ESSEX PROPERTY TRUST INC
Form S-4
February 08, 2013

As filed with the Securities and Exchange Commission on February 8, 2013
Registration No. 333-______

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM S-4

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ESSEX PROPERTY TRUST, INC.
(Exact Name of Registrant as Specified in its Charter)

Maryland	77-0369576
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

6796
(Primary Standard Industrial Classification Code Number)

925 East Meadow Drive, Palo Alto, California 94303
(650) 494-3700
(Address, including zip code, and telephone number, including area code, or registrar's principal executive offices)

Michael J. Schall
Chief Executive Officer and President
925 East Meadow Drive
Palo Alto, California 94303
(650) 494-3700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

ESSEX PORTFOLIO, L.P.
(Exact Name of Registrant as Specified in its Charter)

333-44467-01
(Commission File Number)

California	77-0369575
(State or Other Jurisdiction of Incorporation)	(I.R.S. Employer Identification No.)

6796

(Primary Standard Industrial Classification Code Number)

925 East Meadow Drive, Palo Alto, California 94303
(650) 494-3700
(Address, including zip code, and telephone number, including area code, or registrar’s principal executive offices)

Michael J. Schall
Chief Executive Officer and President
925 East Meadow Drive
Palo Alto, California 94303
(650) 494-3700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

With copies to:
Stephen J. Schrader
Baker & McKenzie LLP
Two Embarcadero Center, 11th Floor
San Francisco, California 94111-3802
(415) 576-3000

Approximate date of commencement of proposed sale of the securities to the public: As soon as practicable after the effective date of this registration statement.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box. o

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Essex Property Trust, Inc.:	Large-accelerated filer x	Accelerated filer o	Non-accelerated filer o (Do not check if a smaller reporting company)	Sr
Essex Portfolio, L.P.:	Large-accelerated filer o	Accelerated filer o	Non-accelerated filer x (Do not check if a smaller reporting company)	Sr

CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered	Proposed maximum offering price per unit (1)	Proposed maximum aggregate offering price	Amount of registration fee
3.625% Senior Notes due 2022	$ 300,000,000	100 %	$ 300,000,000	$ 40,920
Guarantees of 3.625% Senior Notes due 2022	(2)	(2)	(2)	(2)

(1) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f).

(2)No separate consideration will be received with respect to these guarantees and, therefore, no registration fee is attributed to them.

The Registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the Registrants shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until this registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED FEBRUARY 8, 2013

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 ____ , 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.

Please refer to "Risk Factors" beginning on page 15 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 ---___ , 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 ___ , 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 September 30, 2012, Essex Property Trust, Inc. owned an approximate 94.1% partnership interest and other limited partners, including some of our directors, executive officers and their affiliates, owned the remaining 5.9% 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.

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 September 30, 2012, we owned or had ownership interests in 164 apartment communities, aggregating 33,637 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 September 30, 2012, we had 1,153 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 February 8, 2013, Standard and Poor's ("S&P") credit agency rated Essex Property Trust, Inc. BBB/Stable and Moody's Investors Service credit agency rated Essex Portfolio, L.P. Baa2/Stable. Also, Fitch Ratings ("Fitch") assigned a BBB+ Stable issuer rating to Essex Property Trust, Inc. and Essex Portfolio, L.P., and the rating outlook is stable. 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 __ , 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."

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, 2013.

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.

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 15 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.

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, 2011 and 2010 and the consolidated statement of income operating data for each of the years in the three-year period ended December 31, 2011 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, 2009 and 2008 and the consolidated statement of income operating data for the years ended December 31, 2009, 2008 and 2007 have been derived from the unaudited historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries. The consolidated balance sheet data as of December 31, 2007 has been derived from the historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, which have been audited by KPMG LLP. The consolidated balance sheet data as of the nine months ended September 30, 2012 and the consolidated statement of income operating data for each of the nine months ended September 30, 2012 and 2011 have been derived from the unaudited consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, which are included elsewhere in this prospectus. The results for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year.

	Nine Months Ended September 30,		Years Ended December 31,				
	2012	2011	2011	2010(1)	2009(1)	2008	200
($ in thousands, except per share amounts)							
OPERATING DATA:							
REVENUES							
Rental and other property	$390,308	$343,340	$465,713	$405,728	$401,550	$397,673	$364
Management and other fees	8,312	4,585	6,780	4,551	4,325	5,166	5,09
	398,620	347,925	472,493	410,279	405,875	402,839	369
EXPENSES							
Property operating expenses	127,891	119,045	159,234	143,164	137,457	130,328	119
Depreciation	125,575	111,786	151,428	128,221	116,540	108,221	95,1
General and administrative	16,440	15,626	20,694	23,255	24,966	27,684	26,6
Cost of management and other fees	4,893	3,161	4,610	2,707	3,096	-	-
Impairment and other charges	-	-	-	2,302	13,084	650	800
	274,799	249,618	335,966	299,649	295,143	266,883	242
Earnings from operations	123,821	98,307	136,527	110,630	110,732	135,956	127
Interest expense before amortization expense	(74,380)	(66,612)	(91,694)	(82,756)	(81,196)	(78,203)	(79,
Amortization expense	(8,681)	(8,527)	(11,474)	(4,828)	(4,820)	(6,860)	(6,8
Interest and other income	10,869	12,357	17,139	27,841	13,040	11,337	10,3
Gain on remeasurement of co-investments	21,947	-	-	-	-	-	-
Equity (loss) income from co-investments	8,998	(330)	(467)	(1,715)	670	7,820	3,12
Gain (loss) on early retirement of debt	(2,661)	(820)	(1,163)	(10)	4,750	3,997	-
Gain on the sales of real estate	-	-	-	-	103	4,578	-
Income before discontinued operations	79,913	34,375	48,868	49,162	43,279	78,625	54,8
Income from discontinued operations	10,037	5,273	8,648	1,620	10,460	5,770	148
Net income	89,950	39,648	57,516	50,782	53,739	84,395	203
Net income attributable to noncontrolling interest	(4,658)	(4,031)	(5,571)	(5,770)	(6,107)	(5,943)	(4,8
Net income attributable to controlling interest	85,292	35,617	51,945	45,012	47,632	78,452	198
Preferred interests distributions - Series F, G, & H	(4,104)	(3,385)	(4,753)	(2,170)	(4,860)	(9,241)	(9,1
Preferred interests distributions - limited partners	-	(1,650)	(1,650)	(6,300)	(6,300)	(9,909)	(10,
Excess (deficit) of the carrying amount of preferred interests redeemed over the cash paid to redeem preferred interests	-	(1,949)	(1,949)	-	49,952	-	-
Net income available to common unitholders	$81,188	$28,633	$43,593	$36,542	$86,424	$59,302	$178
Per unit data:							
Basic:							
Income before discontinued operations available to common unitholders	$1.93	$0.68	$1.00	$1.09	$2.56	$1.86	$1.13
Net income available to common unitholders	$2.20	$0.83	$1.25	$1.14	$2.91	$2.06	$6.61
Weighted average common unit outstanding	36,976	34,449	34,774	31,961	29,717	28,809	27,0
Diluted:							
Income before discontinued operations available to common unitholders	$1.92	$0.68	$1.00	$1.09	$2.56	$1.86	$1.11
Net income available to common unitholders	$2.19	$0.83	$1.25	$1.14	$2.91	$2.06	$6.48
Weighted average common unit outstanding	37,108	34,538	34,861	32,028	29,747	28,855	27,5
Cash dividend per common unit	$3.30	$3.12	$4.16	$4.13	$4.12	$4.08	$3.72

	As of September 30,		As of December 31,				
	2012	2011	2011	2010	2009	2008	2007
($ in thousands)							
BALANCE SHEET DATA:							
Investment in rental properties (before accumulated Depreciation)	$4,757,664	$4,167,597	$4,313,064	$3,964,561	$3,412,930	$3,279,788	$3,117,759
Net investment in rental properties	3,720,001	3,284,573	3,393,038	3,189,008	2,663,466	2,639,762	2,575,772
Real estate under development	60,020	145,226	44,280	217,531	274,965	272,273	233,445
Total assets	4,534,672	3,905,165	4,036,964	3,732,887	3,254,637	3,164,823	2,980,323
Total secured indebtedness	1,571,821	1,750,439	1,745,858	2,082,745	1,832,549	1,588,931	1,362,873
Total unsecured indebtedness	1,023,880	509,775	615,000	176,000	14,893	165,457	282,486
Cumulative convertible preferred interests	4,349	4,349	4,349	4,349	4,349	145,912	145,912
Cumulative redeemable preferred interests	71,209	71,209	71,209	104,412	104,412	104,412	151,102
Partner's capital	1,713,604	1,486,914	1,486,914	1,284,515	1,200,208	1,001,356	1,009,512

