



Fall 2012

Essex Property Trust, Inc.

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About Essex Property Trust

Multifamily REIT

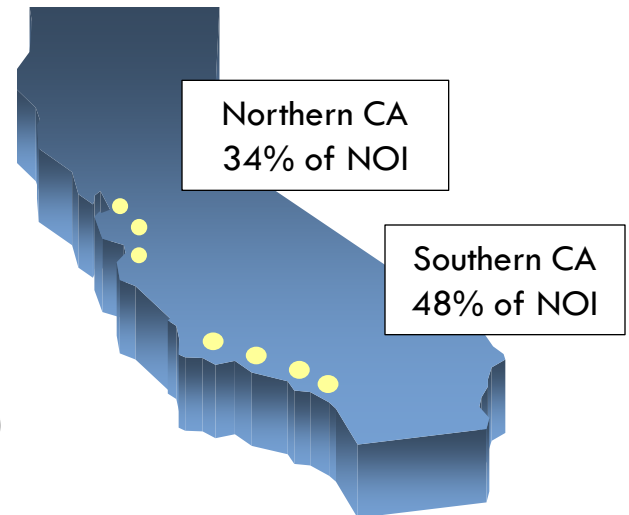
- Supply-constrained coastal markets of California and Washington
- 161 properties containing +33,000 units
- \$8.3 billion in total market capitalization⁽¹⁾

Strategy

- Drive rent growth on high occupancy
- Add value through redevelopment
- Acquire and develop West Coast properties with above-average growth characteristics
- Maintain strong balance sheet and financial flexibility

Management Team

- Top executives share an average tenure of over 20 years



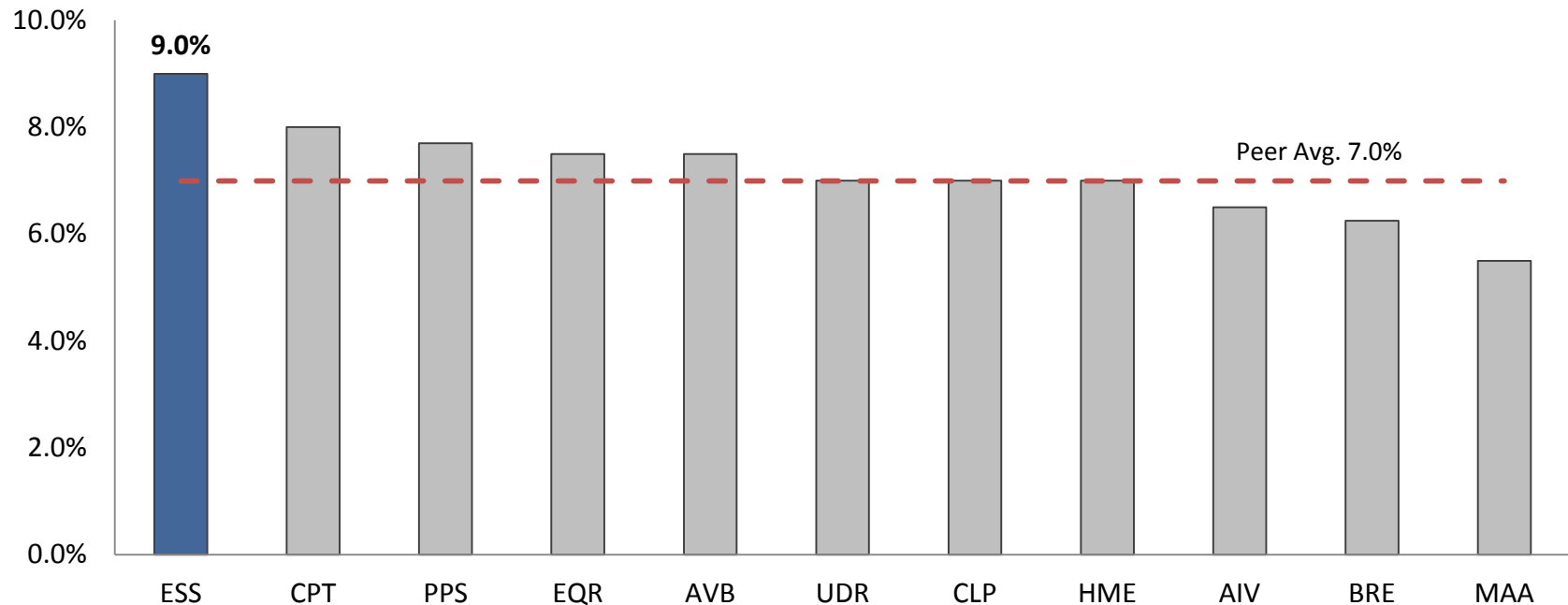
Year-to-Date Accomplishments

- Reported core⁽¹⁾ FFO growth per share of 22% for the first six month of 2012
- Achieved 10.2% same-property NOI growth
 - Increased rents 6.5% on new and renewal leases compared to one year ago.
- Acquired five properties totaling 834 units for a total cost of \$163 million.
- Purchased our partners stake in Essex Skyline for \$85 million and realized \$2.3 million of promote income.
- Started 5 new developments for a total cost of \$516 million.
- Disposed of two non-core assets for \$28 million.
- Increased our unencumbered asset pool to over 50% from 43% at year end.
- Issued \$300 million of unsecured private placement notes at a rate of 3.75% for a 10 year term.
 - The notes represent our debut public bond offering and will be tradable once Essex Property LP is registered with the SEC which we expect will be within 180 days.

Highest Projected Same-Property NOI Growth for 2012

- ESS is projected to lead the peer group in same-property NOI growth in 2012

2012 Estimated Same-Property NOI Growth



II. Investment Strategy



Anavia – Anaheim, CA

Strong West Coast Fundamentals

Why Focus on the West Coast

Strong Demand

Robust Rent Growth

- Rents declined further and recovered later relative to other major U.S. metros
- ESS in top projected rent growth markets through 2016

Strong Job Growth

- Better than average job growth, especially in high paying industries
- Innovative industries drive wealth, leading to jobs

Favorable Demographics

- Above-average population growth

West Coast Significance

- Contain several “Centers of Innovation” that are global leaders
- CA and WA combined has the 6th largest GDP in the world

+

Limited Supply

Low Supply

- New supply remains muted, below 1% annual addition to residential stock
- Difficulty to build in our coastal markets due to restrictive, costly and lengthy entitlement process

Low Homeownership

- High cost of for-sale housing limits transitions from renters to home owners (in coastal markets)
- Tight lending standards and wide spread credit issues

Research Driven Approach Identifies Top Markets

- Nearly 75% of Essex's revenues are located in the top projected rent growth markets

