ESSEX PROPERTY TRUST INC
Form 424B3
February 14, 2014
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Filed Pursuant to Rule 424(b)(3)
Registration No. 333-193620

JOINT PROXY STATEMENT/PROSPECTUS

To the Stockholders of Essex Property Trust, Inc. and the Stockholders of BRE Properties, Inc.:

The board of directors of Essex Property Trust, Inc., which we refer to as Essex, and the board of directors of BRE Properties, Inc., which we refer to as BRE, have each unanimously approved an Agreement and Plan of Merger, dated as of December 19, 2013, as it may be amended from time to time, which we refer to as the merger agreement, by and among Essex, Bronco Acquisition Sub, Inc., a direct wholly owned subsidiary of Essex, which we refer to as Merger Sub, and BRE. On February 5, 2014, Merger Sub changed its name to BEX Portfolio, Inc. Pursuant to the merger agreement, Essex and BRE will combine through a merger of BRE with and into Merger Sub, with Merger Sub surviving the merger. The combined company, which we refer to as the Combined Company, will retain the name Essex Property Trust, Inc. and will continue to trade on the New York Stock Exchange, or NYSE, under the symbol ESS. The executive officers of Essex immediately prior to the effective time of the merger will continue to serve as the executive officers of the Combined Company, with Michael J. Schall continuing to serve as the President and Chief Executive Officer of the Combined Company. The obligations of Essex and BRE to effect the merger are subject to the satisfaction or waiver of certain customary conditions set forth in the merger agreement (including the applicable approvals of each company s stockholders).

If the merger is completed pursuant to the merger agreement, each share of BRE common stock outstanding immediately prior to the effective time of the merger will convert into the right to receive (i) 0.2971 shares of Essex common stock and (ii) $12.33 in cash, without interest, which we collectively refer to as the merger consideration, each subject to certain adjustments provided for in the merger agreement and subject to any applicable withholding tax. As explained in more detail in the attached joint proxy statement/prospectus, the cash amount of the merger consideration will be reduced to the extent a special distribution is authorized and declared to be paid to BRE stockholders of record as of the close of business on the business day immediately prior to the effective time of the merger as a result of any applicable asset sale (as described in the attached joint proxy statement/prospectus). Essex stockholders will continue to hold their existing shares of Essex common stock. The exchange ratio and cash amount will not be adjusted to reflect changes in the price of Essex common stock or the price of BRE common stock occurring prior to the completion of the merger. Based on the closing price of Essex common stock on the NYSE of $147.70 on December 18, 2013, the last trading date before the announcement of the proposed merger, the merger

consideration (based on the value of $43.88 in Essex common stock plus the $12.33 in cash per share) represented approximately $56.21 for each share of BRE common stock. Based on the closing price of Essex common stock on the NYSE of $166.79 on February 10, 2014, the latest practicable date before the date of this joint proxy statement/prospectus, the merger consideration (based on the value of $49.55 in Essex common stock plus the $12.33 in cash per share) represented approximately $61.88 for each share of BRE common stock. **The value of the merger consideration will fluctuate with changes in the market price of Essex common stock. The cash portion of the merger consideration will be reduced by the amount of any special distribution in connection with or as a result of any applicable asset sale. We urge you to obtain current market quotations for Essex common stock and BRE common stock.**

Upon completion of the merger, we estimate that continuing Essex stockholders will own approximately 62% of the issued and outstanding common stock of the Combined Company, and former BRE stockholders will own approximately 38% of the issued and outstanding common stock of the Combined Company.

In connection with the proposed merger, Essex and BRE will each hold a special meeting of their respective stockholders. At the Essex special meeting, Essex stockholders will be asked to vote on (i) a proposal to approve the issuance of Essex common stock to BRE stockholders in the merger and (ii) a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger. At the BRE special meeting, BRE stockholders will be asked to vote on (i) a proposal to approve the merger and the other transactions contemplated by the merger agreement, (ii) an advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger, and (iii) a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

The record date for determining the stockholders entitled to receive notice of, and to vote at, the Essex special meeting and the BRE special meeting is January 23, 2014. The merger cannot be completed unless, among other matters, (i) BRE stockholders approve the merger and the other transactions contemplated by the merger agreement by the affirmative vote of the holders of at least a majority of the outstanding shares of BRE common stock entitled to vote on the merger, and (ii) Essex stockholders approve the issuance of Essex common stock to BRE stockholders in the merger by the affirmative vote of the holders of at least a majority of all votes cast on the proposal.