				As of and for the years ended December 31,			
	2012	2011	2011	2010	2009	2008	2007
OTHER DATA:							
Net income	$89,950	$39,648	$57,516	$50,782	$53,739	$84,395	$203,061
Interest expense before amortization expense	74,380	66,612	91,694	82,756	81,196	78,203	79,053
Amortization expense	8,681	8,527	11,474	4,828	4,820	6,860	6,843
Tax expense (benefit)	-	-	(1,682)	-	-	-	396
Depreciation(2)	125,575	112,500	152,543	129,712	118,522	113,294	102,250
EBITDA(3)	$298,586	$227,287	$311,545	$268,078	$258,277	$282,752	$391,603
Ratio of earnings to fixed charges (unaudited)(4)	1.81	1.33	1.36	1.41	1.34	1.66	1.55
Ratio of earnings to combined fixed charges and preferred interests distributions (4)	1.74	1.26	1.29	1.30	1.20	1.38	1.27

(1) The above financial reporting and operating information from January 1, 2009 to December 31, 2011 reflect the reclassification of costs of management and other fees from general and administrative expenses in order to conform to current year presentation. Results of operations for 2008 and 2007 have not been

reclassified. Because 2008 and 2007 have not been reclassified, the results for these periods may not be comparable to the results for the subsequent periods set forth above.

(2) Includes amounts classified within discontinued operations.

(3) 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.

(4) 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.

Essex Property Trust, Inc.

The consolidated balance sheet data as of December 31, 2011 and 2010 and the consolidated statements of income for each of the years in the three year period ended December 31, 2011 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, 2009, 2008 and 2007 and the consolidated statements of income operating data for each of the years ended December 31, 2008 and 2007 have been derived from the historical consolidated financial statements of Essex Property Trust, Inc. and subsidiaries, have also been audited by KPMG LLP. The consolidated balance sheet data and consolidated statement of income operating data as of and for each of the nine months ended September 30, 2012 and 2011 have been derived from the unaudited consolidated financial statements of Essex Property Trust, Inc. and subsidiaries. The results for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Nine Months Ended September 30,		Years Ended December 31,				
	2012	2011	2011	2010(1)	2009(1)	2008	2007
($ in thousands, except per share amounts)							
OPERATING DATA:							
REVENUES							
Rental and other property	$390,308	$343,340	$465,713	$405,728	$401,550	$397,673	$364,216
Management and other fees	8,312	4,585	6,780	4,551	4,325	5,166	5,090
	398,620	347,925	472,493	410,279	405,875	402,839	369,306
EXPENSES							
Property operating expenses	127,891	119,045	159,234	143,164	137,457	130,328	119,400
Depreciation	125,575	111,786	151,428	128,221	116,540	108,221	95,148
General and administrative	16,440	15,626	20,694	23,255	24,966	27,684	26,673
Cost of management and other fees	4,893	3,161	4,610	2,707	3,096	-	-
Impairment and other charges	-	-	-	2,302	13,084	650	800
	274,799	249,618	335,966	299,649	295,143	266,883	242,021
Earnings from operations	123,821	98,307	136,527	110,630	110,732	135,956	127,285
Interest expense before amortization expense	(74,380)	(66,612)	(91,694)	(82,756)	(81,196)	(78,203)	(79,053)
	(8,681)	(8,527)	(11,474)	(4,828)	(4,820)	(6,860)	(6,843)

Amortization expense							
Interest and other income	10,869	12,357	17,139	27,841	13,040	11,337	10,310
Equity (loss) income from co-investments	8,998	(330)	(467)	(1,715)	670	7,820	3,120
Gain on remeasurement of co-investments	21,947	-	-	-	-	-	-
Gain (loss) on early retirement of debt	(2,661)	(820)	(1,163)	(10)	4,750	3,997	-
Gain on the sales of real estate	-	-	-	-	103	4,578	-
Income before discontinued operations	79,913	34,375	48,868	49,162	43,279	78,625	54,819
Income from discontinued operations	10,037	5,273	8,648	1,620	10,460	5,770	148,242
Net income	89,950	39,648	57,516	50,782	53,739	84,395	203,061
Net income attributable to noncontrolling interest	(9,827)	(7,882)	(10,446)	(14,848)	(16,631)	(22,255)	(90,961)
Net income attributable to controlling interest	80,123	31,766	47,070	35,934	37,108	62,140	112,100
Dividends to preferred stockholders	(4,104)	(3,385)	(4,753)	(2,170)	(4,860)	(9,241)	(9,174)
Excess (deficit) of the carrying amount of preferred stock redeemed over the cash paid to redeem preferred stock	-	(1,949)	(1,949)	-	49,952	-	-
Net income available to common stockholders	$76,019	$26,432	$40,368	$33,764	$82,200	$52,899	102,926
Per share data:							
Basic:							
Income before discontinued operations							

available to common stockholders	$1.92	$0.67	$0.99	$1.09	$2.66	$1.88	$1.07
Net income available to common stockholders	$2.19	$0.82	$1.24	$1.14	$3.01	$2.10	$4.19
Weighted average common stock outstanding	34,736	32,216	32,542	29,667	27,270	25,205	24,548
Diluted:							
Income before discontinued operations available to common stockholders	$1.91	$0.67	$0.99	$1.08	$2.56	$1.87	$1.04
Net income available to common stockholders	$2.18	$0.82	$1.24	$1.14	$2.91	$2.09	$4.10
Weighted average common stock outstanding	34,834	32,305	32,629	29,734	29,747	25,347	25,101
Cash dividend per common share	$3.30	$3.12	$4.16	$4.13	$4.12	$4.08	$3.72

	As of September 30,		As of December 31,				
	2012	2011	2011	2010	2009	2008	2007
($ in thousands)							
BALANCE SHEET DATA:							
Investment in rental properties (before accumulated depreciation)	$4,757,664	$4,167,597	$4,313,064	$3,964,561	$3,412,930	$3,279,788	$3,117,759
Net investment in rental properties	3,720,001	3,284,573	3,393,038	3,189,008	2,663,466	2,639,762	2,575,772
Real estate under development	60,020	145,226	44,280	217,531	274,965	272,273	233,445
Total assets	4,534,672	3,905,165	4,036,964	3,732,887	3,254,637	3,164,823	2,980,323
Total secured indebtedness	1,571,821	1,750,439	1,745,858	2,082,745	1,832,549	1,588,931	1,362,873
Total unsecured indebtedness	1,023,880	509,775	615,000	176,000	14,893	165,457	282,486
Cumulative convertible preferred stock	4,349	4,349	4,349	4,349	4,349	145,912	145,912
Cumulative redeemable preferred stock	73,750	73,750	73,750	25,000	25,000	25,000	25,000
Stockholders' equity	1,665,693	1,388,310	1,437,527	1,149,946	1,053,096	852,227	803,417

			As of and for the years ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
OTHER DATA:							
Net income	$89,950	$39,648	$57,516	$50,782	$53,739	$84,395	$203,061
Interest expense before amortization expense	74,380	66,612	91,694	82,756	81,196	78,203	79,053
Amortization expense	8,681	8,527	11,474	4,828	4,820	6,860	6,843
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EBITDA(3)	$298,680	$227,465	$311,545	$268,078	$258,277	$282,752	$391,603
Ratio of earnings to fixed charges (unaudited)(4)	1.81	1.33	1.36	1.41	1.34	1.66	1.55
	1.74	1.26	1.29	1.30	1.20	1.38	1.27

Ratio of earnings to combined fixed charges and preferred stock dividends (4)

(1) The above financial reporting and operating information from January 1, 2009 to December 31, 2010 reflect the reclassification of costs of management and other fees from general and administrative expenses in order to conform to current year presentation. Results of operations for 2008 and 2007 have not been reclassified. Because 2008 and 2007 have not been reclassified, the results for these periods may not be comparable to the results for the subsequent periods set forth above.

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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 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.

Debt financing has inherent risks. At September 30, 2012, the Company had approximately $2.60 billion of indebtedness (including $464.0 million of variable rate indebtedness, of which $200.0 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.

As of September 30, 2012, the Company had 55 of its 164 consolidated communities encumbered by debt. With respect to the 55 communities encumbered by debt, 55 of them are secured by deeds of trust relating solely to those communities.