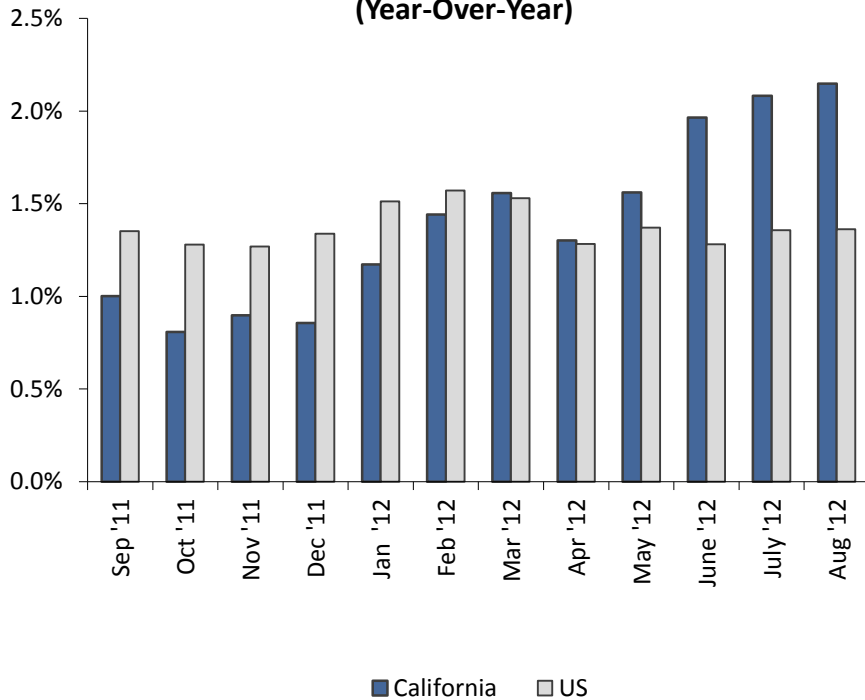
Top Projected Rent Growth Markets

Rank	MSA	'13-'16 Cumulative Growth	% of ESS Revenue
1	Los Angeles, CA	20.8%	19.6%
2	San Francisco, CA	20.0%	4.2%
3	Phoenix, AZ	19.6%	
4	Oakland, CA	19.4%	5.7%
5	Santa Ana-Irvine, CA	19.3%	11.1%
6	San Jose-Santa Clara, CA	18.7%	16.3%
7	Riverside, CA	18.3%	0.5%
8	Denver, CO	18.2%	
9	San Diego, CA	18.0%	6.4%
10	Oxnard-Ventura, CA	17.9%	9.5%
11	Newark, NJ-PA	17.7%	
12	Nassau-Suffolk, NY	17.2%	
13	Washington, DC	17.1%	
14	Boston, MA	17.0%	
15	Atlanta, GA	16.6%	
Top 15 Average		18.4%	73.4%
Top 50 Average		15.8%	91.3%

Job Growth: Favors Essex Markets

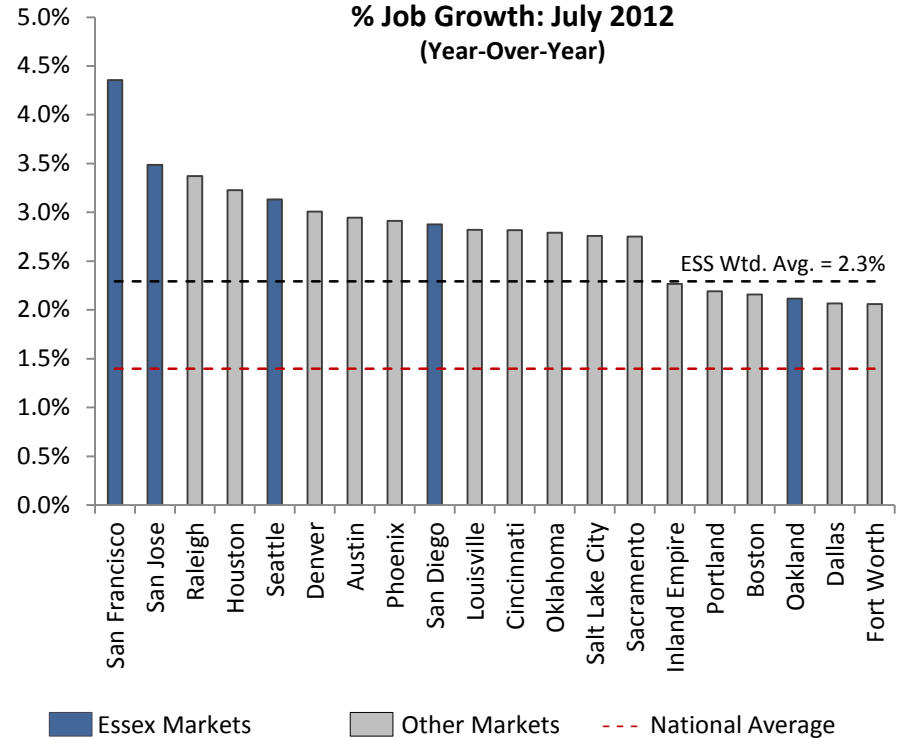
- California job growth has improved rapidly over the last few months and now outpaces the U.S. average

**% Job Growth : California vs. US
(Year-Over-Year)**



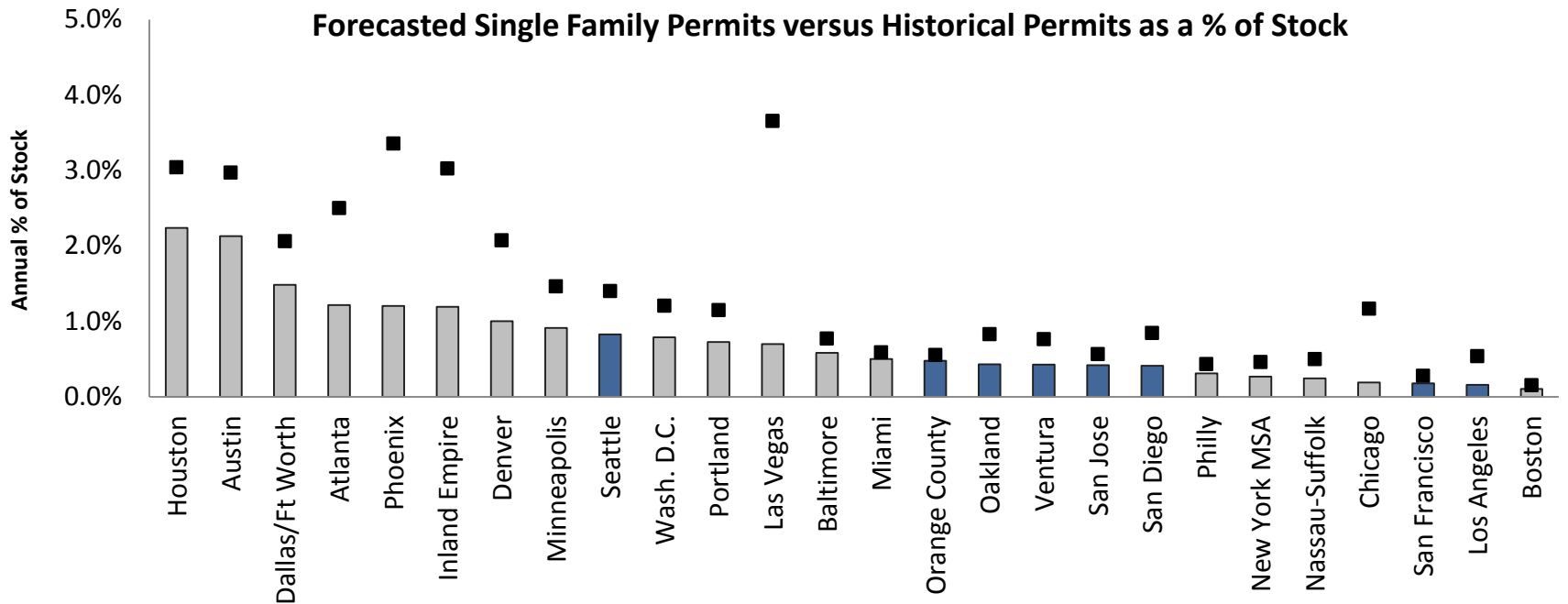
- Job growth in many Essex markets is exceptionally strong
 - LA job growth improving and expected to be 1% in 2012

