the company to make a discretionary contribution. Deferral elections under the 2005 deferred compensation plan must generally be made by December 15th of the calendar year proceeding the calendar year in which the compensation that is to be deferred is scheduled to be earned.

Distributions of the deferred accounts under the 2005 deferred compensation plan are made on the earliest of (1) the participant’s “separation from service,” as defined in the plan, (2) a “change in control,” as defined in the plan or (3) a date specified by the participant at the time the deferral election was made. The distributions are payable in a lump sum, except that a participant may elect a payout of amounts exceeding $150,000 as of the distribution date over a period of 5, 10 or 15 annual installments. Distributions under the 2005 deferred compensation plan payable to a “key employee” (as defined in the plan) in connection with a separation from service will be delayed for six months (to the extent required to comply with Section 409A of the Internal Revenue Code).

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Under the plans, the earnings in an officer's account are based on investment earnings (or losses) equal to the actual net investment earning or losses experienced by the investment selected by the participant. Accordingly, any earnings are based solely upon the investment allocations directed by the officer. Essex does not make these investment decisions or guarantee any particular rate of return or other benefit under the plan. Under the investment policies of the plans, and subject to administrative approval, investments may be directed by the officer in any securities generally available and traded on US public markets. However, the plan prohibits investments such as derivative securities, securities issued by Essex, tax-exempt securities, foreign securities not listed on the NYSE, securities determined by the administrator to be illiquid, securities purchased on margin, and a number of other categories intended to limit the permitted investments to securities regularly and publicly traded in the US market. The plans do not impose specific limitations on the frequency of investment selections or changes in investments.

Although each participant's account is wholly unfunded, the investments selected by the officer are purchased by Essex in and for its own account, which account is maintained by Essex with a brokerage firm, and the return on the deferral account is derived solely from these purchased investments directed by the officer. The plan administrator will not monitor a participant's investment instructions, but it may require the participant to liquidate an investment that is determined to be inconsistent with the plan's investment policy, other plan provisions, or the company's brokerage account agreement. The following tables provide information concerning compensation deferred under the prior deferred compensation plan and the 2005 deferred compensation plan by the named executive officers as of the end of 2011.

Name	Executive Contributions in 2012 ($)	Registrant Contributions in 2012 ($)	Aggregate Earnings/(Losses) in 2012 ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance as of December 31, 2012 ($)
Schall	-	-	205,303	-	2,481,189
Dance	-	-	-	-	-
Eudy	-	-	27,358	-	319,591
Zimmerman	-	-	-	-	-
Burkart	-	-	-	-	-

Potential Payments upon Termination or Change of Control

The Company maintains an executive severance plan, which was amended and restated effective March 12, 2013, that covers the officers and members of senior management of the Company who are selected by the Board and employees who were participating in the plan as of March 12, 2013, which includes, among others, Messrs. Schall, Dance, Eudy, Zimmerman and Burkart. Under this plan, if, in connection with a change of control of the Company (as defined below), the equity awards and Z-1 Units held by the officers are not assumed by the successor corporation, all equity awards and Z-1 Units held by the officers will become fully vested and exercisable.

In addition, the plan provides that if within the period commencing 2 months prior to a change of control of Essex and ending 24 months thereafter, Essex terminates without "cause" any officer covered by the plan or the officer terminates his or her employment for "good reason," (as these terms are defined in the plan), Essex will pay the officer an amount equal to twice such officer's current annual base salary, twice such officer's three-year average annual bonus, pay for up to 24 months' of health, dental and life insurance premium benefits and outplacement services, and the equity awards and Z-1 Units held by the officer will fully vest and become exercisable. The severance amounts are payable in one lump sum within 31 days following the termination date, except that payments to officer who are "specified employees" at the time of payment will be subject to a 6-month delay. "Good reason" includes a number of circumstances including a substantial adverse change in the officer's authority, duty or power, a reduction in annual base salary, annual bonus opportunity or certain employee benefits, certain relocations, failure to pay amounts owed to the officer, or a material breach by the Company under the plan. Severance payments and benefits are subject to withholding and other potential requirements of applicable income tax law. Individuals participating in the plan are not entitled to any tax "gross up" in respect of excise taxes, if any, that might arise under the "golden parachute" sections of the federal income tax law (Section 280G of the Code), and may be subject to a reduction in benefits if any such excise tax were applicable and the reduced benefit would maximize the after-tax payment to the participant.

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A “change of control” under the executive severance plan is generally defined as: (a) the acquisition by any person or entity, together with all of their respective affiliates or associates, of securities representing 30 percent or more of the combined voting power of Essex’s then outstanding securities having the right to vote, (b) the persons who, as of March 12, 2013, constituted Essex Board of Directors (or the incumbent directors) cease to constitute a majority of such directors, provided that a person becoming a director subsequent to March 12, 2013 shall be considered an incumbent director if the person’s election was approved by a vote of a majority of the incumbent directors, or (c) the consummation of any consolidation or merger of Essex where the stockholders of Essex, immediately prior to the consolidation or merger, would not, immediately after the consolidation or merger, beneficially own shares representing in the aggregate 50 percent or more of the voting shares of the corporation issuing cash or securities in the consolidation or merger.

In certain change of control situations, executives holding Z-1 Units will have the option to convert such units at the then-effective conversion ratio into operating partnership common units. However, a change of control is alone not a triggering event for any increase in the conversion rate or any other form of accelerated vesting, unless the Z-1 Units are not assumed or substituted in connection with such change of control. The footnotes to the table “Security Ownership of Certain Beneficial Owners” set forth the number of Essex common shares that named executive officers are entitled to upon conversion of vested, non-forfeitable incentive units as of February 28, 2013, or that will become vested and non-forfeitable within 60 days of such date. The last column of the “Outstanding Equity Awards at December 31, 2012” table states the market value of unvested incentive units as of December 31, 2012, which may become vested in the future if the criteria are met.

The table below illustrates hypothetical payments under the executive severance plan as if a change of control had occurred on December 31, 2012 and a defined termination had occurred within the period commencing 2 months prior to such date and ending 24 months after such date:

Name	Payment for 2X Annual Salary/Bonus ($)	24 months of benefits ($)	Assumed Realized Value of Accelerated Equity Awards and Z-1 Incentive Units ($)	Total (1) ($)
Schall	1,630,000	22,000	2,220,515	3,872,515
Dance	1,216,667	22,000	1,349,912	2,588,579
Eudy	1,266,667	22,000	1,533,958	2,822,625
Zimmerman	1,266,667	22,000	1,533,958	2,822,625
Burkart	1,049,333	22,000	1,696,179	2,767,512

(1) The total does not include: (i) available balances under the nonqualified deferred compensation plan table preceding this table, (ii) any amounts due for accrued but unpaid wages under applicable law or under generally available benefit plans such as our 401(k) plan, at the time of any employment termination, or (iii) the proceeds of insurance policies paid by insurance companies in the event of death or disability.

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CERTAIN RELATIONSHIPS AND RELATED PERSONS TRANSACTIONS

Investment Opportunities

From time to time, accredited members of the Company's senior management (excluding the Chief Executive Officer and Chief Financial Officer) may be given an opportunity to co-invest with unaffiliated joint venture partners in investment transactions managed by the Company's subsidiaries on the same terms as the unaffiliated investors. The Board of Directors must approve all potential investments opportunities that would include investments made by the Company's management.

Policies and Procedures with Respect to Related Person Transactions

The Company has adopted written related party transaction guidelines that are intended to cover transactions in which the Company (including entities it controls) is a party and in which any "related person" has a direct or indirect interest. A "related person" means any Essex director, director nominee, or executive officer, any beneficial owner of more than 5% of Essex outstanding common stock, and any immediate family member of any of the foregoing persons. A related person may be considered to have an indirect interest in a transaction if he or she (i) is an owner, director, officer or employee of or otherwise associated with another company that is engaging in a transaction with Essex, or (ii) otherwise, through one or more entities or arrangements, has an indirect financial interest in or personal benefit from the transaction.

The related person transaction review and approval process is intended to determine, among any other relevant issues, the dollar amount involved in the transaction; the nature and value of any related person's direct or indirect interest (if any) in the transaction; and whether or not (i) a related person's interest is material, (ii) the transaction is fair, reasonable, and serves the best interest of Essex and its shareholders, and (iii) whether the transaction or relationship should be entered into, continued or ended.

Generally:

- the Audit Committee of the Essex Board of Directors (the "Board") will review single related person transactions up to $75 million and determine whether or not to approve the transaction, prior to the Company committing to the transaction.
- the Audit Committee and the Board's Nominating and Corporate Governance Committee will jointly review a single related person transaction in excess of $75 million or related person transactions that in the aggregate exceed $100 million in any calendar year, and such transaction shall be approved by each Committee, prior to the Company committing to the transaction.