Rising interest rates may affect the Company's costs of capital and financing activities and results of operation. Interest rates could increase rapidly, which could result in higher interest expense on the Company's variable rate indebtedness. 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 September 30, 2012, the Company had approximately $187.8 million of variable rate tax-exempt financing relating to the following apartment communities: Inglenook Court, Wandering Creek, Boulevard, Camarillo Oaks, Fountain Park, Anchor Village, Hidden Valley and Belmont Station. This tax-exempt financing subjects these communities to 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 excluding 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. In addition to federal requirements, 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. The yields available from equity investments in real estate depend on the amount of income generated and expenses incurred. 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 continued 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.

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;
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 nine months ended September 30, 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 nine months ended September 30, 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, a company that invests in apartment communities.

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. 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 September 30, 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 4.2% 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:

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 Essex Property Trust, Inc. 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

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 the Essex Property Trust, Inc.’s ability to make expected dividends to stockholders 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.

There have been a number of lawsuits in recent years 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 September 30, 2012, potential liabilities for mold and other environmental liabilities are not considered probable or the loss cannot be quantified or estimated.

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.

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 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.

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.

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 reduced 15% 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 September 30, 2012, Essex Portfolio, L.P. had outstanding $1.57 billion of secured indebtedness and $1.03 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 September 30, 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 September 30, 2012, was attributable to indebtedness of its subsidiaries, excluding trade payables and accrued expenses.

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 September 30, 2012, Essex Portfolio, L.P. had approximately $2.60 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 September 30, 2012, the total indebtedness of Essex Property Trust, Inc.'s subsidiaries (including us) was approximately $2.60 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.

The indenture governing the notes contains restrictive covenants that limit our operating flexibility. The indenture governing the 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.

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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.

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.

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.

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 , 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.

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.

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.

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.

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

αλλ οτηερ ρεθυιρεδ δοχυμεντσ.

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:

σπεχιφψ τηε ναμε οφ τηε περσον, ρεφερρεδ το ασ τηε δεποσιτορ, ηαϖινγ τενδερεδ τηε πριϖατε νοτεσ το βε ωιτηδραων;

ιδεντιφψ τηε πριϖατε νοτεσ το βε ωιτηδραων, ινχλυδινγ τηε χερτιφιχατε νυμβερ ορ νυμβερσ ανδ πρινχιπαλ αμουντ οφ τηε πριϖατε νοτεσ;

χονταιν α στατεμεντ τηατ τηε ηολδερ ισ ωιτηδραωινγ ιτσ ελεχτιον το ηαϖε τηε πριϖατε νοτεσ εξχηανγεδ;

βε σιγνεδ βψ τηε ηολδερ ιν τηε σαμε μαννερ ασ τηε οριγιναλ σιγνατυρε ον τηε λεττερ οφ τρανσμιτταλ βψ ωηιχη τηε πριϖατε νοτεσ ωερε τενδερεδ, ινχλυδινγ ανψ ρεθυιρεδ σιγνατυρε γυαραντεεσ, ορ βε αχχομπανιεδ βψ δοχυμεντσ οφ τρανσφερ το ηαϖε τηε τρυστεε ωιτη ρεσπεχτ το τηε πριϖατε νοτεσ ρεγιστερ τηε τρανσφερ οφ τηε πριϖατε νοτεσ ιν τηε ναμε οφ τηε περσον ωιτηδραωινγ τηε τενδερ; ανδ

σπεχιφψ τηε ναμε ιν ωηιχη τηε πριϖατε νοτεσ αρε ρεγιστερεδ, ιφ διφφερεντ φρομ τηατ οφ τηε δεποσιτορ.

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.

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:

- ρεφυσε το αχχεπτ ανψ πριϖατε νοτεσ ανδ ρετυρν αλλ τενδερεδ πριϖατε νοτεσ το ψου;

- εξτενδ τηε εξχηανγε οφφερ ανδ ρεταιν αλλ πριϖατε νοτεσ τενδερεδ βεφορε τηε εξχηανγε οφφερ εξπιρεσ, συβφεχτ, ηοωεϖερ, το ψουρ ριγητσ το ωιτηδραω τηε πριϖατε νοτεσ; ορ

- ωαιϖε τηε υνσατισφιεδ χονδιτιονσ ωιτη ρεσπεχτ το τηε εξχηανγε οφφερ ανδ αχχεπτ αλλ προπερλψ τενδερεδ πριϖατε νοτεσ τηατ ηαϖε νοτ βεεν ωιτηδραων.

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:

- το ινδεμνιφψ ψου ανδ παρτιεσ ρελατεδ το ψου αγαινστ λιαβιλιτιεσ, ινχλυδινγ λιαβιλιτιεσ υνδερ τηε Σεχυριτιεσ Αχτ; ανδ

- το προϖιδε, υπον ψουρ ρεθυεστ, τηε ινφορματιον ρεθυιρεδ βψ Ρυλε 144Α(δ)(4) υνδερ τηε Σεχυριτιεσ Αχτ το περμιτ ρεσαλεσ οφ τηε νοτεσ πυρσυαντ το Ρυλε 144Α.

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.

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:

τηε εξχηανγε οφφερ ρεγιστρατιον στατεμεντ ισ νοτ φιλεδ ωιτη τηε ΣΕΧ ον ορ πριορ το Φεβρυαρψ 11, 2013 ορ ισ νοτ δεχλαρεδ εφφεχτιϖε ον ορ πριορ το Απριλ 12, 2013;

τηε εξχηανγε οφφερ ισ νοτ χονσυμματεδ ωιτηιν 30 βυσινεσσ δαψσ αφτερ τηε δατε τηε εξχηανγε οφφερ ρεγιστρατιον στατεμεντ ισ δεχλαρεδ εφφεχτιϖε;

ιφ ωε αρε οβλιγατεδ το φιλε α σηελφ ρεγιστρατιον στατεμεντ ανδ τηε σηελφ ρεγιστρατιον στατεμεντ ισ νοτ φιλεδ ωιτη τηε ΣΕΧ ωιτηιν 30 δαψσ οφ τηε τριγγερινγ οφ συχη οβλιγατιον ορ ισ νοτ δεχλαρεδ εφφεχτιϖε ωιτηιν 90 δαψσ αφτερ τηε τριγγερινγ οφ συχη οβλιγατιον; ορ

ιφ τηε σηελφ ρεγιστρατιον στατεμεντ, ιφ ρεθυιρεδ, ισ δεχλαρεδ εφφεχτιϖε βυτ τηερεαφτερ (ανδ βεφορε τηε εξπιρατιον οφ τηε περιοδ ρεφερρεδ το ιν Ρυλε 144) χεασεσ το βε εφφεχτιϖε ορ υσεαβλε ιν χοννεχτιον ωιτη ρεσαλεσ οφ τηε νοτεσ φορ μορε τηαν 30 δαψσ ωιτηιν ανψ 12–μοντη περιοδ ορ ιφ ωε ορ Εσσεξ Προπερτψ Τρυστ, Ινχ. (τηε ∀Γυαραντορ∀), τηρουγη ουρ ομισσιον, φαιλ το ναμε ασ α σελλινγ σεχυριτψ ηολδερ ανψ ηολδερ τηατ ηαδ χομπλιεδ τιμελψ ωιτη ιτσ οβλιγατιονσ το βε ναμεδ ιν τηε σηελφ ρεγιστρατιον στατεμεντ.

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

(651) 466-7372
Attn: Specialized Finance

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:

το υσ, Εσσεξ Προπερτψ Τρυστ, Ινχ. ορ ονε οφ ουρ συβσιδιαριεσ;

φορ σο λονγ ασ τηε πριϖατε νοτεσ αρε ελιγιβλε φορ ρεσαλε πυρσυαντ το Ρυλε 144Α υνδερ τηε Σεχυριτιεσ Αχτ, το α περσον ωηομ τηε σελλερ ρεασοναβλψ βελιεϖεσ ισ α θυαλιφιεδ ινστιτυτιοναλ βυψερ ασ δεφινεδ ιν Ρυλε 144Α υνδερ τηε Σεχυριτιεσ Αχτ τηατ πυρχηασεσ φορ ιτσ οων αχχουντ ορ φορ τηε αχχουντ οφ α θυαλιφιεδ ινστιτυτιοναλ βυψερ το ωηομ νοτιχε ισ γιϖεν τηατ τηε τρανσφερ ισ βεινγ μαδε ιν ρελιανχε ον Ρυλε 144Α ανδ οτηερωισε ιν α τρανσαχτιον μεετινγ τηε ρεθυιρεμεντσ οφ Ρυλε 144Α;

πυρσυαντ το α ρεγιστρατιον στατεμεντ τηατ ηασ βεεν δεχλαρεδ εφφεχτιϖε υνδερ τηε Σεχυριτιεσ Αχτ;

πυρσυαντ το οφφερσ ανδ σαλεσ τηατ οχχυρ ουτσιδε τηε Υνιτεδ Στατεσ το νον−Υ.Σ. περσονσ ωιτηιν τηε μεανινγ οφ Ρεγυλατιον Σ υνδερ τηε Σεχυριτιεσ Αχτ; ορ

πυρσυαντ το ανοτηερ αϖαιλαβλε εξεμπτιον φρομ τηε ρεγιστρατιον ρεθυιρεμεντσ οφ τηε Σεχυριτιεσ Αχτ, συβφεχτ το ουρ ανδ τηε τρυστεε σ ριγητ πριορ το ανψ συχη οφφερ, σαλε ορ τρανσφερ το ρεθυιρε τηε δελιϖερψ οφ αν οπινιον οφ χουνσελ ανδ/ορ οτηερ ινφορματιον σατισφαχτορψ το εαχη οφ υσ ορ τηε τρυστεε.