**% Job Growth: July 2012
(Year-Over-Year)**



Supply: For-Sale Supply Risk Low

- Coastal rental markets will have less competition from for-sale as compared to 2003-2007, due to more restrictive lending standards and higher housing costs
- Through varying economic cycles, supply remains low – well below 1% of stock in ESS's markets



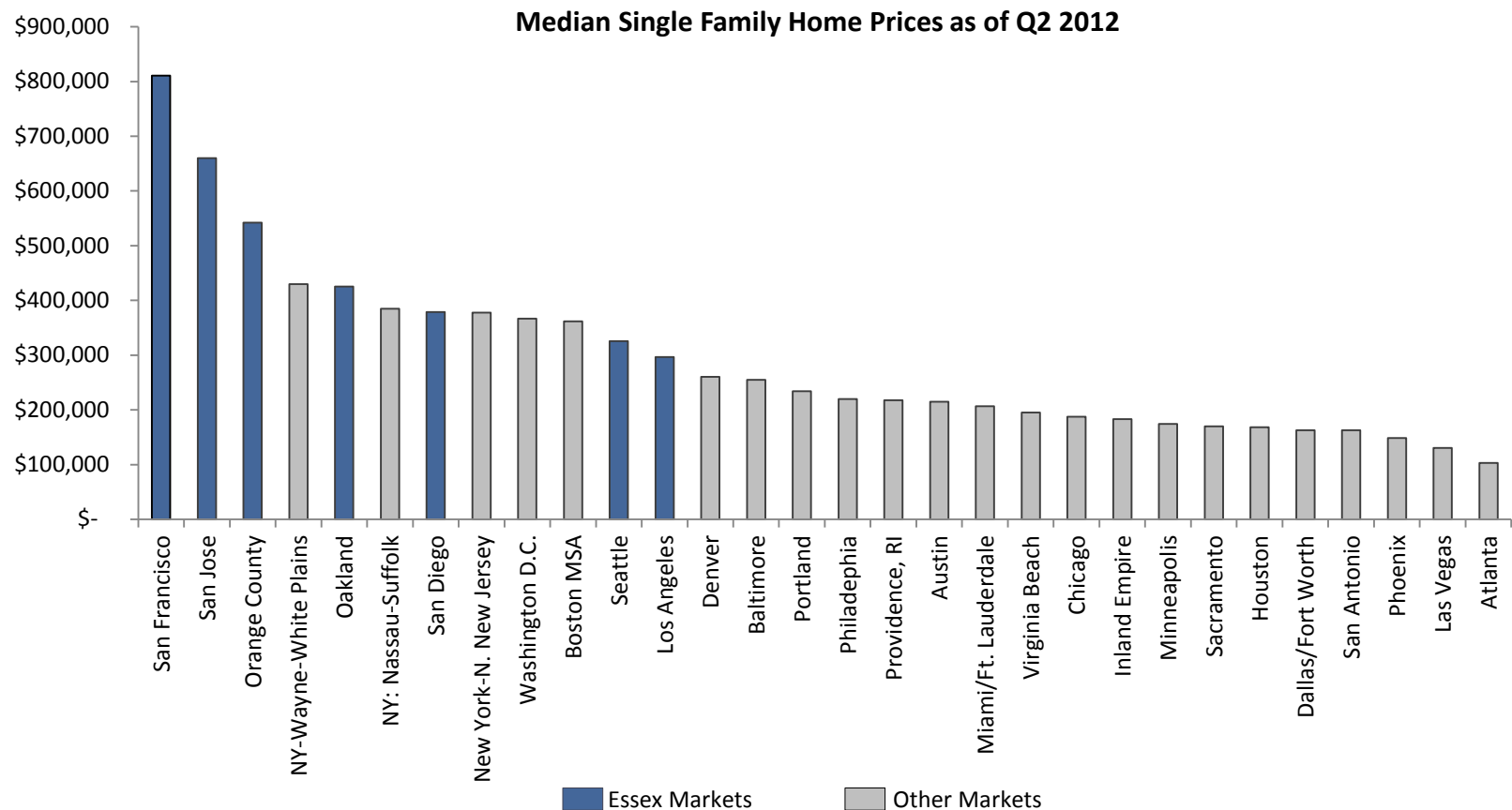
■ Essex Markets Est. % of stock for '12-'14