These transactions may also be ratified by such Committee or Committees no later than their next regularly scheduled meetings.

The guidelines also list types of related person transactions that are governed by specific approval procedures:

- Routine Transactions up to $1,000,000 that might involve a related person: generally transactions with a related person for ordinary course goods or services with established pricing practices, such as broker commissions for listing or buying properties, do not require prior committee approval but are to be reported to the Audit Committee for ratification.
-

Property Transactions: the acquisition or disposition of properties that may involve a related person are governed by the general approval procedure set forth above for transactions at the $75 million and $100 million thresholds (with associated Audit Committee, or Audit Committee and Nominating and Corporate Governance Committee approval, or ratification), except that the guidelines list specified information relating to acquisitions or dispositions to be provided to the reviewing committee(s), including a description of the related person's direct or indirect interest in the transaction, the underwriting process, risk and mitigation information, the property marketing process, and analysis of comparable transactions, valuation or other relevant metrics. For two years after an acquisition involving a related person, the Audit Committee will receive reports concerning actual versus underwritten performance.

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- Preferred Equity/Subordinate Debt Transactions: these types of transactions with a related person, regardless of the amount involved, must be approved or ratified by both the Audit Committee and Nominating and Corporate Governance Committee. The committees must be provided information concerning the proposed transaction that is comparable to that set forth above for property transactions, and reports must be made to the Audit Committee quarterly as to the status of the transaction and promptly as to any default or similar event. Unless otherwise approved by the Board of Directors, the amount outstanding under, or invested pursuant to, all preferred equity/subordinate debt transactions involving the same related person may not exceed $50 million.

The guidelines also state that the Board is to be annually provided a report of the related person transactions that have been entered into since the date of the last such report to the Board.

Agreements between Mr. Marcus and the Company

George Marcus, the Company's Chairman, is also involved in other real estate businesses. Mr. Marcus has entered into a written agreement with the Company pursuant to which Mr. Marcus has agreed (1) that he will not divert any multifamily property acquisition and/or development opportunities, which involve properties in the Company's geographic areas and with more than one hundred rental units, that are presented to him in his capacity as Chairman of the Company to any of his affiliated companies, (2) that he will not divulge any confidential or proprietary information regarding property acquisition and/or development opportunities that may be received by him in his capacity as Chairman of the Company to any of his affiliated companies and (3) that he will absent himself from any and all discussions by the Company's Board of Directors regarding any proposed acquisition and/or development of a multifamily property where it appears that there may be an actual conflict of interest with any of his affiliated companies. This agreement was approved by the independent directors (other than Mr. Marcus) of the Company.

Other Transactions

Essex Property Trust, Inc.'s Chairman and founder, Mr. George Marcus, is the Chairman of The Marcus & Millichap Company ("TMMC"), which is a holding company for certain real estate brokerage services and other subsidiary companies.

Essex Apartment Value Fund II, L.P. ("Fund II") paid a brokerage commission totaling $0.4 million to an affiliate of TMMC related to the sale of a property in 2012 and Fund II did not pay any such brokerage commissions during 2011 or 2010, and no brokerage commissions were paid by the Company to TMMC or its affiliates during 2012, 2011, and 2010.

During January 2013, the Company invested $8.6 million as a preferred equity interest investment in an entity affiliated with TMMC that owns an apartment development in Redwood City, California. The investment has a preferred return of 9.5% and matures in January 2016. Independent members of the Company's Board of Directors that serve on the Nominating and Corporate Governance and Audit Committees approved the investment in this entity.

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During the third quarter of 2012, the Company invested $14.0 million as a preferred equity interest investment in an entity affiliated with TMMC that owns an apartment community in Cupertino, California. The investment has a preferred return of 9.5% and matures in May 2016. The Company will invest an additional $4.0 million in preferred equity to fund renovation costs. Independent directors (other than Mr. Marcus) on the Company's Board of Directors approved the investment in this entity.

Also, during the third quarter of 2012, the Company acquired Montebello, a 248 unit apartment community in Kirkland, Washington for $52.0 million from an entity affiliated with TMMC, and Wesco I, LLC acquired Riley Square (formerly Waterstone Santa Clara), a 156 unit apartment community in Santa Clara, California for $38.3 million from an entity affiliated with TMMC. Independent directors (other than Mr. Marcus) on the Company's Board of Directors approved the acquisitions of Montebello and Riley Square.

During the third quarter of 2010, the Company invested $12.0 million as a preferred equity interest investment in a related party entity that owns a 768 unit apartment community in Anaheim, California. The entity that owns the property is an affiliate of TMMC. The Company's independent directors (other than Mr. Marcus) approved the investment in this entity. The preferred return for this investment during the first five years is 13% per annum, and the preferred return increases to 15% thereafter.

During the second quarter of 2010, the independent directors (other than Mr. Marcus) approved the partial redemption for cash by the Operating Partnership of limited Operating Partnership units that were held by Mr. Marcus, at $106.76 per unit representing a 2% discount from the closing price of the Company's common stock on May 17, 2010. The Operating Partnership purchased 187,334 units from Mr. Marcus. Under the Operating Partnership's partnership agreement, limited partnership units are exchangeable on a one-for-one basis into shares of the Company's common stock.

During the first quarter of 2010, an Executive Vice President of the Company invested $4.0 million for a 3% limited partnership interest in a partnership with the Company that owns Essex Skyline at MacArthur Place. The Executive Vice President's investment is equal to a pro-rata share of the contributions to the limited partnership. The Executive Vice President's investment also receives pro-rata distributions resulting from distributable cash generated by the property if and when distributions are made. The Executive Vice President does not participate in fees paid to the Company by the property.

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Director Independence

Under independence standards established by the Board, a director does not qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company, either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company. The Board considers such facts and circumstances as it deems relevant to the determination of director independence. To assist in making its determination regarding independence, the Board considers, at a minimum, the following categorical standards:

- A director is not independent if the director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company.

- A director is not independent if the director has received, or has an immediate family member that is an executive officer of the Company and who has received, during any twelve-month period with the last three years, more than $120,000 in direct compensation from the Company (other than director and committee fees and compensation or other forms of deferred compensation for prior service, which compensation is not contingent upon continued service). Consistent with the commentary of the applicable NYSE listing standards, compensation received by a director for former service as an interim Chairman or CEO or other executive officer need not be considered in determining independence under this test, and compensation received by an immediate family member for service as an employee of the listed company (other than an executive officer) need not be considered in determining independence under this test.

- A director is not independent if (i) the director or an immediate family member is a current partner of a firm that is the Company’s internal or external auditor; (ii) the director is a current employee of such a firm, (iii) the director has an immediate family member who is a current employee of such a firm and who participates in the firm’s audit, assurance or tax compliance (but not tax planning) practice; or (iv) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company’s audit within that time.

- A director is not independent if the director or an immediate family member is, or has been within the last three years, employed as an executive officer of any other company where any of the Company’s present executive officers concurrently serves or served on that company’s compensation committee.

- A director is not independent if the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1 million, or 2% of such other company’s consolidated gross revenues.

- A director is not independent if the director serves an executive officer of any tax exempt organization to which the Company has made, within the last three years, contributions in any single fiscal year that exceeded the greater of $1 million or 2% of such tax exempt organization’s consolidated gross revenues.

The Board has determined that the following directors and nominees for director have no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company), and each is independent within the meaning of independence as set forth in the rules of the New York Stock Exchange: David W. Brady, George M. Marcus, Gary P. Martin, Issie N. Rabinovitch, Thomas E. Randlett, Byron A. Scordelis, Janice L. Sears, Jr. and Claude J. Zinngrabe, Jr. The Company expects that following the election at the Annual Meeting, our Board of Directors will consist of ten directors, eight of whom are independent.

In determining the independence of Mr. Marcus, the Board considered the matters that refer to Mr. Marcus set forth under "Certain Relationships and Related Persons Transactions" below. In determining the independence of Mr. Rabinovitch, the Board considered that his son-in-law is employed by Essex as one of the vice presidents of land acquisitions and development and is not an executive officer. In determining the independence of Mr. Martin, the Board considered that his adult son is employed by Essex at an entry level position and is not an executive officer. The Board also considered the ownership of Essex equity securities by the directors and determined, in accordance with principles of the NYSE listing standards, that such ownership is not inconsistent with a determination of independence.