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.

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.

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, 2011 and 2010 and the consolidated statement of income operating data for each of the years in the three-year period ended December 31, 2011 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, 2009 and 2008 and the consolidated statement of income operating data for the years ended December 31, 2009, 2008 and 2007 have been derived from the unaudited historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries. The consolidated balance sheet data as of December 31, 2007 has been derived from the historical consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, which have been audited by KPMG LLP. The consolidated balance sheet data as of the nine months ended September 30, 2012 and the consolidated statement of income operating data for each of the nine months ended September 30, 2012 and 2011 have been derived from the unaudited consolidated financial statements of Essex Portfolio, L.P. and subsidiaries, which are included elsewhere in this prospectus. The results for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year.

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	Nine Months Ended September 30,		Years Ended December 31,				
	2012	2011	2011	2010(1)	2009(1)	2008	20
($ in thousands, except per share amounts)							
OPERATING DATA:							
REVENUES							
Rental and other property	$390,308	$343,340	$465,713	$405,728	$401,550	$397,673	$364
Management and other fees	8,312	4,585	6,780	4,551	4,325	5,166	5,09
	398,620	347,925	472,493	410,279	405,875	402,839	369
EXPENSES							
Property operating expenses	127,891	119,045	159,234	143,164	137,457	130,328	119
Depreciation	125,575	111,786	151,428	128,221	116,540	108,221	95,1
General and administrative	16,440	15,626	20,694	23,255	24,966	27,684	26,6
Cost of management and other fees	4,893	3,161	4,610	2,707	3,096	-	-
Impairment and other charges	-	-	-	2,302	13,084	650	800
	274,799	249,618	335,966	299,649	295,143	266,883	242
Earnings from operations	123,821	98,307	136,527	110,630	110,732	135,956	127
Interest expense before amortization expense	(74,380)	(66,612)	(91,694)	(82,756)	(81,196)	(78,203)	(79,
Amortization expense	(8,681)	(8,527)	(11,474)	(4,828)	(4,820)	(6,860)	(6,8
Interest and other income	10,869	12,357	17,139	27,841	13,040	11,337	10,3
Gain on remeasurement of co-investments	21,947	-	-	-	-	-	-
Equity (loss) income from co-investments	8,998	(330)	(467)	(1,715)	670	7,820	3,12
Gain (loss) on early retirement of debt	(2,661)	(820)	(1,163)	(10)	4,750	3,997	-
Gain on the sales of real estate	-	-	-	-	103	4,578	-
Income before discontinued operations	79,913	34,375	48,868	49,162	43,279	78,625	54,8
Income from discontinued operations	10,037	5,273	8,648	1,620	10,460	5,770	148
Net income	89,950	39,648	57,516	50,782	53,739	84,395	203
Net income attributable to noncontrolling interest	(4,658)	(4,031)	(5,571)	(5,770)	(6,107)	(5,943)	(4,8
Net income attributable to controlling interest	85,292	35,617	51,945	45,012	47,632	78,452	198
Preferred interests distributions - Series F, G, & H	(4,104)	(3,385)	(4,753)	(2,170)	(4,860)	(9,241)	(9,1
Preferred interests distributions - limited partners	-	(1,650)	(1,650)	(6,300)	(6,300)	(9,909)	(10,
Excess (deficit) of the carrying amount of preferred interests redeemed over the cash paid to redeem preferred interests	-	(1,949)	(1,949)	-	49,952	-	-
Net income available to common unitholders	$81,188	$28,633	$43,593	$36,542	$86,424	$59,302	$178
Per unit data:							
Basic:							
Income before discontinued operations available to common unitholders	$1.93	$0.68	$1.00	$1.09	$2.56	$1.86	$1.13
Net income available to common unitholders	$2.20	$0.83	$1.25	$1.14	$2.91	$2.06	$6.61
Weighted average common unit outstanding	36,976	34,449	34,774	31,961	29,717	28,809	27,0
Diluted:							
Income before discontinued operations available to common unitholders	$1.92	$0.68	$1.00	$1.09	$2.56	$1.86	$1.11
Net income available to common unitholders	$2.19	$0.83	$1.25	$1.14	$2.91	$2.06	$6.48
Weighted average common unit outstanding	37,108	34,538	34,861	32,028	29,747	28,855	27,5
Cash dividend per common unit	$3.30	$3.12	$4.16	$4.13	$4.12	$4.08	$3.72

	As of September 30,		As of December 31,				
	2012	2011	2011	2010	2009	2008	2007
($ in thousands)							
BALANCE SHEET DATA:							
Investment in rental properties (before accumulated depreciation)	$4,757,664	$4,167,597	$4,313,064	$3,964,561	$3,412,930	$3,279,788	$3,117,759
Net investment in rental properties	3,720,001	3,284,573	3,393,038	3,189,008	2,663,466	2,639,762	2,575,772
Real estate under development	60,020	145,226	44,280	217,531	274,965	272,273	233,445
Total assets	4,534,672	3,905,165	4,036,964	3,732,887	3,254,637	3,164,823	2,980,323
Total secured indebtedness	1,571,821	1,750,439	1,745,858	2,082,745	1,832,549	1,588,931	1,362,873
Total unsecured indebtedness	1,023,880	509,775	615,000	176,000	14,893	165,457	282,486
Cumulative convertible preferred interests	4,349	4,349	4,349	4,349	4,349	145,912	145,912
Cumulative redeemable preferred interests	71,209	71,209	71,209	104,412	104,412	104,412	151,102
Partner's capital	1,713,604	1,486,914	1,486,914	1,284,515	1,200,208	1,001,356	1,009,512

			As of and for the years ended December 31,				
	2012	2011	2011	2010	2009	2008	2007
OTHER DATA:							
Net income	$89,950	$39,648	$57,516	$50,782	$53,739	$84,395	$203,061
Interest expense before amortization expense	74,380	66,612	91,694	82,756	81,196	78,203	79,053
Amortization expense	8,681	8,527	11,474	4,828	4,820	6,860	6,843
Tax expense (benefit)	-	-	(1,682)	-	-	-	396
Depreciation(2)	125,575	112,500	152,543	129,712	118,522	113,294	102,250
EBITDA(3)	$298,586	$227,287	$311,545	$268,078	$258,277	$282,752	$391,603
Ratio of earnings to fixed charges (unaudited)(4)	1.81	1.33	1.36	1.41	1.34	1.66	1.55
Ratio of earnings to combined fixed charges and preferred interests distributions (4)	1.74	1.26	1.29	1.30	1.20	1.38	1.27

(1) The above financial reporting and operating information from January 1, 2009 to December 31, 2010 reflect the reclassification of costs of management and other fees from general and administrative expenses in order to conform to current year presentation. Results of operations for 2008 and 2007 have not been reclassified. Because 2008 and 2007 have not been reclassified, the results for these periods may not be comparable to the results for the subsequent periods set forth above.

(2) Includes amounts classified within discontinued operations.

(3) 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.

(4) 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.

Essex Property Trust, Inc.

The consolidated balance sheet data as of December 31, 2011 and 2010 and the consolidated statements of income for each of the years in the three year period ended December 31, 2011 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, 2009, 2008 and 2007 and the consolidated statements of income operating data for each of the years ended December 31, 2008 and 2007 have been derived from the historical consolidated financial statements of Essex Property Trust, Inc. and subsidiaries, have also been audited by KPMG LLP. The consolidated balance sheet data and consolidated statement of income operating data as of and for each of the nine months ended September 30, 2012 and 2011 have been derived from the unaudited consolidated financial statements of Essex Property Trust, Inc. and subsidiaries. The results for the nine months ended September 30, 2012 are not necessarily indicative of the results to be expected for the full year. Certain prior year amounts have been reclassified to conform to the current year presentation.