■ Other Markets Estimated % of stock for '12-'14

■ Actual % of stock for '05-'08

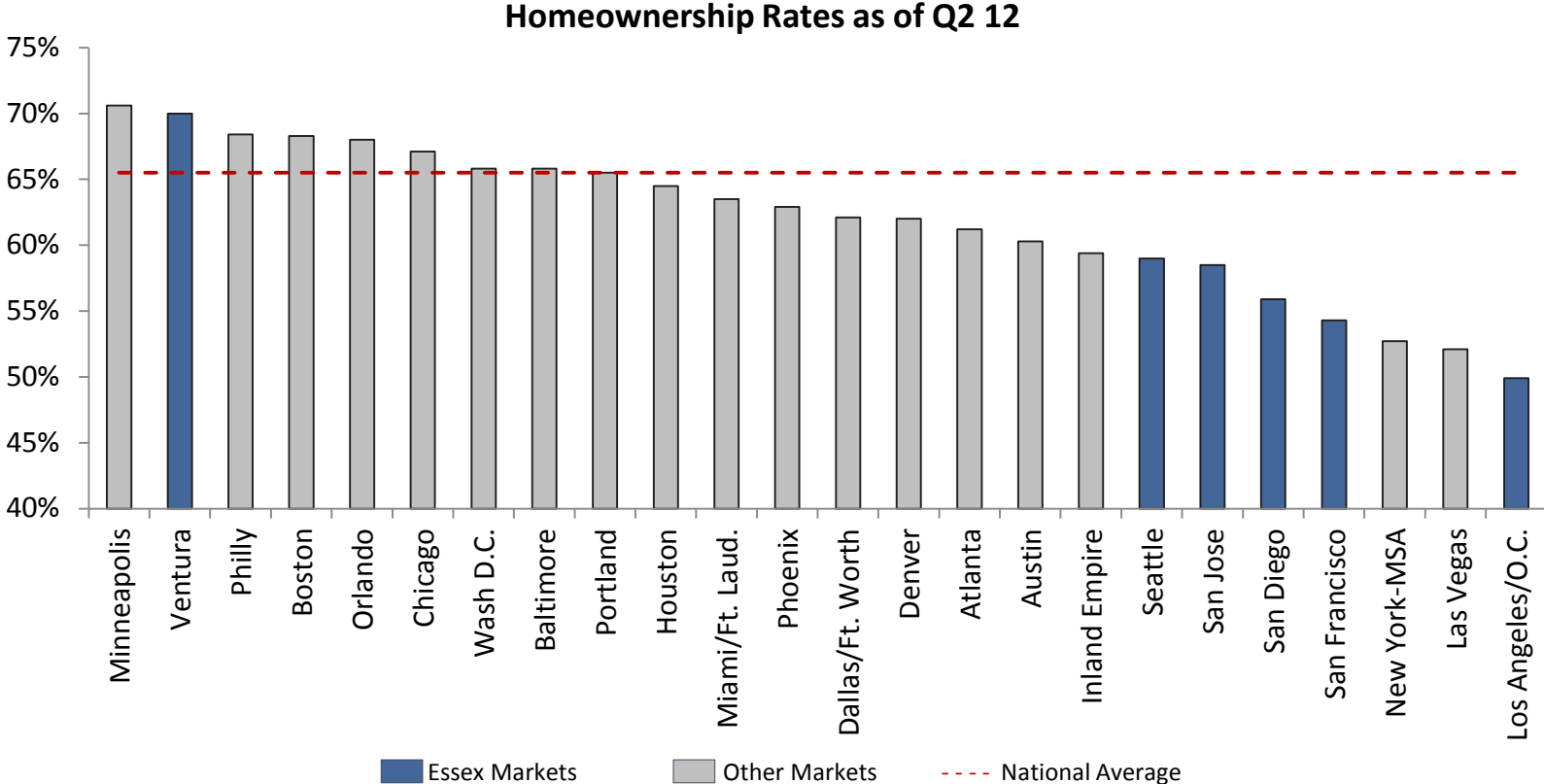
Single-Family Prices Restrict Homeownership

- Despite the fall in home prices since 2008, prices remain high in Essex markets

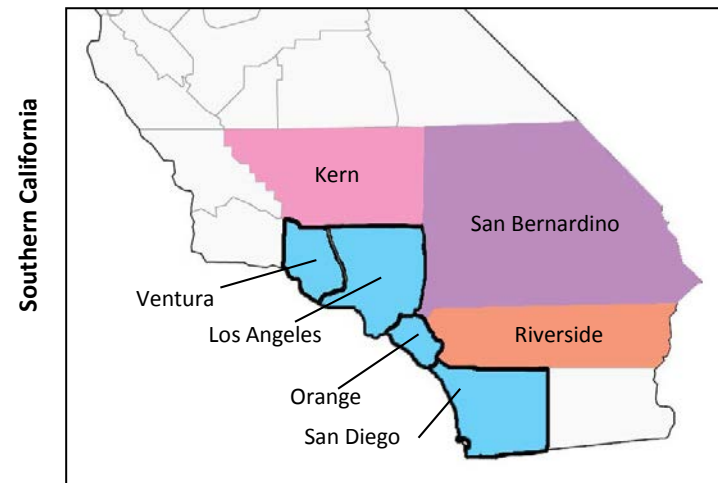
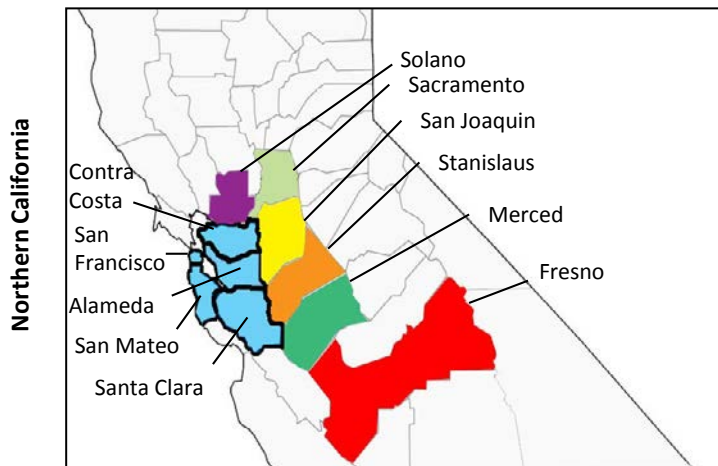


Essex Markets are Renter Markets

- Low homeownership rates and affordability issues result in more renters and better rent growth



A Tale of Two California's (Coastal vs. Inland)



- ESS's portfolio is located in **coastal markets** that favor renting versus owning and ultimately leads to superior rent growth prospects

	California Counties			
	ESS N. CA Markets	Inland N. CA Markets	ESS S. CA Markets	Inland S. CA Markets
Population (in millions)	6.0	4.3	16.9	5.1
% renters	43%	40%	47%	33%
Median Household Income	\$83,030	\$60,290	\$67,139	\$62,088
Median Home Price	\$439,806	\$152,380	\$339,964	\$167,133
Single Family Affordability ⁽¹⁾	95%	199%	99%	187%
Homes per Foreclosure	1 per 371	1 per 135	1 per 372	1 per 128
Unemployment Rate	8.7%	13.4%	10.6%	12.9%
% of ESS Revenues	32.0%	NA	45.5%	0.5%

Source: BLS, Census Bureau, National Association of Realtors, DataQuick and Essex. ESS N. CA markets include San Francisco, San Mateo, Santa Clara, Alameda and Contra Costa. ESS S. CA markets include LA, Orange County, San Diego, and Ventura. Each region is an average of the counties that make up the region.

(1) Single family affordability equals the ratio of actual median household income to income required to purchase the median home price. <100% indicates less affordable.