DESCRIPTION OF INDEBTEDNESS

As of December 31, 2012, we have approximately $1.57 billion of mortgage notes payable. Of this amount, $1.36 billion consists of fixed rate debt with effective interest rates varying from 4.3% to 6.4%. Maturity dates on this fixed rate debt range from 2013 to 2021 with 12.3% maturing in 2013 through 2016, and 87.7% maturing after 2016. The remainder of the mortgage notes payable balance of $201.9 million, as of December 31, 2012, is tax exempt variable rate debt with a weighted average interest rate of 1.9%, of which $187.8 million of this debt is subject to interest protection agreements.

The remaining debt reported on the consolidated balance sheet as of December 31, 2012 includes:

- $141 million outstanding on the existing $500 million unsecured revolving credit facility. The line has an accordion option to $600 million. The line matures in December 2015 with two one-year extensions, exercisable at our option. The underlying interest rate on the line is based on a tiered rate structure tied to our corporate credit ratings and is currently at LIBOR plus 1.075%. There is no outstanding balance on the existing $25 million unsecured working capital line of credit under similar terms;

- $297 million outstanding on the senior unsecured notes due August 2022 with a coupon rate of 3.625% per annum and are payable on February 15th and August 15th of each year, beginning February 15, 2013 (the “2022 Notes”). The 2022 Notes were offered to investors at a price of 98.99% of par value. The 2022 Notes are general unsecured senior obligations of the Operating Partnership, rank equally in right of payment with all other senior unsecured indebtedness of the Operating Partnership and are fully and unconditionally guaranteed by Essex Property Trust, Inc. This prospectus relates to an offer by the Operating Partnership to exchange the 2022 Notes for the exchange notes.

- $350 million outstanding on a 5 year unsecured term loan with capacity of $350 million, and the tiered pricing structure is LIBOR plus 120 basis points. We have entered into rate swap contracts for a term of five years with a notional amount of $300 million effectively converting the outstanding bank term loan to a fixed rate;

- $150 million 4.36% senior unsecured private placement notes which mature March 31, 2016;

- $40 million 4.50% senior unsecured private placement notes which mature September 30, 2017;

- $75 million 4.92% senior unsecured private placement notes which mature December 30, 2019;

- $100 million 4.27% senior unsecured private placement notes which mature April 30, 2021;

- $50 million 4.30% senior unsecured private placement notes which mature June 29, 2021; and

- $50 million 4.37% senior unsecured private placement notes which mature August 30, 2021.

Both the fixed and variable rate secured mortgages are non-recourse (with certain limited exceptions in the event of fraud, etc.) and have no claims to unencumbered or other corporate assets.

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DESCRIPTION OF EXCHANGE NOTES

The following description summarizes certain terms and provisions of the exchange notes (also referred to as the “notes”) and the indenture, does not purport to be complete and is subject to, and qualified in its entirety by reference to, the actual terms and provisions of the notes and the indenture, which are incorporated herein by reference. Capitalized terms used but not otherwise defined herein shall have the meanings given to them in the notes, the indenture or the registration rights agreement, as applicable. As used in this section, the terms "we ", "us ", "our" or "Essex Portfolio, L.P." refer to Essex Portfolio, L.P. and not to any of its subsidiaries, unless stated otherwise and the term "Guarantor" refers to Essex Property Trust, Inc. Unless the context requires otherwise, the term "interest" includes additional interest, as described below and references to dollars mean U.S. dollars.

General

We issued the private notes and will issue the exchange notes pursuant to an indenture, dated as of August 15, 2012, among Essex Portfolio, L.P., Essex Property Trust, Inc., as guarantor, and U.S. Bank National Association, as trustee. You may request copies of the indenture and the form of the notes from us.

The notes will be issued only in fully registered, book-entry form, in denominations of $2,000 and integral multiples of $1,000 in excess thereof, except under the limited circumstances described below under "- Book-Entry System". The registered holder of a note will be treated as its owner for all purposes.

If any interest payment date, stated maturity date or redemption date is not a business day, the payment otherwise required to be made on such date will be made on the next business day without any additional payment as a result of such delay. The term "business day" means, with respect to any note, any day, other than a Saturday, Sunday or any other day on which banking institutions in New York, New York are authorized or obligated by law or executive order to close. All payments will be made in U.S. dollars.

The notes will be fully and unconditionally guaranteed by Essex Property Trust, Inc. on a senior unsecured basis. See "- Guarantee" below.

The terms of the notes provide that we are permitted to reduce interest payments and payments upon a redemption of notes otherwise payable to a holder for any amounts we are required to withhold by law. For example, non-United States holders of the notes may, under some circumstances, be subject to U.S. federal withholding tax with respect to payments of interest on the notes. We will set-off any such withholding tax that we are required to pay against payments of interest payable on the notes and payments upon a redemption of notes.

Ranking

The notes will be our senior unsecured obligations and will rank equally with each other and with all of our other senior unsecured indebtedness. However, the notes will be effectively subordinated to our existing and future mortgages and other secured indebtedness (to the extent of the value of the collateral securing such indebtedness) and to all existing and future preferred equity and liabilities, whether secured or unsecured, of our subsidiaries, including guarantees provided by our subsidiaries under our credit facilities. As of December 31, 2012, we had outstanding $1.57 billion of secured indebtedness and $1.11 billion of senior unsecured indebtedness (exclusive of trade payables, distributions payable, accrued expenses and committed letters of credit). Of the $1.57 billion of secured indebtedness we had outstanding as of December 31, 2012, all of that indebtedness was attributable to indebtedness of our subsidiaries, excluding trade payables and accrued expenses.

Except as described under "- Covenants" and "- Merger, Consolidation or Sale", the indenture governing the notes does not prohibit us or any of our subsidiaries from incurring additional indebtedness or issuing preferred equity in the future, nor does the indenture afford holders of the notes protection in the event of (1) a recapitalization transaction or other highly leveraged or similar transaction, (2) a change of control of us or (3) a merger, consolidation, reorganization, restructuring or transfer or lease of substantially all of our assets or similar transaction that may adversely affect the holders of the notes. We may, in the future, enter into certain transactions such as the sale of all or substantially all of our assets or a merger or consolidation that may increase the amount of our indebtedness or substantially change our assets, which may have an adverse effect on our ability to service our indebtedness, including the notes. See “Risk Factors - Risks Related to the Offering - The effective subordination of the notes may limit our ability to satisfy our obligations under the notes".

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Additional Notes

The notes will initially be limited to an aggregate principal amount of $300,000,000. We may, without the consent of holders of the notes, increase the principal amount of the notes by issuing additional notes in the future on the same terms and conditions, except for any difference in the issue price and interest accrued prior to the issue date of the additional notes, and with the same CUSIP number as the notes offered hereby so long as such additional notes are fungible for U.S. federal income tax purposes with the notes offered hereby. The notes offered by this prospectus and any additional notes would rank equally and ratably in right of payment and would be treated as a single series of debt securities for all purposes under the indenture.

Interest

Interest on the notes will accrue at the rate of 3.625% per year from and including August 15, 2012 or the most recent interest payment date to which interest has been paid or provided for, and will be payable semi-annually in arrears on February 15 and August 15 of each year, beginning February 15, 2013. The interest so payable will be paid to each holder in whose name a note is registered at the close of business on the February 1 or August 1 (whether or not a business day) immediately preceding the applicable interest payment date. Interest on the notes will be computed on the basis of a 360- day year consisting of twelve 30-day months. In addition, we may be required to pay additional interest on the notes as provided under "- Exchange Offer; Registration Rights".

If we redeem the notes for cash in accordance with the terms of such note, we will pay accrued and unpaid interest and premium, if any, to the holder that surrenders such note for redemption. However, if a redemption falls after a record date and on or prior to the corresponding interest payment date, we will pay the full amount of accrued and unpaid interest and premium, if any, due on such interest payment date to the holder of record at the close of business on the corresponding record date.

Maturity

The notes will mature on August 15, 2022 and will be paid against presentation and surrender thereof at the corporate trust office of the trustee unless earlier redeemed by us at our option as described under "- Our Redemption Rights" below. The notes will not be entitled to the benefits of, or be subject to, any sinking fund.

Our Redemption Rights

We may redeem the notes at our option and in our sole discretion, for cash, at any time in whole or from time to time in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the notes being redeemed; or
- as determined by the Quotation Agent (as defined below), the sum of the present values of the remaining scheduled payments of principal and interest thereon (not including any portion of such payments of interest accrued as of the redemption date) discounted to the redemption date on a semi-annual basis (assuming a 360- day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined below) plus 35 basis points,

plus, in each case, accrued and unpaid interest thereon to, but excluding, the redemption date.