	Nine Months Ended September 30,		Years Ended December 31,				
	2012	2011	2011	2010(1)	2009(1)	2008	2007
($ in thousands, except per share amounts)							
OPERATING DATA:							
REVENUES							
Rental and other property	$390,308	$343,340	$465,713	$405,728	$401,550	$397,673	$364,216
Management and other fees	8,312	4,585	6,780	4,551	4,325	5,166	5,090
	398,620	347,925	472,493	410,279	405,875	402,839	369,306
EXPENSES							
Property operating expenses	127,891	119,045	159,234	143,164	137,457	130,328	119,400
Depreciation	125,575	111,786	151,428	128,221	116,540	108,221	95,148
General and administrative	16,440	15,626	20,694	23,255	24,966	27,684	26,673
Cost of management and other fees	4,893	3,161	4,610	2,707	3,096	-	-
Impairment and other charges	-	-	-	2,302	13,084	650	800
	274,799	249,618	335,966	299,649	295,143	266,883	242,021
Earnings from operations	123,821	98,307	136,527	110,630	110,732	135,956	127,285
Interest expense before amortization expense	(74,380)	(66,612)	(91,694)	(82,756)	(81,196)	(78,203)	(79,053)
	(8,681)	(8,527)	(11,474)	(4,828)	(4,820)	(6,860)	(6,843)

Amortization expense							
Interest and other income	10,869	12,357	17,139	27,841	13,040	11,337	10,310
Equity (loss) income from co-investments	8,998	(330)	(467)	(1,715)	670	7,820	3,120
Gain on remeasurement of co-investments	21,947	-	-	-	-	-	-
Gain (loss) on early retirement of debt	(2,661)	(820)	(1,163)	(10)	4,750	3,997	-
Gain on the sales of real estate	-	-	-	-	103	4,578	-
Income before discontinued operations	79,913	34,375	48,868	49,162	43,279	78,625	54,819
Income from discontinued operations	10,037	5,273	8,648	1,620	10,460	5,770	148,242
Net income	89,950	39,648	57,516	50,782	53,739	84,395	203,061
Net income attributable to noncontrolling interest	(9,827)	(7,882)	(10,446)	(14,848)	(16,631)	(22,255)	(90,961)
Net income attributable to controlling interest	80,123	31,766	47,070	35,934	37,108	62,140	112,100
Dividends to preferred stockholders	(4,104)	(3,385)	(4,753)	(2,170)	(4,860)	(9,241)	(9,174)
Excess (deficit) of the carrying amount of preferred stock redeemed over the cash paid to redeem preferred stock	-	(1,949)	(1,949)	-	49,952	-	-
Net income available to common stockholders	$76,019	$26,432	$40,368	$33,764	$82,200	$52,899	102,926
Per share data:							
Basic:							
Income before discontinued operations							

available to common stockholders	$1.92	$0.67	$0.99	$1.09	$2.66	$1.88	$1.07
Net income available to common stockholders	$2.19	$0.82	$1.24	$1.14	$3.01	$2.10	$4.19
Weighted average common stock outstanding	34,736	32,216	32,542	29,667	27,270	25,205	24,548
Diluted:							
Income before discontinued operations available to common stockholders	$1.91	$0.67	$0.99	$1.08	$2.56	$1.87	$1.04
Net income available to common stockholders	$2.18	$0.82	$1.24	$1.14	$2.91	$2.09	$4.10
Weighted average common stock outstanding	34,834	32,305	32,629	29,734	29,747	25,347	25,101
Cash dividend per common share	$3.30	$3.12	$4.16	$4.13	$4.12	$4.08	$3.72

	As of September 30,		As of December 31,				
	2012	2011	2011	2010	2009	2008	2007
($ in thousands)							
BALANCE SHEET DATA:							
Investment in rental properties (before accumulated depreciation)	$4,757,664	$4,167,597	$4,313,064	$3,964,561	$3,412,930	$3,279,788	$3,117,759
Net investment in rental properties	3,720,001	3,284,573	3,393,038	3,189,008	2,663,466	2,639,762	2,575,772
Real estate under development	60,020	145,226	44,280	217,531	274,965	272,273	233,445
Total assets	4,534,672	3,905,165	4,036,964	3,732,887	3,254,637	3,164,823	2,980,323
Total secured indebtedness	1,571,821	1,750,439	1,745,858	2,082,745	1,832,549	1,588,931	1,362,873
Total unsecured indebtedness	1,023,880	509,775	615,000	176,000	14,893	165,457	282,486
Cumulative convertible preferred stock	4,349	4,349	4,349	4,349	4,349	145,912	145,912
Cumulative redeemable preferred stock	73,750	73,750	73,750	25,000	25,000	25,000	25,000
Stockholders' equity	1,665,693	1,388,310	1,437,527	1,149,946	1,053,096	852,227	803,417

				As of and for the years ended December 31,			
	2012	2011	2011	2010	2009	2008	2007
OTHER DATA:							
Net income	$89,950	$39,648	$57,516	$50,782	$53,739	$84,395	$203,061
Interest expense before amortization expense	74,380	66,612	91,694	82,756	81,196	78,203	79,053
Amortization expense	8,681	8,527	11,474	4,828	4,820	6,860	6,843
Tax expense (benefit)	-	-	(1,682)	-	-	-	396
Depreciation(2)	125,669	112,678	152,543	129,712	118,522	113,294	102,250
EBITDA(3)	$298,680	$227,465	$311,545	$268,078	$258,277	$282,752	$391,603
Ratio of earnings to fixed charges (unaudited)(4)	1.81	1.33	1.36	1.41	1.34	1.66	1.55
	1.74	1.26	1.29	1.30	1.20	1.38	1.27

Ratio of earnings to combined fixed charges and preferred stock dividends (4)

(1) The above financial reporting and operating information from January 1, 2009 to December 31, 2010 reflect the reclassification of costs of management and other fees from general and administrative expenses in order to conform to current year presentation. Results of operations for 2008 and 2007 have not been reclassified. Because 2008 and 2007 have not been reclassified, the results for these periods may not be comparable to the results for the subsequent periods set forth above.

(2) Includes amounts classified within discontinued operations.

(3) 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.

(4) 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 September 30, 2012, we had 1,153 employees.

The Company is a fully integrated Real Estate Investment Trust (“REIT”), and its property revenues are generated primarily from apartment community operations. The Company’s investment strategy has two components: constant monitoring of existing markets, and evaluation of new markets in the Company’s current three geographical regions to identify areas with the characteristics that underlie rental growth. The Company’s strong financial condition supports its investment strategy by enhancing its ability to quickly shift the Company’s acquisition, development, and disposition activities to markets that will optimize the performance of the portfolio.

As of September 30, 2012, the Operating Partnership had ownership interests in 164 apartment communities, comprising 33,637 apartment units, excluding the Operating Partnership’s ownership in preferred equity interest co-investments. The Operating Partnership’s 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 September 30, 2012, the Operating Partnership also had ownership interests in five commercial buildings with approximately 315,900 square feet.

As of September 30, 2012, the Operating Partnership’s development pipeline was comprised of two consolidated projects under development, seven unconsolidated joint venture projects under development, one unconsolidated joint venture predevelopment project and three consolidated land parcels held for future development or sale, all aggregating 2,985 units, with total incurred costs of $475.5 million, and estimated remaining project costs of approximately $523.9 million for total estimated project costs of $999.4 million.

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

	As of September 30, 2012		As of September 30, 2011	
	Apartment Units	%	Apartment Units	%
Southern California	13,656	48 %	13,204	49 %
Northern California	8,332	29 %	7,817	29 %
Seattle Metro	6,508	23 %	6,042	22 %
Total	28,496	100 %	27,063	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 the Nine Months Ended September 30, 2012 to the Nine Months Ended September 30, 2011

The Operating Partnership's average financial occupancies for the Operating Partnership's stabilized apartment communities or "2012/2011 Same-Property" (stabilized properties consolidated by the Operating Partnership for the nine months ended September 30, 2012 and 2011) increased 20 basis points to 96.4% for the nine months ended September 30, 2012 from 96.2% for the nine months ended September 30, 2011.