III. Market Update



Essex Skyline – Santa Ana, CA

Overview on Seattle, Northern CA, and Southern CA

Los Angeles Market Review

Rent Growth Forecast

- Market rents remain 2% below prior peak levels
- 23% rent growth expected from '13 – '15**
- Annual personal income growth last two years = 4.9%

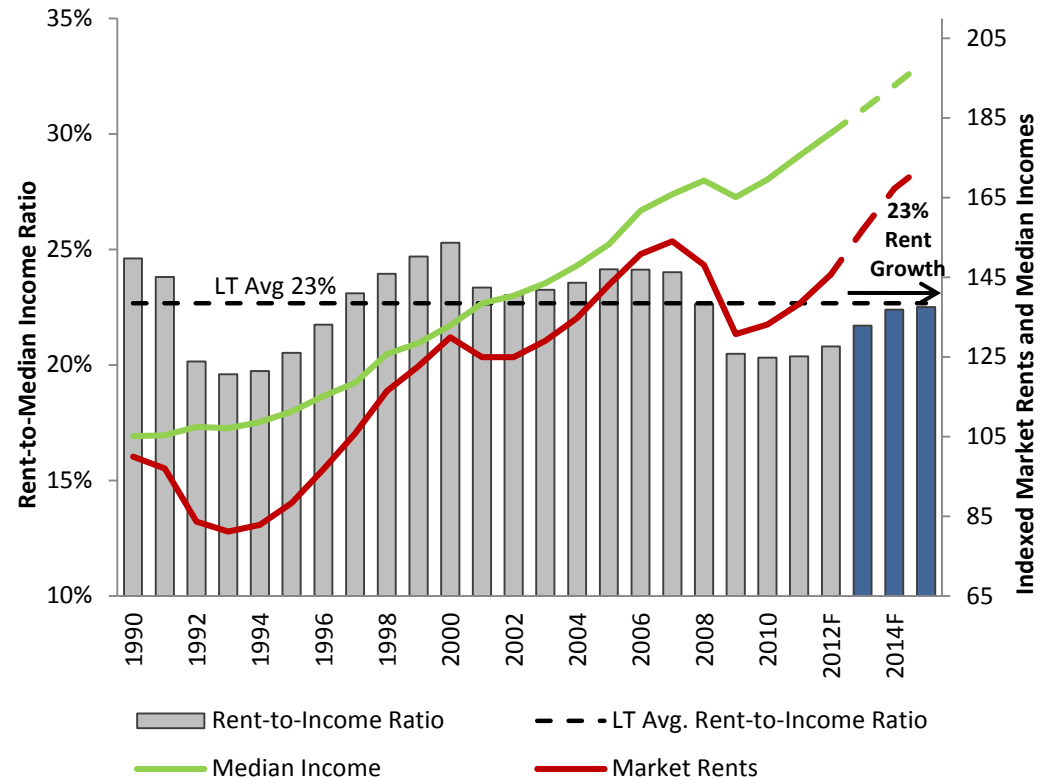
Total Residential Supply

- Total supply of stock in '12 = 0.2% growing to 0.4% by 2014
- Estimated multifamily units delivered in '12 = 1,700 growing to 6,200 units in '14

Job Activity

- Office net absorption was 1.1% over the last year
- 1.6% annual job growth as of July 2012, Private sector job growth 2.0%
- Unemployment down 130 basis points year-over-year in July
- Trammel Crow developing 20 acre CleanTech manufacturing site in downtown

Los Angeles: Rents vs Incomes*



Orange County Market Review

Rent Growth Forecast

- Market rents remain 2% below prior peak levels
- 22% rent growth expected from '13 – '15**
- Rent-to-Median Income Ratio has historically moved above the long-term average during expansionary periods
- Annual personal income growth last two years = 2.9%

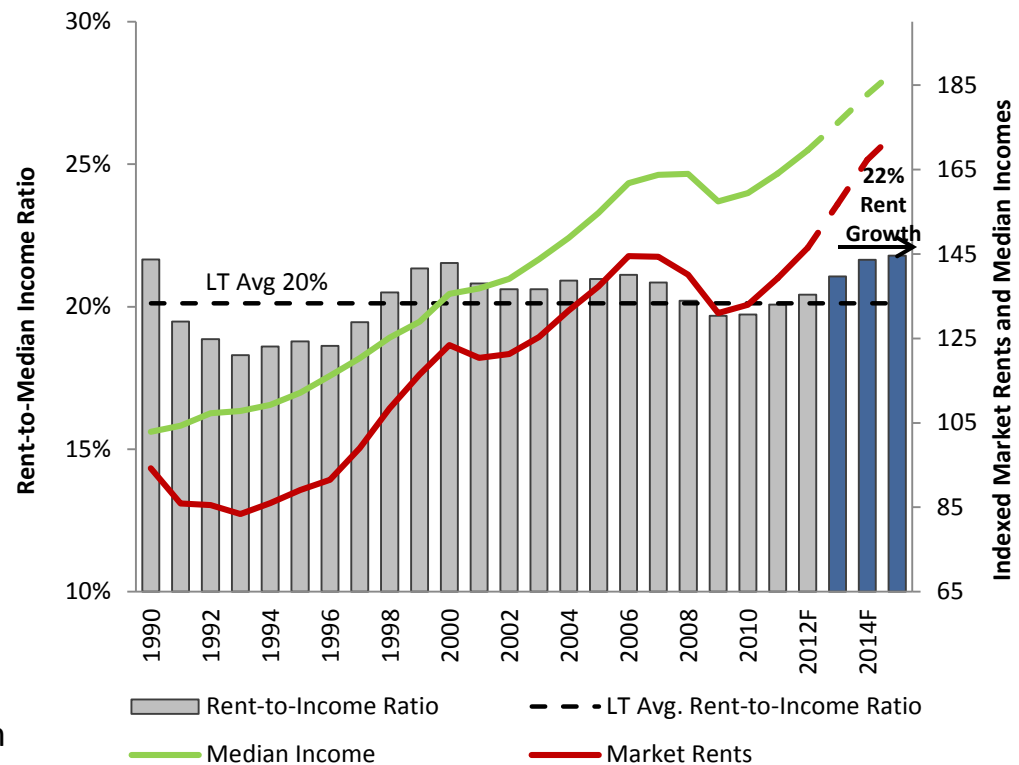
Total Residential Supply

- Total supply of stock in '12 = 0.3% growing to 0.6% by 2014
- Estimated multifamily units delivered in '12 = 2,000 growing to 3,000 units in '14