Notwithstanding the foregoing, if we redeem the notes on or after 90 days prior to the maturity date, the redemption price will be equal to 100% of the principal amount of the notes being redeemed.

As used herein:

"Adjusted Treasury Rate" means, with respect to any redemption date, the rate per year equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"Comparable Treasury Issue" means the United States Treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of such notes.

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"Comparable Treasury Price" means, with respect to any redemption date, (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations, or (2) if the trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such Quotations.

"Quotation Agent" means the Reference Treasury Dealer appointed by us.

"Reference Treasury Dealer" means each of (1) J.P. Morgan Securities LLC and its successors, (2) Citigroup Global Markets Inc. and its successors, (3) a Primary Treasury Dealer (as defined below) selected by Wells Fargo Securities, LLC and (4) anyone other Primary Treasury Dealer selected by us; provided, however, that if any of the Reference Treasury Dealers ceases to be a primary U.S. Government securities dealer ("Primary Treasury Dealer"), we will substitute therefor another Primary Treasury Dealer.

"Reference Treasury Dealer Quotations" means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by us, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing to the trustee by such Reference Treasury Dealer at 5:00 p.m., New York City time, on the third business day preceding such redemption date.

Notice of any redemption will be mailed at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or portions thereof called for redemption.

If we decide to redeem the notes in part, the trustee will select the notes to be redeemed (in principal amounts of $2,000 and integral multiples of $1,000 in excess thereof) on a pro rata basis or such other method it deems fair and appropriate or is required by the depository for the notes.

In the event of any redemption of notes in part, we will not be required to:

- issue or register the transfer or exchange of any note during a period beginning at the opening of business 15 days before any selection of notes for redemption and ending at the close of business on the earliest date on which the relevant notice of redemption is deemed to have been given to all holders of the notes to be so redeemed; or

- register the transfer or exchange of any note so selected for redemption, in whole or in part, except the unredeemed portion of any note being redeemed in part.

If the paying agent holds funds sufficient to pay the redemption price of the notes on the redemption date, then on and after such date:

- such notes will cease to be outstanding;
- interest on such notes will cease to accrue; and
- all rights of holders of such notes will terminate except the right to receive the redemption price.

Such will be the case whether or not book-entry transfer of the notes in book-entry form is made and whether or not notes in certificated form, together with the necessary endorsements, are delivered to the paying agent.

We will not redeem the notes on any date if the principal amount of the notes has been accelerated, and such an acceleration has not been rescinded or cured on or prior to such date.

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Covenants

Limitations on Incurrence of Debt

Limitation on Total Outstanding Debt. The notes will provide that we will not, and will not cause or permit any of our subsidiaries to, incur any Debt (including, without limitation, Acquired Debt) if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds therefrom on a pro forma basis, the aggregate principal amount of all outstanding Debt of us and our subsidiaries (determined on a consolidated basis in accordance with generally accepted accounting principles) is greater than 65% of the sum of (without duplication) (i) Total Assets as of the last day of the then most recently ended fiscal quarter and (ii) the aggregate purchase price of any real estate assets or mortgages receivable acquired, and the aggregate amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any of our subsidiaries since the end of such fiscal quarter, including the proceeds obtained from the incurrence of such additional Debt, determined on a consolidated basis in accordance with U.S. generally accepted accounting principles.

Secured Debt. In addition to the foregoing limitation on the incurrence of Debt, the notes will provide that we will not, and will not cause or permit any of our subsidiaries to, incur any Debt (including, without limitation, Acquired Debt) secured by any Encumbrance on any property or assets of us or any of our subsidiaries, whether owned on the date of the indenture or thereafter acquired, if, immediately after giving effect to the incurrence of such Debt and the application of the proceeds therefrom on a pro forma basis, the aggregate principal amount (determined on a consolidated basis in accordance with U.S. generally accepted accounting principles) of all outstanding Debt of us and our subsidiaries which is secured by any Encumbrance on any property or assets of us or any of our subsidiaries is greater than 40% of the sum of (without duplication) (i) Total Assets as of the last day of the then most recently ended fiscal quarter and (ii) the aggregate purchase price of any real estate assets or mortgages receivable acquired, and the aggregate amount of any securities offering proceeds received (to the extent such proceeds were not used to acquire real estate assets or mortgages receivable or used to reduce Debt), by us or any of our subsidiaries since the end of such fiscal quarter, including the proceeds obtained from the incurrence of such additional Debt, determined on a consolidated basis in accordance with U.S. generally accepted accounting principles.

Ratio of Consolidated Income Available for Debt Service to the Annual Debt Service Charge. Furthermore, the notes will also provide that we will not, and will not cause or permit any of our subsidiaries to, incur any Debt (including, without limitation, Acquired Debt) if the ratio of Consolidated Income Available for Debt Service to the Annual Debt Service Charge for the period consisting of the four consecutive fiscal quarters most recently ended prior to the date on which such additional Debt is to be incurred shall have been less than 1.5: 1.0 on a pro forma basis after giving effect to the incurrence of such Debt and the application of the proceeds therefrom, and calculated on the assumption that (i) such Debt and any other Debt (including, without limitation, Acquired Debt) incurred by us or any of our subsidiaries since the first day of such four-quarter period had been incurred, and the application of the proceeds therefrom (including to repay or retire other Debt) had occurred, on the first day of such period, (ii) the repayment or retirement of any other Debt of us or any of our subsidiaries since the first day of such four-quarter period had occurred on the first day of such period (except that, in making such computation, the amount of Debt under any revolving credit facility, line of credit or similar facility shall be computed based upon the average daily balance of such Debt during such period), and (iii) in the case of any acquisition or disposition by us or any of our subsidiaries of any asset or group of assets, in any such case with a fair market value (determined in good faith by the Guarantor's Board of Directors) in excess of $1,000,000, since the first day of such four-quarter period, whether by merger, stock purchase or sale or asset purchase or sale or otherwise, such acquisition or disposition had occurred as of the first day of such period with the appropriate adjustments with respect to such acquisition or disposition being included in such pro forma calculation. If the Debt giving rise to the need to make the foregoing calculation or any other Debt incurred after the first day of the relevant four-quarter period bears interest at a floating rate then, for purposes of calculating the Annual Debt Service Charge, the interest rate on such Debt shall be computed on a pro forma basis as if the average rate which would have been in effect during the entire such four-quarter period had been the applicable rate for the entire such period.

Maintenance of Unencumbered Total Asset Value. The notes will provide that we, together with our subsidiaries, will have at all times Total Unencumbered Assets of not less than 150% of the aggregate principal amount of all outstanding Unsecured Debt of us and our subsidiaries, determined on a consolidated basis in accordance with U.S. generally accepted accounting principles.

Insurance. The notes will provide that we will, and will cause each of our subsidiaries to, maintain insurance with financially sound and reputable insurance companies against such risks and in such amounts as is customarily maintained by persons engaged in similar businesses or as may be required by applicable law.
As used herein:

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"Acquired Debt" means Debt of a person (i) existing at the time such person becomes a subsidiary of ours or (ii) assumed in connection with the acquisition of assets from such person, in each case, other than Debt incurred in connection with, or in contemplation of, such person becoming such a subsidiary or such acquisition. Acquired Debt shall be deemed to be incurred on the date of the related acquisition of assets from any person or the date the acquired person becomes such a subsidiary.

"Annual Debt Service Charge" for any period means the maximum amount which is payable during such period for interest on, and original issue discount of, Debt of us and our subsidiaries and the amount of any dividends which are payable during such period in respect of any Disqualified Stock.

"Capital Stock" means any capital stock (including preferred stock), shares, interests, participations or other ownership interests (however designated) of us or any of our subsidiaries and any rights (other than debt securities convertible into or exchangeable for corporate stock), warrants or options to purchase any thereof.

"Consolidated Income Available for Debt Service" for any period means Earnings from Operations of us, and our subsidiaries plus amounts which have been deducted, and minus amounts which have been added, for the following (without duplication): (i) interest on Debt of us and our subsidiaries, (ii) provision for taxes of us and our subsidiaries based on income, (iii) amortization of debt discount and other deferred financing costs, (iv) provisions for gains and losses on properties and property depreciation and amortization, (v) the effect of any noncash charge resulting from a change in accounting principles in determining Earnings from Operations for such period and (vi) amortization of deferred charges.