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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 REIT, which 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 nine months ended September 30, 2012 and 2011 is as follows:

	Nine Months Ended September 30,			
	2012		2011	
Southern California	96.2	%	96.0	%
Northern California	96.8	%	96.7	%
Seattle Metro	96.2	%	96.0	%

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

	Number of Properties	Nine Months Ended September 30, 2012	2011	Dollar Change	Percentage Change	
Property Revenues (dollars in thousands)						
2012/2011 Same-Properties:						
Southern California	58	$169,850	$162,928	$6,922	4.2	%
Northern California	33	118,654	107,983	10,671	9.9	
Seattle Metro	28	63,395	58,354	5,041	8.6	
Total 2012/2011 Same-Property revenues	119	351,899	329,265	22,634	6.9	
2012/2011 Non-Same Property Revenues (1)		38,409	14,075	24,334	172.9	

Total property revenues	$390,308	$343,340	$46,968	13.7 %

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

2012/2011 Same-Property Revenues increased by $22.6 million or 6.9% to $351.9 million for the nine months ended September 30, 2012 from $329.3 million for the nine months ended September 30, 2011. The increase was primarily attributable to an increase in scheduled rents of $20.9 million as reflected in an increase of 6.5% in average rental rates from $1,377 per unit for the nine months ended September 30, 2011 to $1,466 per unit for the nine months ended September 30, 2012. Scheduled rents increased by 3.7%, 9.7%, and 8.3% in Southern California, Northern California, and Seattle Metro, respectively. Income from utility billings and other income also increased $0.9 million and $0.9 million, respectively, compared to the nine months ended September 30, 2011. 2012/2011 Same-Property financial occupancy increased 20 basis points which also contributed $0.9 million in revenues.

2012/2011 Non-Same Property Revenues increased by $24.3 million or 173% to $38.4 million for the nine months ended September 30, 2012 from $14.1 million for the nine months ended September 30, 2011. The increase was primarily due to revenue generated from five development communities (Via, Allegro, Bellerive, Muse, and Santee Village), ten communities acquired or consolidated since January 1, 2011 (Bernard, 1000 Kiely, Delano/Bon Terra, Reed Square, Park Catalina, The Huntington, Montebello, Park West, and Domaine, and Essex Skyline at MacArthur Place) and the acquisition of the Santa Clara retail center.

Management and Other Fees increased by $3.7 million for the nine months ended September 30, 2012 as compared to the nine months ended September 30, 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, Linc, Elkhorn, Folsom and Fifth, Fountain at La Brea, and Santa Monica at La Brea development projects.

Property operating expenses, excluding real estate taxes increased $6.0 million or 6.9% to $92.4 million for the nine months ended September 30, 2012 from $86.4 million for the nine months ended September 30, 2011, primarily due to the acquisition of ten communities and one retail center in Santa Clara as a future development site, and the lease-up of five development properties. 2012/2011 Same-Property operating expenses excluding real estate taxes, increased by $0.8 million or 1.0% for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, due mainly to a $0.4 million increase in salaries and administration costs and a $0.2 million increase in maintenance and repairs.

Real Estate taxes increased by $2.9 million or 8.7% for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, due primarily to the acquisition of ten communities and one retail center 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 $0.4 million or 1.4% for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011 due to an increase of 2.0% in property taxes for the majority of the properties located in California regulated by Prop. 13 as offset by a reduction in assessed property valuations for select communities located in California.

Depreciation expense increased by $13.8 million or 12.3% for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, due to the acquisition of ten communities and one retail center and the lease-up of five development properties. Also, the increase is due to the capitalization of approximately $58.2 million in additions to rental properties through the third quarter of 2012, including $31.3 million spent on redevelopment, $4.4 million spent on revenue generating capital and $6.7 million spent on recent acquisitions, 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.

Cost of management and other fees increased $1.7 million for the nine months ended September 30, 2012 compared to the nine months ended September 30, 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 by $7.8 million or 11.7% for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, 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 debt at an average interest rate of 2.6%. Also, on March 31, 2011, the Operating Partnership issued $150 million of private placement notes with an interest rate of 4.4%, and on August 15, 2012 the Operating Partnership issued $300 million of unsecured bonds with an interest rate of 3.625%; thus, the increase in interest expense is due to an increase in average outstanding debt and a higher average interest rate for the first nine months of 2012 compared to the same period in 2011.

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Interest and other income decreased by $1.5 million for the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011, 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 $0.5 million for the nine months ended September 30, 2012, compared to a gain of $4.5 million from the sale of marketable securities for the nine months ended September 30, 2011.

Equity income (loss) in co-investments increased $9.3 million for the nine months ended September 30, 2012 to income of $9.0 million compared to a loss of $0.3 million for the nine months ended September 30, 2011 primarily due to the income of $9.9 million related to the Operating Partnership's preferred equity investments made in 2011 including the Wesco II preferred equity investment made in the fourth quarter of 2011 which earned $6.7 million for the nine months ended September 30, 2012.

Income from discontinued operations for the nine months ended September 30, 2012 was $10.0 million and included a gain of $9.8 million from the sale of Tierra del Sol/Norte and Alpine Country along with the operating results for these properties net of internal disposition costs. For the nine months ended September 30, 2011, income from discontinued operations was $5.3 million and included a gain of $4.4 million from the sale of Woodlawn Colonial net of internal disposition costs, and the operating results of these two properties sold in 2012.

Excess of the carrying amount of preferred interests redeemed over the cash paid to redeem preferred interests for the nine months ended September 30, 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.

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 or "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 2011/2010 Same-Property portfolio for financial occupancy for the years ended December 31, 2011 and 2010 is as follows:

	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,		Dollar Change	Percentage Change
		2011	2010		
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. Bad debt expense decreased slightly by $0.2 million and rent concessions were comparable between years. 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 in 2011 compared to 2010, due to the acquisition of twelve operating properties since January 1, 2010. Three communities were acquired in 2011 comprised of Delano, The Bernard, and 1000 Kiely and nine communities were acquired in 2010 comprised of Santee Court, Courtyard off Main, Corbella at Juanita Bay, Anavia, 416 on Broadway, 101 San Fernando, The Commons, Bella Villagio, and Elevation. The increase in non-same property revenue is also attributable to 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, Fountain at La Brea, Santa Monica at La Brea, and 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.

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 $52.7 million in additions to rental properties for 2010, including the capitalization of approximately $16.3 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 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 (loss) income 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.

Gain (loss) on early retirement of debt was a loss of $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 $5.2 million on the sale of Woodlawn Colonial and a gain of $3.2 million on the sale of Clarendon along with the operating results for these properties and 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.

Comparison of Year Ended December 31, 2010 to the Year Ended December 31, 2009

The Operating Partnership's average financial occupancies for the Operating Partnership's stabilized apartment communities for "2010/2009 Same-Properties" (stabilized properties consolidated by the Operating Partnership for the years ended December 31, 2010 and 2009) remained consistent at 97.0% for 2010 and 2009.

The regional breakdown of the Operating Partnership's stabilized 2010/2009 Same-Property portfolio for financial occupancy for the years ended December 31, 2010 and 2009 is as follows:

	Years ended December 31,	
	2010	2009
Southern California	96.8 %	96.6 %
Northern California	97.3 %	97.7 %
Seattle Metro	96.9 %	97.1 %

The following table provides a breakdown of revenue amounts, including the revenues attributable to 2010/2009 Same-Properties.

	Number of	Years Ended December 31,		Dollar	Percentage
	Properties	2010	2009	Change	Change
Property Revenues ($ in thousands)					
2010/2009 Same-Properties:					
Southern California	56	$ 192,196	$ 196,191	$ (3,995)	(2.0) %
Northern California	28	114,346	118,776	(4,430)	(3.7)
Seattle Metro	23	59,101	63,575	(4,474)	(7.0)
Total 2010/2009 Same-Property revenues	107	365,643	378,542	(12,899)	(3.4)
2010/2009 Non-Same Property Revenues (1)		40,085	23,008	17,077	74.2
Total property revenues		$ 405,728	$ 401,550	$ 4,178	1.0 %

(1) Includes ten communities acquired after January 1, 2009, two redevelopment communities, six development communities, and two commercial buildings.