Job Activity

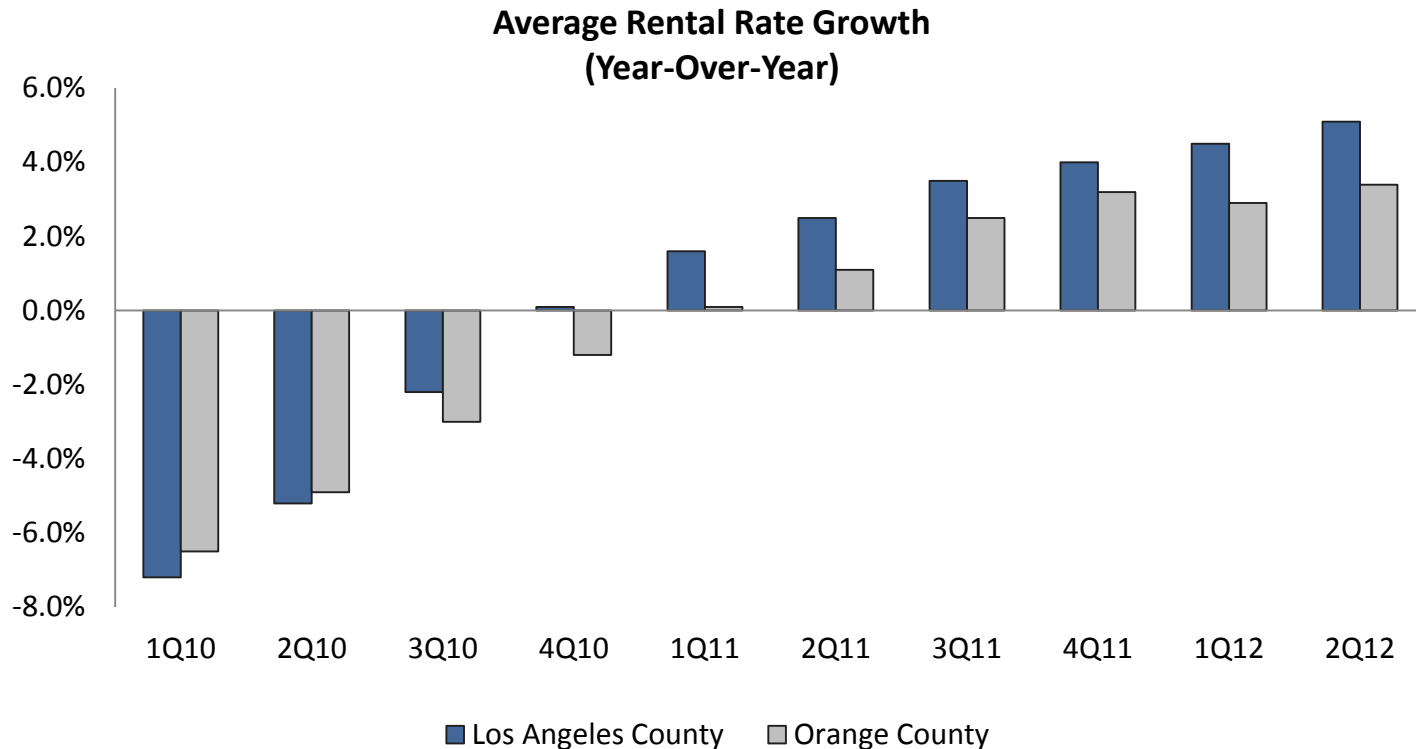
- Office net absorption was 1.5% over last year
- 2.0% annual job growth as of July 2012
- Unemployment rate down 130 bps in July from one year ago
- Two mixed use projects (677,000 sf) planned for North Orange County

Orange County: Rents vs Incomes*



Southern CA: Steady Recovery Continues

- Los Angeles and Orange County continue to experience a slow and steady increase in rental rate growth



San Jose Market Review

Rent Growth Forecast

- 20% rent growth expected from '13 – '15
- During expansionary periods, the Rent-to-Median Income Ratio has moved significantly above the long-term average
- **Annual personal income growth last two years = 9.5%; the highest in the nation**

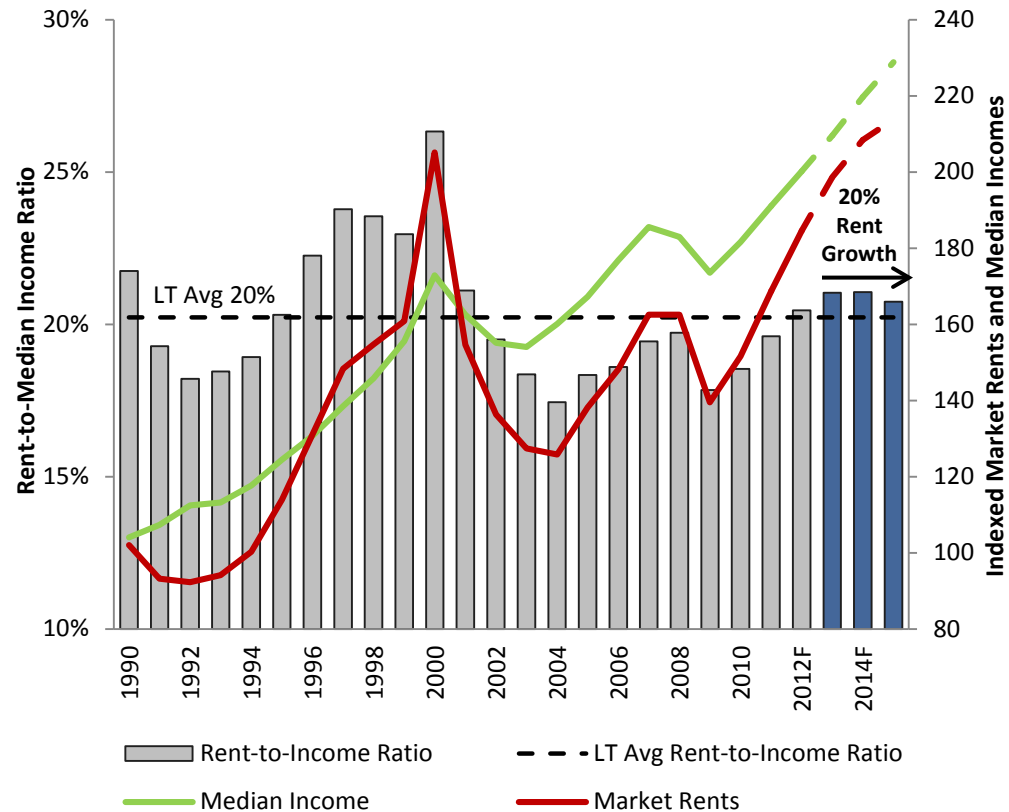
Total Residential Supply

- Total supply of stock in '12 = 0.3% growing to 0.5% by 2014
- Estimated multifamily units delivered in '12 = 1,100 growing to 3,300 units in '14

Job Activity

- +5 million sf of new office development announced this summer in N. San Jose
- 3.5% annual job growth as of July 2012
- Total jobs nearing prior peak levels
- Silicon Valley venture capital represents 42% of total spending and investment up 12.3% from previous year

San Jose: Rents vs Incomes*



Seattle Market Review

Rent Growth Forecast

- Market rents 2% above prior peak levels
- 20% rent growth expected from '13 – '15**
- Annual personal income growth last two years = 5.4%