"Debt" means, without duplication, any indebtedness of us and our subsidiaries, whether or not contingent, in respect of (i) borrowed money or evidenced by bonds, notes, debentures or similar instruments, (ii) indebtedness for borrowed money secured by any Encumbrance existing on property owned by us or any of our subsidiaries, (iii) the reimbursement obligations, contingent or otherwise, in connection with any letters of credit actually issued (other than letters of credit issued to provide credit enhancement or support with respect to other indebtedness of us or any of our subsidiaries otherwise reflected as Debt hereunder) or amounts representing the balance deferred and unpaid of the purchase price of any property or services, except any such balance that constitutes an accrued expense or trade payable, or all conditional sale obligations or obligations under any title retention agreement, (iv) the principal amount of all obligations of us or any of our subsidiaries with respect to redemption, repayment or other repurchase of any Disqualified Stock, (v) any lease of property by us or any of our subsidiaries as lessee which is reflected on the consolidated balance sheet of us and our subsidiaries as a capitalized lease in accordance with U.S. generally accepted accounting principles, or (vi) interest rate swaps, caps or similar agreements and foreign exchange contracts, currency swaps or similar agreements, to the extent, in the case of items of indebtedness under (i) through (iii) above, that any such items (other than letters of credit) would appear as a liability on the consolidated balance sheet of us and our subsidiaries in accordance with U.S. generally accepted accounting principles, and also includes, to the extent not otherwise included, any obligation by us or any of our subsidiaries to be liable for, or to pay, as obligor, guarantor or otherwise (other than for purposes of collection in the ordinary course of business), Debt of another person (other than us or any of our subsidiaries) (it being understood that Debt shall be deemed to be incurred by us or any of our subsidiaries whenever we or any of our subsidiaries shall create, assume, guarantee or otherwise become liable in respect thereof).

"Disqualified Stock" means any Capital Stock of us or any of our subsidiaries which by the terms of such Capital Stock (or by the terms of any security into which it is convertible or for which it is exchangeable or exercisable), upon the happening of any event or otherwise (i) matures or is mandatorily redeemable, pursuant to a sinking fund obligation or otherwise (other than Capital Stock which is redeemable solely in exchange for common stock), (ii) is convertible into or exchangeable or exercisable for Debt or Disqualified Stock or (iii) is redeemable at the option of the holder thereof, in whole or in part (other than Capital Stock which is redeemable solely in exchange for Capital

Stock which is not Disqualified Stock), in each case on or prior to the maturity of the notes.

"Earnings from Operations" for any period means net earnings excluding gains and losses on sales of investments, extraordinary items, and property valuation gains and losses, as reflected in the financial statements of us and our subsidiaries for such period determined on a consolidated basis in accordance with U.S. generally accepted accounting principles.

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

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"Total Assets" means the sum of (without duplication) (i) Undepreciated Real Estate Assets and (ii) all other assets (excluding accounts receivable and intangibles) of us and our subsidiaries, all determined on a consolidated basis in accordance with U.S. generally accepted accounting principles.

"Undepreciated Real Estate Assets" means, as of any date, the cost (original cost plus capital improvements) of real estate assets of us and our subsidiaries on such date, before depreciation and amortization, all determined on a consolidated basis in accordance with U.S. generally accepted accounting principles.

"Total Unencumbered Assets" means the sum of (without duplication) (i) those Undepreciated Real Estate Assets which are not subject to an Encumbrance securing Debt and (ii) all other assets (excluding accounts receivable, intangibles and unconsolidated equity interests in funds and joint ventures) of us and our subsidiaries not subject to an Encumbrance securing Debt, all determined on a consolidated basis in accordance with U.S. generally accepted accounting principles.

"Unsecured Debt" means Debt of us or any of our subsidiaries which is not secured by an Encumbrance on any property or assets of us or any of our subsidiaries.

Calculations in Respect of the Notes

Except as explicitly specified otherwise herein, we will be responsible for making all calculations required under the notes. We will make all these calculations in good faith and, absent manifest error, our calculations will be final and binding on holders of the notes. We will provide a schedule of our calculations to the trustee, and the trustee is entitled to rely upon the accuracy of our calculations without independent verification. The trustee will forward our calculations to any holder of notes upon request.

Guarantee

The Guarantor will fully and unconditionally guarantee our obligations under the notes, including the due and punctual payment of principal of and interest on the notes, whether at stated maturity, by declaration of acceleration, call for redemption or otherwise. The guarantee will be a senior unsecured obligation of the Guarantor and will rank equally in right of payment with other senior unsecured obligations of the Guarantor. The Guarantor has no material assets other than its investment in us.

Merger, Consolidation or Sale

The indenture provides that we or Essex Property Trust, Inc. may consolidate with, or sell, lease or convey all or substantially all of our or its assets to, or merge with or into, any other entity, provided that the following conditions are met:

- we or Essex Property Trust, Inc., as the case may be, shall be the continuing entity, or the successor entity (if other than us or Essex Property Trust, Inc., as the case may be) formed by or resulting from any consolidation or merger or which shall have received the transfer of assets shall expressly assume payment of the principal of and interest on all of the notes and the due and punctual performance and observance of all of the covenants and conditions in the indenture;

- immediately after giving effect to the transaction, no Event of Default under the indenture, and no event which, after notice or the lapse of time, or both, would become an Event of Default, shall have occurred and be continuing; and

- an officer's certificate and legal opinion covering these conditions shall be delivered to the trustee.

In the event of any transaction described in and complying with the conditions listed in the immediately preceding paragraphs in which we are not the continuing entity, the successor person formed or remaining shall succeed, and be substituted for, and may exercise every right and power of ours, and we shall be discharged from our obligations under the notes, the indenture and the registration rights agreement.

Events of Default

The indenture provides that the following events are "Events of Default" with respect to the notes:

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- default for 30 days in the payment of any installment of interest under the notes;
- default in the payment of the principal amount or redemption price due with respect to the notes, when the same becomes due and payable;
- our failure to comply with any of our other agreements in the notes or the indenture upon receipt by us of notice of such default by the trustee or by holders of not less than 25% in aggregate principal amount of the notes then outstanding and our failure to cure (or obtain a waiver of) such default within 60 days after we receive such notice;
- failure to pay any indebtedness for money borrowed by us, Essex Property Trust, Inc. or any subsidiary in which we have invested at least $50,000,000 in capital (a "Significant Subsidiary"), in an outstanding principal amount in excess of $50,000,000 at final maturity or upon acceleration after the expiration of any applicable grace period, which indebtedness is not discharged, or such default in payment or acceleration is not cured or rescinded, within 30 days after written notice to us from the trustee (or to us and the trustee from holders of at least 25% in principal amount of the outstanding notes); or
- certain events of bankruptcy, insolvency or reorganization, or court appointment of a receiver, liquidator or trustee of us, Essex Property Trust, Inc. or any Significant Subsidiary or any substantial part of their respective property.

If an Event of Default under the indenture with respect to the notes occurs and is continuing (other than an Event of Default specified in the last bullet above, which shall result in an automatic acceleration), then in every case the trustee or the holders of not less than 25% in principal amount of the outstanding notes may declare the principal amount of all of the notes to be due and payable immediately by written notice thereof to us and Essex Property Trust, Inc. (and to the trustee if given by the holders). However, at any time after the declaration of acceleration with respect to the notes has been made, but before a judgment or decree for payment of the money due has been obtained by the trustee, the holders of not less than a majority in principal amount of outstanding notes may rescind and annul the declaration and its consequences if:

- we or Essex Property Trust, Inc. shall have deposited with the trustee all required payments of the principal of and interest on the notes, plus certain fees, expenses, disbursements and advances of the trustee; and
- all Events of Default, other than the non-payment of accelerated principal of (or specified portion thereof) or interest on the notes have been cured or waived as provided in the indenture.

The indenture also provides that the holders of not less than a majority in principal amount of the outstanding notes may waive any past default with respect to the notes and its consequences, except a default:

- in the payment of the principal of or interest on the notes; or
- in respect of a covenant or provision contained in the indenture that cannot be modified or amended without the consent of the holder of each outstanding note affected thereby.

The trustee will be required to give notice to the holders of the notes of a default under the indenture unless the default has been cured or waived within 90 days; provided, however, that the trustee may withhold notice to the holders of the notes of any default with respect to the notes (except a default in the payment of the principal of or interest on the notes) if specified responsible officers of the trustee consider the withholding to be in the interest of the holders.

The indenture provides that no holders of the notes may institute any proceedings, judicial or otherwise, with respect to the indenture or for any remedy thereunder, except in the case of failure of the trustee, for 60 days, to act after it has received a written request to institute proceedings in respect of an Event of Default from the holders of not less than 25% in principal amount of the outstanding notes, as well as an offer of reasonable indemnity. This provision will not prevent, however, any holder of the notes from instituting suit for the enforcement of payment of the principal of and interest on the notes at the respective due dates thereof.