2010/2009 Same-Property Revenues decreased by $12.9 million or 3.4% to $365.6 million for 2010 compared to $378.5 million in 2009. The decrease was primarily attributable to a decrease in 2010/2009 Same-Property community's scheduled rents of $15.2 million as reflected in a decrease of 4.0% in 2010/2009 Same-Property communities average rental rates from $1,361 per unit for 2009 to $1,306 per unit for 2010. Scheduled rents decreased in all regions and specifically by 3.1%, 3.9%, and 7.6% in Southern California, Northern California, and Seattle Metro, respectively. The Operating Partnership had experienced a decrease in scheduled rents due to the slowdown in the economy coupled with job losses during 2009 and absorption of new housing supply. During 2009 and 2010, the Operating Partnership experienced a decrease in gross revenue in comparison to the prior year in the Operating Partnership's markets from the reduction in rents from leases entered into during those periods, but starting in the third quarter of 2010 the Operating Partnership has experienced sequential revenue growth and an increase in scheduled rents. Offsetting the decrease in schedule rents, was a decrease in bad debt expense and rent concessions of $1.7 million, utility billings income increased $0.8 million, and other income decreased $0.4 million between years due primarily to a decrease in revenue from the fees charged for early termination of leases in 2009.

2010/2009 Non-Same Property Revenues increased by $17.1 million or 74.2% to $40.1 million for 2010 from $23.0 million for 2009. The increase was primarily due to revenue generated from ten operating communities acquired after January 1, 2009 consisting of Regency at Encino, Eagle Rim, 101 San Fernando, The Commons, Bella Villagio, Santee Court, Courtyard off Main, Corbella at Juanita Bay, Anavia, and 416 on Broadway, six development communities consisting of Allegro, Joule, Fourth & U, Axis 2300, The Grand, and Belmont Station, two redevelopment communities, and two commercial buildings.

Management and other fees from affiliates increased $0.2 million to $4.5 million in 2010 compared to $4.3 million in 2009. The increase is primarily due to the acquisition fee of $0.5 million related to the purchase of Essex Skyline at MacArthur Place in a co-investment and property management fees from this co-investment that were partially offset by a decrease in development fees from Fund II.

Property operating expenses, excluding real estate taxes increased $2.9 million or 2.8% for 2010 compared to 2009, primarily due to the acquisition of ten communities, and the completion of six development properties. 2010/2009 Same-Property operating expenses excluding real estate taxes increased slightly by $0.1 million or 0.8% for 2010 compared to 2009.

Real estate taxes increased $2.8 million or 7.8% for 2010 compared to 2009, due mainly to the acquisition of ten communities which resulted in an increase in property taxes of $1.5 million and the completion of six development communities which resulted in an increase in property taxes of $0.5 million compared to 2009. For same-property results, real estate taxes are limited to a 2% increase for communities in California, and real estate taxes increased on average by 3.5% in the Seattle Metro area from 2009. During the fourth quarter of 2010, the Operating Partnership received notification of temporary reductions in property taxes for the second half of 2010 for certain communities located mainly located in Contra Costa and Ventura counties, which decreased property taxes for those communities by approximately $0.5 million compared to 2009.

Depreciation and amortization expense increased by $11.7 million or 10.0% for 2010 compared to 2009, due to the acquisition of ten new communities, and the completion of six development properties. Depreciation expense also increased due to the capitalization of approximately $52.7 million in additions to rental properties during 2010 including $16.3 million spent on redevelopment and revenue generating capital expenditures along with a full year of depreciation expense in 2010 versus a partial year of depreciation expense in 2009 for approximately $55.6 million in 2009 improvements capitalized.

General and administrative expense decreased $1.7 million or 6.9% for 2010 compared to 2009, primarily due to $3.8 million in expense of unamortized costs related to the cancellation of the Outperformance Plan in 2009. During 2010, the Operating Partnership incurred $1.6 million in non-recurring compensation related to the CEO's retirement, which is included in general and administrative expense.

Cost of management and other fees decreased $0.4 million or 12.6% compared to 2009 primarily due to a decrease in costs related to the completion of three Fund II development communities.

Impairment and other charges for 2010 relates to $2.3 million in expense attributable to hedge ineffectiveness of certain forward-starting swaps that were settled in 2010, and for 2009 the Operating Partnership incurred $13.1 million in impairment and other charges due to the write-off of development costs totaling $6.7 million related to two land parcels that will no longer be developed by the Operating Partnership, $0.6 million recorded for additional loan loss reserves related to a note receivable secured by an apartment community in the Portland Metropolitan Area, and $5.8 million due to the write-off of an investment in a joint venture development project.

Interest and other income increased by $14.8 million for 2010 primarily due to gains on sales of marketable securities for $12.5 million compared to $1.0 million in gains on sales of securities in 2009 and an increase in 2010 of $5.3 million for interest income earned on notes receivable primarily related to the Santee Court note receivable in 2010, which was purchased in May 2010 at a discount to the outstanding principal on the note. Those increases in interest and other income were offset partially by a decrease of $1.1 million in interest earned on marketable securities and cash equivalents compared to 2009 due to lower average investment balances.

Equity (loss) income in co-investments decreased by $2.4 million for 2010 compared to 2009 due primarily to the Operating Partnership recording its $1.8 million share of loss from operations incurred by Essex Skyline at MacArthur Place which is a development community in lease-up that was acquired in the first quarter of 2010. The remainder of the difference is attributable to a decrease in earnings for Fund II in 2010 compared to 2009.

Gain(loss) on early retirement of debt was $4.8 million for 2009 due to the repurchase of the Operating Partnership's exchangeable bonds totaling $166.7 million in 2009 at a discount to par value.

Income from discontinued operations for 2010 was $1.6 million which related to operations from Woodlawn Colonial and Clarendon office building which were sold in 2011 and Tierra del Sol/Norte and Alpine Country which were sold in 2012. The $10.5 million for 2009 includes the operating results for Woodlawn Colonial and Clarendon office building sold in 2011 and Tierra del Sol/Norte and Alpine Country which were sold in 2012, a gain of $2.9 million on the sale of Maple Leaf, a gain of $2.5 million on the sale of Spring Lake, a gain of $1.6 million on the sale of Carlton Heights Villa, a gain of $0.9 million on the sale of Grand Regency, and a gain of $0.8 million on the sale of Mountain View.

Excess of the carrying amount of preferred interests redeemed over the cash paid to redeem preferred interests for 2010 was $0 since there were no such redemptions in 2010. The $50.0 million for 2009 related to the repurchase of $145.0 million of the Operating Partnership 's Series G cumulative convertible preferred interests at a discount to carrying value.

Liquidity and Capital Resources

As of November 30, 2012, Standard and Poor's ("S&P") credit agency rated Essex Property Trust, Inc. BBB/Stable and Moody's Investors Service credit agency rated Essex Portfolio, L.P. Baa2/Stable. Also, Fitch Ratings ("Fitch") assigned a BBB+ Stable issuer rating to Essex Property Trust, Inc. and Essex Portfolio, L.P., and the rating outlook is stable.

As of September 30, 2012, the Operating Partnership had $1.9 million of unrestricted cash and cash equivalents and $141.6 million in marketable securities, of which $90.9 million were held available for sale. We believe that cash flows generated by our 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 our reasonably anticipated cash needs during the next twelve months. 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 our plans for acquisitions, dispositions, development and redevelopment activities.

The Operating Partnership has two lines of credit aggregating $525 million as of September 30, 2012. The Operating Partnership has a $500 million unsecured line of credit with an accordion option to $600 million. As of September 30, 2012 there was a $58 million balance on this unsecured line. The underlying interest rate on the $500 million line is based on a tiered rate structure tied to the Operating Partnership's credit ratings on the credit facility and the rate was LIBOR + 1.20% as of September 30, 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 million. As of September 30, 2012 there was a $3.9 million balance outstanding on this unsecured line. The underlying interest rate on the $25 million line is based on a tiered rate structure tied to the Operating Partnership's credit ratings on the credit facility of LIBOR + 1.20%.

During the nine months ended September 30, 2012, the Operating Partnership entered into an agreement to issue $200 million of private placement unsecured notes for a term of 9 years at an all-in fixed rate of 4.3%.

In August 2012, the Operating Partnership issued $300.0 million in senior unsecured notes at an interest rate per annum of 3.625% that mature in August 2022. The net proceeds from the 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.

In July, the Operating Partnership increased the capacity of its $200 million unsecured term loan originated in the fourth quarter of 2011 to $350 million, and the tiered pricing structure was reduced from LIBOR + 142.5 basis points to LIBOR + 130 basis points. The $150 million of additional funds were issued to the Operating Partnership during October 2012.

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 2.4%. These derivatives qualify for hedge accounting.