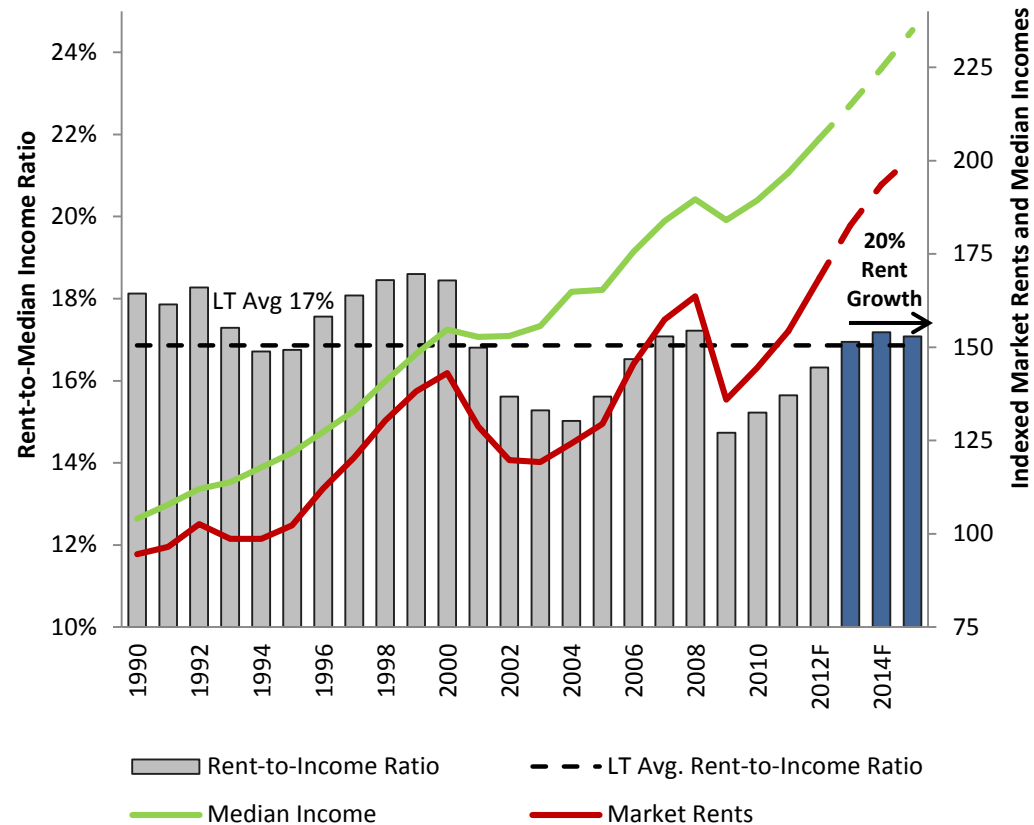
Total Residential Supply

- Total supply of stock in '12 = 0.5% growing to 0.9% by 2014
- Estimated multifamily units delivered in '12 = 2,300 growing to 4,500 units in '14

Job Activity

- Office net absorption was 2.6% over the last year
- 3.1% annual job growth as of April 2012
- Unemployment down to 7.5% from peak of 9.7%
- Vulcan repositioning capital to continue redevelopment of South Lake Union

Seattle: Rents vs Incomes*



IV. Core Competencies



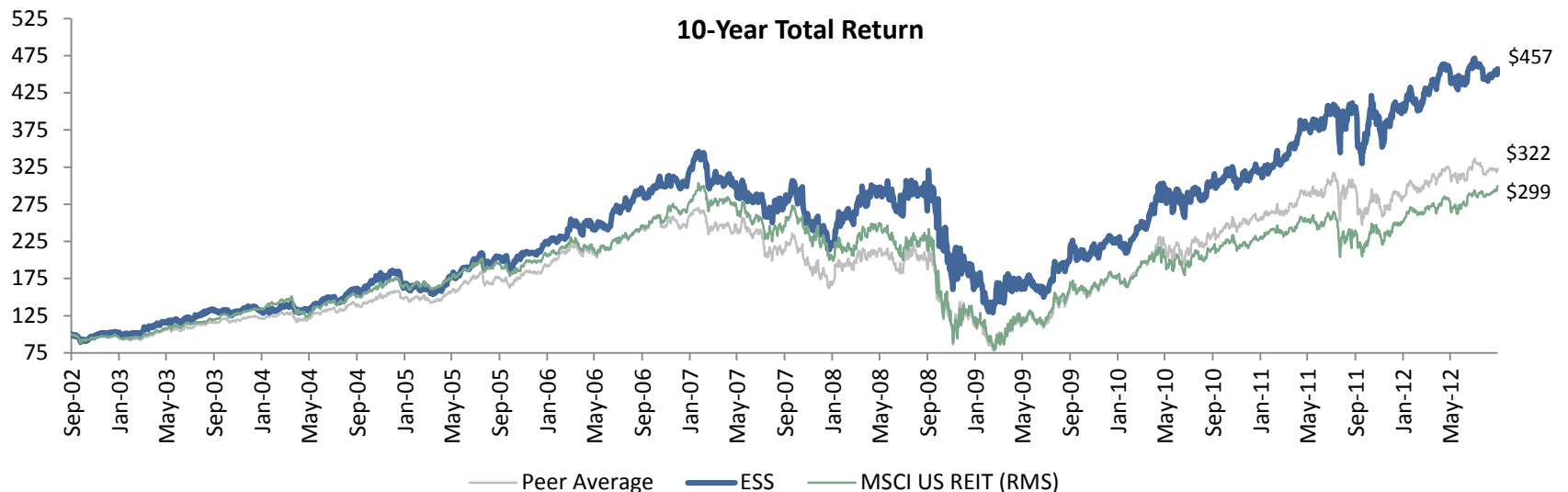
Bella Villagio – San Jose, CA

How Essex Creates Value

Investing Strategy Leads to Superior Total Returns

- An innovative management team responsive to changing market dynamics with the ability to source and structure unique opportunities within the multifamily space
- Disciplined underwriting, rigorous analysis, and total return driven

Investment strategy has led to superior value creation for shareholders over the past 10 years



Year to Date Acquisitions - \$248 Million Total Cost



Park Catalina – Los Angeles, CA
\$23.7 million
90 units



The Huntington – Huntington Beach, CA
\$48.3 million
276 units



Montebello – Kirkland, WA
\$52 million
248 units



Essex Skyline – Santa Ana, CA
\$85 million (purchased JV interest)
349 units



Delano/Bon Terra – Redmond, WA
\$32 million
120 units

9 Developments Under Construction – \$934 Million Total Cost



Expo (formerly Queen Anne) – Seattle, WA



64th and Christie – Emeryville, CA



900 Folsom – San Francisco, CA



Fountain at La Brea – West Hollywood, CA



Epic (formerly Cadence) – San Jose, CA



260 Fifth – San Francisco, CA



Lync (formerly West Dublin) – Dublin, CA



Santa Monica at La Brea – West Hollywood, CA

Current Development Pipeline

- Development Strategy:
 - Preference for shovel ready, fully entitled land, with construction commencing soon after closing of the land
 - Form joint venture partners to moderate future funding commitments and increase ROIC
 - Target initial returns at a 20% premium to current acquisition cap rates (based on today's rents) to justify development risk
- Pipeline: Nine communities under construction with an estimated total cost of \$934 million
 - Essex share of the total cost is \$546 million
 - Estimated initial returns on the current pipeline are +6% based on today's rents
 - Pipeline expected to create significant value for shareholders based on current market cap rates
 - **Expected deliveries:**

2012	\$76.0 million - 275 units
2013	\$286.1 million - 878 units
2014	\$571.9 million - 1,342 units

Redevelopment and Selective Repositioning

- Capitalize on the strategy of owning Class B quality assets in A locations, which provides a greater potential to unlock value and reposition a community for better growth
- Focus on rent justified improvements to maximize NOI and value

Before



After



Centre Pointe (formerly The Bluffs II)