Subject to provisions in the indenture relating to its duties in case of default, the trustee is under no obligation to exercise any of its rights or powers under the indenture at the request or direction of any holders of the notes then outstanding under the indenture, unless the holders shall have offered to the trustee reasonable security or indemnity. The holders of not less than a majority in principal amount of the outstanding notes (or of all notes then outstanding under the indenture, as the case may be) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the trustee, or of exercising any trust or power conferred upon the trustee. However, the trustee may refuse to follow any direction which is in conflict with any law or the indenture, or which may be unduly prejudicial to the holders of the notes not joining therein.

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Within 120 days after the close of each fiscal year, we and Essex Property Trust, Inc. must deliver a certificate of an officer certifying to the trustee whether or not the officer has knowledge of any default under the indenture and, if so, specifying each default and the nature and status thereof.

Modification, Waiver and Meetings

Modifications and amendments of the indenture will be permitted to be made only with the consent of the holders of not less than a majority in principal amount of all outstanding notes; provided, however, that no modification or amendment may, without the consent of the holder of each note:

- change the stated maturity of the principal of or any installment of interest on the notes issued under such indenture, reduce the principal amount of, or the rate or amount of interest on, or any premium payable on redemption of, the notes, or adversely affect any right of repayment of the holder of the notes, change the place of payment, or the coin or currency, for payment of principal of or interest on any note or impair the right to institute suit for the enforcement of any payment on or with respect to the notes;

- reduce the above-stated percentage of outstanding notes necessary to modify or amend the indenture, to waive compliance with certain provisions thereof or certain defaults and consequences thereunder or to reduce the quorum or change voting requirements set forth in the indenture;

- modify or affect in any manner adverse to the holders the terms and conditions of our obligations in respect of the payment of principal and interest; or

- modify any of the foregoing provisions or any of the provisions relating to the waiver of certain past defaults or certain covenants, except to increase the required percentage to effect the action or to provide that certain other provisions may not be modified or waived without the consent of the holders of the notes.

Notwithstanding the foregoing, modifications and amendments of the indenture will be permitted to be made by us, Essex Property Trust, Inc. and the trustee without the consent of any holder of the notes for any of the following purposes:

- to evidence a successor to us as obligor or Essex Property Trust, Inc. as guarantor under the indenture;

- to add to our covenants or those of Essex Property Trust, Inc. for the benefit of the holders of the notes or to surrender any right or power conferred upon us or Essex Property Trust, Inc. in the indenture;

- to add Events of Default for the benefit of the holders of the notes;

- to amend or supplement any provisions of the indenture; provided that no amendment or supplement shall materially adversely affect the interests of the holders of any notes then outstanding;

- to secure the notes;

- to provide for the acceptance of appointment by a successor trustee or facilitate the administration of the trusts under the indenture by more than one trustee;

- to provide for rights of holders of the notes if any consolidation, merger or sale of all or substantially all of our property or assets occurs;

- to cure any ambiguity, defect or inconsistency in the indenture; provided that this action shall not adversely affect the interests of holders of the notes in any material respect;

- to provide for the issuance of additional notes in accordance with the limitations set forth in the indenture;

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- to supplement any of the provisions of the indenture to the extent necessary to permit or facilitate defeasance and discharge of any series of the notes; provided that the action shall not adversely affect the interests of the holders of the notes in any material respect; or

- to conform the text of the indenture, any guarantee or the notes to any provision of this Description of Notes.

In addition, without the consent of any holder of the notes, Essex Property Trust, Inc., or a subsidiary thereof, may directly assume the due and punctual payment of the principal of, any premium and interest on all the notes and the performance of every covenant of the indenture on our part to be performed or observed. Upon any assumption, Essex Property Trust, Inc. or the subsidiary shall succeed us, and be substituted for and may exercise every right and power of ours, under the indenture with the same effect as if Essex Property Trust, Inc. or the subsidiary had been the issuer of the notes, and we shall be released from all obligations and covenants with respect to the notes. No assumption shall be permitted unless Essex Property Trust, Inc. has delivered to the trustee (1) an officers' certificate and an opinion of counsel, stating, among other things, that the guarantee and all other covenants of Essex Property Trust, Inc. in the indenture remain in full force and effect and (2) an opinion of independent counsel that the holders of the notes shall have no materially adverse U.S. federal tax consequences as a result of the assumption, and that, if any notes are then listed on the New York Stock Exchange, that the notes shall not be delisted as a result of the assumption.

In determining whether the holders of the requisite principal amount of outstanding notes have given any request, demand, authorization, direction, notice, consent or waiver thereunder or whether a quorum is present at a meeting of holders of the notes, the indenture provides that notes owned by us or any other obligor upon the notes or any of our affiliates or of the other obligor shall be disregarded.

The indenture contains provisions for convening meetings of the holders of the notes. A meeting will be permitted to be called at any time by the trustee, and also, upon request, by us, Essex Property Trust, Inc. or the holders of at least 10% in principal amount of the outstanding notes, in any case upon notice given as provided in the indenture. Except for any consent that must be given by the holder of each note affected by certain modifications and amendments of the indenture, any resolution presented at a meeting or adjourned meeting duly reconvened at which a quorum is present will be permitted to be adopted by the affirmative vote of the holders of a majority in principal amount of the outstanding notes; provided, however, that, except as referred to above, any resolution with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that may be made, given or taken by the holders of a specified percentage, which is less than a majority, in principal amount of the outstanding notes may be adopted at a meeting or adjourned meeting duly reconvened at which a quorum is present by the affirmative vote of the holders of the specified percentage in principal amount of the outstanding notes. Any resolution passed or decision taken at any meeting of holders of the notes duly held in accordance with the indenture will be binding on all holders of the notes. The quorum at any meeting called to adopt a resolution, and at any reconvened meeting, will be holders holding or representing a majority in principal amount of the outstanding notes; provided, however, that if any action is to be taken at the meeting with respect to a consent or waiver which may be given by the holders of not less than a specified percentage in principal amount of the outstanding notes, holders holding or representing the specified percentage in principal amount of the outstanding notes will constitute a quorum.

Notwithstanding the foregoing provisions, any action to be taken at a meeting of holders of the notes with respect to any request, demand, authorization, direction, notice, consent, waiver or other action that the indenture expressly provides may be made, given or taken by the holders of a specified percentage which is less than a majority in principal amount of the outstanding notes may be taken at a meeting at which a quorum is present by the affirmative vote of holders of the specified percentage in principal amount of the outstanding notes.

Rule 144A Information

If so required by Rule 144A, we and Essex Property Trust, Inc. will promptly furnish to the holders, beneficial owners and prospective purchasers of the notes, upon their request, the information required to be delivered pursuant to Rule 144A(d)(4) to facilitate the resale of the notes pursuant to Rule 144A.

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Reports

Whether or not we are subject to Section 13 or 15(d) of the Exchange Act and for so long as any notes are outstanding, within the time periods required by the applicable rules and regulations of the SEC, we will furnish to the trustee (1) all quarterly and annual reports that would be required to be filed with the SEC on Forms 10-Q and 10-K if we were required to file such reports and (2) all current reports that would be required to be filed with the SEC on Form 8-K if we were required to file such reports. Delivery of such reports, information and documents to the trustee is for informational purposes only and the trustee's receipt of such shall not constitute constructive notice of any information contained therein or determinable from information contained therein, including our compliance with any of our covenants relating to the notes (as to which the trustee is entitled to rely exclusively on an officers' certificate). Notwithstanding the foregoing, prior to the consummation of the exchange offer contemplated by the registration rights agreement, and after consummation of such exchange offer if permitted by the SEC, we may satisfy our obligation to furnish the reports described above by furnishing reports for Essex Property Trust, Inc.

The sole remedy for any violation of any obligations we may be deemed to have pursuant to Section 314(a)(l) of the Trust Indenture Act or our covenant to provide certain reports under the indenture as described above shall be the accrual of additional interest on the notes under the registration rights agreement entered into in conjunction with the issuance of the private notes among us and the initial purchasers of the private notes, as if such violation were a "registration default" at a rate of 0.25% per annum, payable semiannually and otherwise as provided in the indenture. In no event shall additional interest accrue at a combined per annum rate in excess of 0.50% per annum pursuant to both the indenture and the registration rights agreement, regardless of the number of events or circumstances giving rise to the requirement to pay such additional interest.

Trustee

U.S. Bank National Association will initially act as the trustee, registrar, exchange agent and paying agent for the notes, subject to replacement at our option.