The Company has entered into equity distribution agreements 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. During the third quarter of 2012, the Company sold 633,636 shares of common stock for $97.9 million, net of commissions, at an average per share price of $155.97. From January 1, 2012 through November 1, 2012, the Company has sold 1,775,748 shares of common stock for $269.0 million, net of commissions, at an average price of $152.97, 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 Operating Partnership anticipates using the net proceeds to pay down debt, acquire apartment communities and fund the development pipeline. As of November 1, 2012, the Company may sell an additional 2,700,231 shares under the current equity distribution program.

As of September 30, 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 $202.1 million of variable rate debt with a weighted average interest rate of 1.9% ($202.1 million of the variable debt is tax-exempt variable rate demand notes). 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.

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.

The Operating Partnership has benefited from borrowing from Fannie Mae and Freddie Mac, and there are no assurances that these entities will lend to the Operating Partnership in the future. To the extent that the Operating Partnership’s access to capital and credit is at a higher cost than the Operating Partnership has experienced in recent years (reflected in higher interest rates for debt financing or a lower stock price for equity financing) the Operating Partnership’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 Operating Partnership has primarily issued unsecured debt and repaid secured debt when it has matured to place less reliance on mortgage debt financing, and to unencumber more of the Operating Partnership's communities.

Derivative Activity

The Operating Partnership uses interest rate swaps and interest rate cap contracts to manage certain interest rate risks. The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves. The fair values of interest rate swaps are determined using the market standard methodology of netting the discounted future fixed cash receipts (or payments) and the discounted expected variable cash payments (or receipts). The variable cash payments (or receipts) are based on an expectation of future interest rates (forward curves) derived from observable market interest rate curves. The Operating Partnership incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements.

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 2.4%. These derivatives qualify for hedge accounting.

As of September 30, 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 $202.1 million of the Operating Partnership's tax exempt variable rate debt. As of September 30, 2012 and December 31, 2011 the aggregate carrying value of the interest rate swap contracts was a liability of $7.2 million and $1.4 million, respectively. The aggregate carrying value of the interest rate cap contracts was zero on the balance sheet as of September 30, 2012, and was an asset of $0.2 million as of December 31, 2011.

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.

Development and Predevelopment Pipeline

The Operating Partnership defines development activities as new properties that are being constructed, or are newly constructed and, in the case of development communities, are in a phase of lease-up and have not yet reached stabilized operations. As of September 30, 2012, the Operating Partnership had two consolidated development projects, and seven unconsolidated joint venture development projects aggregating 2,495 units for an estimated cost of $934.4 million, of which $523.9 million remains to be expended.

The Operating Partnership owned one predevelopment project consisting of 192 units with an aggregate carrying value of $19.8 million as of September 30, 2012. In addition, the Operating Partnership owned three land parcels held for future development or sale aggregating an estimated 298 units as of September 30, 2012. The aggregate carrying value for these three land parcels was $45.2 million as of September 30, 2012. 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, net proceeds from public and private equity and debt issuances, and proceeds from the disposition of properties, if any.

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 September 30, 2012, owned fourteen 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.

In the fourth quarter of 2012, the Operating Partnership closed on the sale of seven communities owned by Fund II for estimated gross proceeds of approximately $413 million. The Operating Partnership has a 28.2% ownership interest in Fund II. In conjunction with the sale of the assets, Fund II incurred prepayment penalties on debt obligations, which will result in the Operating Partnership recording a loss of approximately $2.2 million in the fourth quarter for its pro rata share of Fund II's debt.

In 2011, the Operating Partnership entered into a 50/50 programmatic joint venture, Wesco I, LLC, with an institutional partner for a total equity commitment of $200 million. Each partner's equity commitment was $100 million, and Wesco I will utilize leverage equal to approximately 50% to 60%. In 2012, the equity commitment was increased to $300 million and each partner's equity commitment is $150 million with the leverage target being reduced to 50%. The Operating Partnership has contributed $88.2 million to Wesco I, and as of September 30, 2012, Wesco I owned seven apartment communities with 2,169 units. 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 Operating Partnership will receive asset and property management fees, and may earn a promoted interest. The Operating Partnership accounts for this joint venture on the equity method.

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 September 30, 2012, and the effect such obligations could have on the Operating Partnership's liquidity and cash flow in future periods ($ in thousands):

			2014 and	2016 and		
	2012	2013	2015	2017	Thereafter	Total
Mortgage notes payable	$-	$40,546	$134,998	$158,616	$1,237,661	$1,571,821
Unsecured debt	-		-	390,000	572,008	962,008
Lines of credit	-	-	61,872	-	-	61,872
Interest on indebtedness (1)	28,672	113,783	214,883	177,779	227,423	762,540
Co-investment commitments (including development)	57,220	294,825	281,545	96,940	-	730,530
Redevelopment commitments	2,150	14,984	6,991	-	-	24,125
	$88,042	$464,138	$700,289	$823,335	$2,037,092	$4,112,896

(1) Interest on indebtedness for variable debt was calculated using interest rates as of September 30, 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) since the Operating Partnership is the primary beneficiary of these variable interest entities ("VIEs"). Total DownREIT units outstanding were 1,057,848 and 1,063,848 as of September 30, 2012 and December 31, 2011, respectively, and the redemption value of the units, based on the closing price of the Company's common stock totaled $156.8 million and $149.5 million, as of September 30, 2012 and December 31, 2011, respectively. The consolidated total assets and liabilities related to these VIEs, net of intercompany eliminations, were approximately $202.7 million and $176.7 million, respectively, as of September 30, 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 income equal to the cash payments made to those interest holders. The remaining results of operations are generally allocated to the Operating Partnership. As of September 30, 2012 and December 31, 2011, the Operating Partnership did not have any other VIEs of which it was 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 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. 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 as, nor should it be considered to be, 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 REITs ("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 (including impairment charges on depreciable real estate) from the sale of previously depreciated properties. The Company agrees that these two NAREIT adjustments are useful to investors for the following reason:

(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 and losses (including impairment charges on depreciable real estate) 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.

Management believes that it has consistently applied the NAREIT definition of FFO to all periods presented. However, there is judgment involved and other REITs' calculation of FFO may vary from the NAREIT definition for this measure, and thus their disclosure of FFO may not be comparable to the Company's calculation.

The following table sets forth the Company's calculation of FFO for nine months ended September 30, 2012 and 2011 and for each of the years ended in the three year period ended December 31, 2011 (in thousands):

	For the nine months months ended 9/30/12	For the nine months months ended 9/30/11	For the year ended 12/31/11	For the year ended 12/31/10	For the year ended 12/31/09
Net income available to common stockholders	$ 76,019	$ 26,432	$ 40,368	$ 33,764	$ 82,200
Adjustments:					
Depreciation and amortization	125,669	112,678	152,543	129,711	118,522
Gains not included in FFO, net of internal disposition cost	(31,730)	(4,384)	(7,543)	-	(7,943)
Depreciation add back from unconsolidated co-investments, and add back convertible preferred dividend - Series G	11,104	8,498	12,642	6,128	4,357
Noncontrolling interests related to Operating Partnership units	5,169	2,201	3,228	2,779	4,224
Depreciation attributable to third party of co-investments	(904)	(790)	(1,066)	(1,014)	(974)
Funds from operations	$ 185,327	$ 144,635	$ 200,172	$ 171,368	$ 200,386
Weighted average number of shares outstanding, diluted(1)	37,108,021	34,537,774	34,860,521	32,028,269	29,746,614

(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 nine months ended September 30, 2012 and 2011 and for each of the years ended in the three year period ended December 31, 2011 (in thousands):

	For the nine months months ended 9/30/12	For the nine months months ended 9/30/11	For the year ended 12/31/11	For the year ended 12/31/10	For the year ended 12/31/09
Cash flow provided by (used in):					

Operating activities	$ 219,335	$ 170,694	$ 216,571	$ 175,530	$ 173,587
Investing activities	(518,066)	(258,512)	(425,783)	(510,868)	(218,958)
Financing activities	287,785	83,085	208,348	328,431	24,122

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 September 30, 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 variable rate five-year unsecured term debt. As of September 30, 2012, the Operating Partnership also had $202.1 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 September 30, 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 September 30, 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 September 30, 2012.

				Estimated Carrying Value	
(Dollars in thousands)	Notional Amount	Maturity Date Range	Carrying and Estimate Fair Value	+ 50 Basis Points	- 50 Basis Points
Cash flow hedges:					
Interest rate swaps	$ 300,000	2016-2017	$ (7,174)	$ (678)	$ (12,659)
Interest rate caps	187,787	2013-2016	-	107	-
Total cash flow hedges	$ 487,787	2013-2017	$ (7,174)	$ (571)	$ (12,659)