San Diego, CA

224 units

\$9.7 million renovation cost

\$43,300 cost per unit

9-10% estimated return

Diversified Sources of Equity

- Co-investment platform provides highest return on invested capital
- 20% of total portfolio units falls under co-investments
- Attractive risk adjusted returns via promoted interest

Fund II

- 14 properties with dispositions in 2012-2014
 - \$600 million of assets at book value

Programmatic JVs

- Wesco I – \$432 million of assets at book value
- Wesco II – \$175 million preferred equity investment - at book value
- CPPIB – four developments (1,538 units)

JV with Local Developers

- Expo (formerly Queen Anne) (275 units)
 - Fountain at La Brea (187 units)
 - Santa Monica at La Brea (184 units)

V. Financial Information

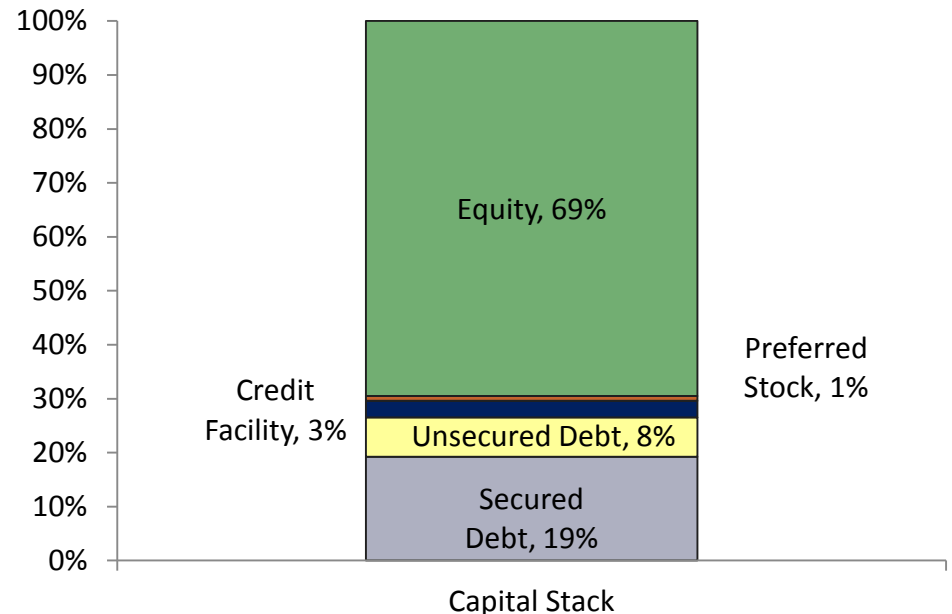


Via – Sunnyvale, CA

Key Financials and 2012 Guidance

Conservatively Proportioned & Flexible Balance Sheet

- **Leverage:** 30% on a debt to total market capitalization basis (one of the lowest of the multifamily peer group)
- **Debt:** Debt to adjusted EBITDA is approximately 7.0X
- **Liquidity:** Over \$800 million in available liquidity from cash on hand, marketable securities, and unused balance on our line of credit and term loan
- **NOI:** Unencumbered NOI of approximately 50% at June 30, 2012 versus 35% at year end 2010
- **Debt Maturity:** Limited near term with less than 10% of debt coming due over the next 3 years
- **Investment Grade Ratings:**
 - S&P: BBB - Stable
 - Moody's: Baa2 - Stable
 - Fitch: BBB - Positive



Source: Company filings as of 6/30/12

2012 Guidance Assumptions

	Original Guidance		Current Guidance
National GDP Forecast	2.6%	↓	2.2%
National Job Growth	1.3%	↔	1.3%
ESS Job Growth	1.4%	↑	1.6%
Same-Property Revenue Growth	5-7%	↑	6-7%
Same-Property Expense Growth	2-3%	↓	1-2%
Same-Property NOI Growth	7-9%	↑	8.5-9.5%
Projected Total FFO Per Share Growth (midpoint)	+15.3%	↑	+16.7%
Acquisitions	\$300-\$500 million	↑	+\$500 million
Development starts	2 new starts	↑	4 new starts
Dispositions	\$100 million	↔	\$100 million

Key Strengths

- Proven management team with superior performance track record
- Innovative and diverse investment strategies within the multifamily sector
- Demonstrated core underwriting and operating competencies generating durable long term results



Santee Court - Los Angeles, CA



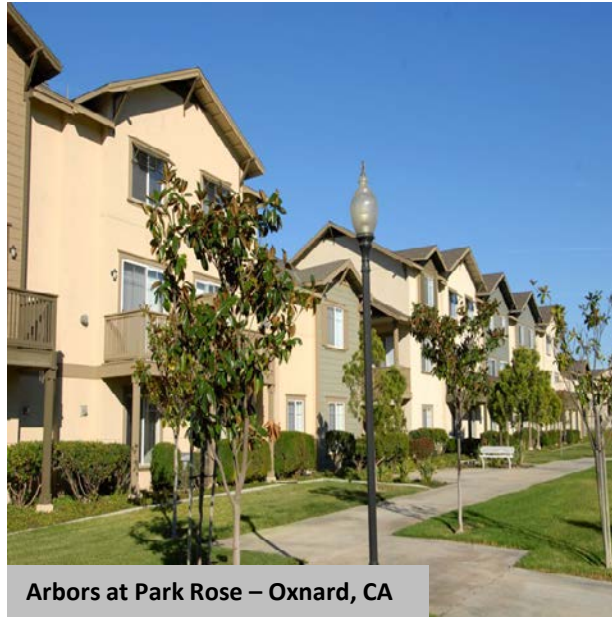
416 on Broadway - Glendale, CA

Safe Harbor Disclosure

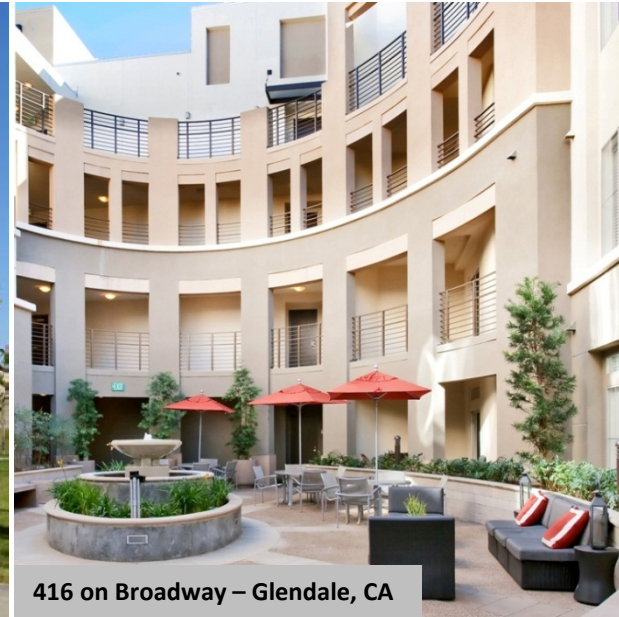
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416 on Broadway – Glendale, CA

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