If an Event of Default occurs and is continuing, the trustee will be required to use the degree of care and skill of a prudent person in the conduct of his or her own affairs. The trustee will become obligated to exercise any of its powers under the indenture at the request of any of the holders of any notes only after those holders have offered the trustee indemnity reasonably satisfactory to it.

If the trustee becomes one of our creditors, it will be subject to limitations on its rights to obtain payment of claims or to realize on some property received for any such claim, as security or otherwise. The trustee is permitted to engage in other transactions with us. If, however, it acquires any conflicting interest, it must eliminate that conflict or resign.

No Conversion or Exchange Rights

The notes will not be convertible into or exchangeable for any capital stock of us or Essex Property Trust, Inc.

No Personal Liability of Directors, Officers, Employees and Stockholders

No director, officer, employee, incorporator, stockholder or limited partner of us or Essex Property Trust, Inc., as such, will have any liability for any of our obligations or those of Essex Property Trust, Inc. under the notes, the indenture, any guarantees or for any claim based on, in respect of, or by reason of, such obligations or their creation. Each holder of notes by accepting a note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the notes. The waiver may not be effective to waive liabilities under the federal securities laws.

Book-Entry, Delivery and Form

The exchange notes (except those issued as or in exchange for definitive notes in accordance with the provisions of the indenture) initially will be represented by one or more notes in registered, global form without interest coupons (collectively, the " Global Notes").

Except as set forth below, the Global Notes may be transferred, in whole and not in part, only to another nominee of DTC or to a successor of DTC or its nominee. Beneficial interests in the Global Notes may not be exchanged for definitive notes in registered certificated form ("Certificated Notes") except in the limited circumstances described below. See "- Exchange of Global Notes for Certificated Notes". Except in the limited circumstances described below, owners of beneficial interests in the Global Notes will not be entitled to receive physical delivery of notes in certificated form. In addition, transfers of beneficial interests in the Global Notes will be subject to the applicable rules and procedures of DTC and its direct or indirect participants.

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Depository Procedures

The following description of the operations and procedures of DTC, Euroclear and Clearstream are provided solely as a matter of convenience. These operations and procedures are solely within the control of the respective settlement systems and are subject to changes by them. We take no responsibility for these operations and procedures, or the description of them below, and urge investors to contact the system or their participants directly to discuss these matters.

DTC has advised us that DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act, DTC holds securities for Participants (as defined below) and facilitates the settlement of securities transactions, such as transfers and pledges, in deposited securities between Participants through electronic computerized book-entry changes in accounts of Participants, thereby eliminating the need for physical movement of certificates. Participants include the initial purchasers, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations ("Participants"). DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to other such banks, securities brokers and dealers and trust companies that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("Indirect Participants"). The rules applicable to DTC and its Participants are on file with the SEC.

DTC has also advised us that, pursuant to procedures established by it:

(1) upon deposit of the Global Notes, DTC will credit the accounts of the Participants holding beneficial interests in exchange notes issued in exchange for private notes tendered and accepted in the exchange offer with portions of the principal amount of the Global Notes; and

(2) ownership of these interests in the Global Notes will be shown on, and the transfer of ownership of these interests will be effected only through, records maintained by DTC (with respect to the Participants) or by the Participants and the Indirect Participants (with respect to other owners of beneficial interest in the Global Notes).

Investors in the Global Notes who are Participants may hold their interests therein directly through DTC. Investors in the Global Notes who are not Participants may hold their interests therein indirectly through organizations (including Euroclear and Clearstream) which are Participants. Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through customers' securities accounts in their respective names on the books of their respective depositories. All interests in a Global Note, including those held through Euroclear or Clearstream, may be subject to the procedures and requirements of DTC. Those interests held through Euroclear or Clearstream may also be subject to the procedures and requirements of such systems. The laws of some states require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in a Global Note to such persons will be limited to that extent. Because DTC can act only on behalf of the Participants, which in turn act on behalf of the Indirect Participants, the ability of a person having beneficial interests in a Global Note to pledge such interests to persons that do not participate in the DTC system, or otherwise take actions in respect of such interests, may be affected by the lack of a physical certificate evidencing such interests.

Except as described below, owners of interests in the Global Notes will not have notes registered in their names, will not receive physical delivery of notes in certificated form and will not be considered the registered owners or "holders" thereof under the indenture governing the notes for any purpose.

Payments in respect of the principal of, and interest and premium, if any, on, a Global Note registered in the name of DTC or its nominee will be payable to DTC in its capacity as the registered holder under the indenture governing the notes. Under the terms of the indenture, we, Essex Property Trust, Inc. and the trustee will treat the persons in whose names the notes, including the Global Notes, are registered as the owners of the notes for the purpose of receiving payments and for all other purposes. Consequently, neither we, Essex Property Trust, Inc., the trustee nor any agent of us or the trustee has or will have any responsibility or liability for:

(1) any aspect of DTC's records or any Participant's or Indirect Participant's records relating to or payments made on account of beneficial ownership interest in the Global Notes or for maintaining, supervising or reviewing any of DTC's records or any Participant's or Indirect Participant's records relating to the beneficial ownership interests in the Global Notes; or

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(2) any other matter relating to the actions and practices of DTC or any of its Participants or Indirect Participants.

DTC has advised us that its current practice, upon receipt of any payment in respect of securities such as the notes (including principal and interest), is to credit the accounts of the relevant Participants with the payment on the payment date unless DTC has reason to believe that it will not receive payment on such payment date. Each relevant Participant is credited with an amount proportionate to its beneficial ownership of an interest in the principal amount of the relevant security as shown on the records of DTC. Payments by the Participants and the Indirect Participants to the beneficial owners of notes will be governed by standing instructions and customary practices, as in the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of the Participants or the Indirect Participants and will not be the responsibility of DTC, the trustee or us. Neither we nor the trustee will be liable for any delay by DTC or any of the Participants or the Indirect Participants in identifying the beneficial owners of the notes, and we and the trustee may conclusively rely on and will be protected in relying on instructions from DTC or its nominee for all purposes.

Transfers between the Participants will be effected in accordance with DTC's procedures, and will be settled in same-day funds, and transfers between participants in Euroclear and Clearstream will be effected in accordance with their respective rules and operating procedures.

Cross-market transfers between the Participants, on the one hand, and Euroclear or Clearstream participants, on the other hand, will be effected through DTC in accordance with DTC's rules on behalf of Euroclear or Clearstream, as the case may be, by their respective depositaries; however, such cross-market transactions will require delivery of instructions to Euroclear or Clearstream, as the case may be, by the counterparty in such system in accordance with the rules and procedures and within the established deadlines (Brussels time) of such system. Euroclear or Clearstream, as the case may be, will, if the transaction meets its settlement requirements, deliver instructions to its respective depositary to take action to effect final settlement on its behalf by delivering or receiving interests in the relevant Global Note in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Euroclear participants and Clearstream participants may not deliver instructions directly to the depositories for Euroclear or Clearstream.

DTC has advised us that it will take any action permitted to be taken by a holder of notes only at the direction of one or more Participants to whose account DTC has credited the interests in the Global Notes and only in respect of such portion of the aggregate principal amount at maturity of the notes as to which such Participant or Participants has or have given such direction. However, if there is an Event of Default under the notes, DTC reserves the right to exchange the Global Notes for legended notes in certificated form, and to distribute such notes to its Participants.

If applicable, redemption notices shall be sent to Cede & Co. If less than all of the Global Notes of either series is being redeemed, DTC's practice is to determine by lot the amount of the interest of each direct participant in such issue to be redeemed.

Neither DTC nor Cede & Co. will consent or vote with respect to the Global Notes. Under its usual procedures, DTC mails an Omnibus Proxy to a company as soon as possible after the applicable record date. The Omnibus Proxy assigns Cede &Co.'s consenting or voting rights to those DTC participants to whose accounts the Global Notes are credited on the applicable record date (identified in a listing attached to the Omnibus Proxy).

Although DTC, Euroclear and Clearstream have agreed to the foregoing procedures to facilitate transfers of interests in the Global Notes among participants in DTC, Euroclear and Clearstream, they are under no obligation to perform or to continue to perform such procedures, and may discontinue such procedures at any time. None of us, the trustee and any of their respective agents will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Exchange of Global Notes for Certificated Notes

A Global Note is exchangeable for Certificated Notes if:

(1) DTC (a) notifies us that it is unwilling or unable to continue as depositary for the Global Notes or (b) has ceased to be a clearing agency registered under the Exchange Act and, in either case, we fail to appoint a successor depositary;

(2) we, at our option, notify the trustee in writing that we elect to cause the issuance of the Certificated Notes; or

(3) upon request from DTC if there has occurred and is continuing a default or Event of Default with respect to the notes.

In addition, beneficial interests in a Global Note may be exchanged for Certificated Notes upon prior written notice given to the trustee by or on behalf of DTC in accordance with the indenture. In all cases, Certificated Notes delivered in exchange for any Global Note or beneficial interests in Global Notes will be registered in the names, and issued in any approved denominations, requested by or on behalf of the depositary (in accordance with its customary procedures).

Exchange of Certificated Notes for Global Notes

Certificated Notes may not be exchanged for beneficial interests in any Global Note unless the transferor first delivers to the trustee a written certificate (in the form provided in the indenture governing the notes) to the effect that such transfer will comply with the appropriate transfer restrictions applicable to such notes.

Same Day Settlement and Payment

We will make payments in respect of the notes represented by the Global Notes (including principal, premium, if any, and interest) by wire transfer of immediately available funds to the accounts specified by DTC or its nominee. We will make all payments of principal, interest and premium, if any, with respect to Certificated Notes by wire transfer of immediately available funds to the accounts specified by the holders of the Certificated Notes or, if no such account is specified, by mailing a check to each such holder's registered address. The notes represented by the Global Notes are expected to trade in DTC's Same-Day Funds Settlement System, and any permitted secondary market trading activity in such notes will, therefore, be required by DTC to be settled in immediately available funds. We expect that secondary trading in any Certificated Notes will also be settled in immediately available funds.

Because of time zone differences, the securities account of a Euroclear or Clearstream participant purchasing an interest in a Global Note from a Participant will be credited, and any such crediting will be reported to the relevant Euroclear or Clearstream participant, during the securities settlement processing day (which must be a business day for Euroclear and Clearstream) immediately following the settlement date of DTC. DTC has advised us that cash received in Euroclear or Clearstream as a result of sales of interests in a Global Note by or through a Euroclear or Clearstream participant to a Participant will be received with value on the settlement date of DTC but will be available in the relevant Euroclear or Clearstream cash account only as of the business day for Euroclear or Clearstream following DTC's settlement date.

Notices

Except as otherwise provided in the indenture, notices to holders of the notes will be given by mail to the addresses of holders of the notes as they appear in the note register; provided that notices given to holders holding notes in book-entry form may be given through the facilities of DTC or any successor depository.

Governing Law

The indenture, the notes, the guarantee and the registration rights agreement will be governed by, and construed in accordance with, the law of the State of New York.

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DESCRIPTION OF THE PARTNERSHIP AGREEMENT OF ESSEX PORTFOLIO, L.P.

The following is a summary of material provisions in our partnership agreement. For more detail, you should refer to the partnership agreement itself, a copy of which is filed with the SEC and which we incorporate by reference herein. See “Where You Can Find More Information.”

Management

We are a California limited partnership that was formed on March 15, 1994. Essex Property Trust, Inc. is our sole general partner and substantially all of its business is conducted through us. As our sole general partner, Essex Property Trust, Inc. is, subject to limited exceptions for which the limited partners must consent, solely responsible for the management of our day-to-day business and affairs. Essex Property Trust, Inc. can cause us to enter into certain major transactions including acquisitions, dispositions and refinancings, subject to limited exceptions. Our limited partners may not transact business for, or participate in the management activities or decisions of, us, except as provided in the partnership agreement and as required by applicable law. The partnership agreement restricts Essex Property Trust, Inc.'s ability to engage in certain "Major Decisions" - including terminating our partnership agreement, making a general assignment for the benefit of creditors, taking title to property not in our name, instituting bankruptcy procedures on our behalf or dissolving us - without the written consent of the holders of a majority of the limited partnership interests (unless, in the case of such a Major Decision other than taking title to property not in our name, the limited partners collectively own less than five percent of our partnership interests at the time of such Major Decision).

Essex Property Trust, Inc. is not liable under the partnership agreement to us or to any partner for acts or omissions performed or omitted to be performed by it within the scope of authority conferred upon it by the partnership agreement, provided that it acted in good faith and was not guilty of fraud, misconduct, bad faith, or gross negligence.

The partnership agreement provides that substantially all of Essex Property Trust, Inc.'s business activities, including activities pertaining to the acquisition, development and ownership of properties, must be conducted through us, and that Essex Property Trust, Inc. will use its best efforts to cause us to avoid taking any action that would result in Essex Property Trust, Inc. ceasing to satisfy the requirements for being classified as a REIT or would result in the imposition of any federal income or excise tax liability on Essex Property Trust, Inc.

Transferability of Interests

Essex Property Trust, Inc., as general partner, may not voluntarily withdraw from us, or transfer or assign all or any portion of its interest in us, without the consent of the holders of a majority of the limited partnership interests (unless the limited partners collectively own less than five percent of our partnership interests at the time of such withdrawal or transfer).

Subject to certain limitations and conditions set forth in our partnership agreement, each limited partner generally has the right to transfer all or any portion of its partnership interest to any person or entity. Certain classes of our partnership interests, such as our incentive partnership units, contain additional limitations on transfer, as set forth in our partnership agreement.

No transfer of partnership interests is permitted if such transfer would result in (i) such interests being traded on an "established securities market" or a "secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Internal Revenue Code of 1986, as amended (the “Code”); or (ii) us being unable to qualify for at least one of the "safe harbors" set forth in Treasury Regulations Section 1.7704-1(e), (t), (g), (h) or U) (or such other guidance subsequently published by the IRS setting forth safe harbors under which interests will not be treated as "readily tradable on a secondary market (or the substantial equivalent thereof)" within the meaning of Section 7704 of the Code). Further, no transfer of partnership interests is permitted (i) to any person or entity that lacks the legal right, power or capacity to own such interests; (ii) in violation of any mortgage or trust deed constituting a lien against one of our properties or in violation of any other instrument, document or agreement to which we are a party; (iii) in violation of applicable law, including, without limitation, any applicable state securities "blue sky" law; (iv) of any component portion of such interests; (v) in the event such transfer would cause Essex Property Trust, Inc. to cease to satisfy the requirements for being classified as a REIT; (vi) if such transfer would cause our termination for federal income tax purposes; (vii) if such transfer would, in the opinion of our counsel, cause us to cease to be classified as a partnership for federal income tax purposes; (viii) if such transfer would cause us to become, with respect to any employee benefit plan subject to Title 1 of ERISA, a "party-in-interest" (as defined in Section 3(14) of ERISA) or a "disqualified person" (as defined in Section 4975(c) of the Code); (ix) if such transfer would, in the opinion of our counsel, cause any portion of the our assets to constitute assets of any employee benefit plan pursuant to U.S. Department of Labor Regulations Section 2510.3-10 1; (x) if such transfer may not be effected without registration of such interest under the Securities Act; (xi) if such transfer would violate any provision of Essex Property Trust, Inc.' s articles of incorporation, as such may be amended from time to time; or (xii) to any of our lenders, or any person or entity related to any of our lenders whose loan constitutes a "nonrecourse liability" (within the meaning of Section 1.752-1(a)(2) of the Treasury Regulations) without the consent of Essex Property Trust, Inc., in its sole and absolute discretion, unless our basis for tax purposes would not be reduced as a result of such transfer.

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Capital Contributions

Essex Property Trust, Inc. contributed to us all of the net proceeds of Essex Property Trust, Inc.'s initial public offering as Essex Property Trust, Inc.'s initial capital contribution. After its initial public offering, Essex Property Trust, Inc. has contributed to us, as additional capital contributions, the net proceeds from its subsequent issuances of common stock and preferred stock. As of December 31, 2012, Essex Property Trust, Inc. held 94.5% of our partnership interests, and the limited partners held the remaining 5.5% of our partnership interests.

Certain of our limited partners contributed to us all of their right, title and interest in certain properties, assets and partnership interests in other partnerships as their initial capital contributions.

The partnership agreement provides that Essex Property Trust, Inc., as general partner, subject to certain restrictions, may determine that our best interests require additional funds by issuance of additional partnership interests, which may include preferred limited partnership interests. We are authorized to cause partnership interests to be issued for less than fair market value if Essex Property Trust, Inc. concludes in good faith that such issuance is in our best interest. Essex Property Trust, Inc. may not issue additional partnership interests to itself unless (i) the additional partnership interests are issued in connection with an issuance of shares of Essex Property Trust, Inc. s capital stock and Essex Property Trust, Inc. makes a capital contribution to us in an amount equal to the net proceeds raised in connection with the issuance of such shares; or (ii) the additional partnership interests are issued to all of our partners pro rata in accordance with their respective percentage interest in us.