The Essex board of directors has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the issuance of Essex common stock to BRE stockholders in the merger, are advisable, fair to, and in the best interests of Essex and its stockholders, (ii) approved and adopted the merger agreement, the merger and the other transactions contemplated thereby, and (iii) authorized and approved the issuance of shares of Essex common stock to BRE stockholders in the merger. **The Essex board of directors unanimously recommends that Essex stockholders vote FOR the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger and FOR the proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.**

The BRE board of directors has unanimously (i) determined and declared that the merger, the merger agreement, and the other transactions contemplated by the merger agreement, are advisable and in the best interests of BRE and its stockholders and (ii) approved the merger agreement and authorized the performance by BRE thereunder. **The BRE board of directors unanimously recommends that BRE stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger, and FOR the proposal to approve one or more adjournments of the**

meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

This joint proxy statement/prospectus contains important information about Essex, BRE, the merger, the merger agreement and the special meetings. This document is also a prospectus for shares of Essex common stock that will be issued to BRE stockholders pursuant to the merger agreement. **We encourage you to read this joint proxy statement/prospectus carefully before voting, including the section entitled Risk Factors beginning on page 35**.

Your vote is very important, regardless of the number of shares you own. Whether or not you plan to attend the Essex special meeting or the BRE special meeting, as applicable, please submit a proxy to vote your shares as promptly as possible to make sure that your shares of Essex common stock and/or shares of BRE common stock, as applicable, are represented at the applicable special meeting. Please review this joint proxy statement/prospectus for more complete information regarding the merger and the Essex special meeting and the BRE special meeting, as applicable.

Sincerely,

Michael J. Schall
President and Chief Executive Officer
Essex Property Trust, Inc.

Constance B. Moore
President and Chief Executive Officer
BRE Properties, Inc.

Neither the Securities and Exchange Commission, nor any state securities regulatory authority has approved or disapproved of the merger or the securities to be issued under this joint proxy statement/prospectus or has passed upon the adequacy or accuracy of the disclosure in this joint proxy statement/prospectus. Any representation to the contrary is a criminal offense.

This joint proxy statement/prospectus is dated February 14, 2014, and is first being mailed to Essex and BRE stockholders on or about February 18, 2014.

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ESSEX PROPERTY TRUST, INC.

925 East Meadow Drive

Palo Alto, California 94303

(650) 494-3700

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON MARCH 28, 2014

To the Stockholders of Essex Property Trust, Inc.:

A special meeting of the stockholders of Essex Property Trust, Inc., a Maryland corporation, which we refer to as Essex, will be held at the Clubhouse at Via Apartment Homes, 621 Tasman Drive, Sunnyvale, California 94089 on March 28, 2014, commencing at 10:00 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to approve the issuance of shares of Essex common stock to the stockholders of BRE Properties, Inc., a Maryland corporation, which we refer to as BRE, pursuant to the Agreement and Plan of Merger, dated as of December 19, 2013, as it may be amended from time to time, which we refer to as the merger agreement, by and among Essex, BEX Portfolio, Inc. (formerly known as Bronco Acquisition Sub, Inc.), a Delaware corporation and a direct wholly owned subsidiary of Essex, which we refer to as Merger Sub, and BRE (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice); and

2. to consider and vote on a proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.

We do not expect to transact any other business at the special meeting. Essex s board of directors has fixed the close of business on January 23, 2014 as the record date for determination of Essex stockholders entitled to receive notice of, and to vote at, Essex s special meeting and any adjournments of the special meeting. Only holders of record of Essex

common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the Essex special meeting.

Approval of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger requires the affirmative vote of the holders of at least a majority of all votes cast on the proposal. Approval of the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger requires the affirmative vote of at least a majority of all votes cast on such proposal.

Essex s board of directors has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Essex and its stockholders, (ii) approved and adopted the merger agreement, the merger and the other transactions contemplated thereby, and (iii) authorized and approved the issuance of shares of Essex common stock to BRE stockholders in the merger. Essex s board of directors unanimously recommends that Essex stockholders vote FOR the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger and FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll-free telephone number listed on your proxy card or use the Internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the special meeting if you do not attend in person. If your shares of Essex common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of Essex common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of Essex common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and Essex s special meeting.

By Order of the Board of Directors of Essex Property Trust, Inc.

Jordan E. Ritter

Corporate Secretary

Palo Alto, California

February 14, 2014

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BRE Properties, Inc.

525 Market Street, 4th Floor

San Francisco, California 94105

(415) 445-6530

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

TO BE HELD ON MARCH 28, 2014

To the Stockholders of BRE Properties, Inc.:

A special meeting of the stockholders of BRE Properties, Inc., a Maryland corporation, which we refer to as BRE, will be held at the Mandarin Oriental Hotel, 222 Sansome Street, San Francisco, California 94104 on March 28, 2014, commencing at 10:00 a.m., local time, for the following purposes:

1. to consider and vote on a proposal to approve the merger and other transactions contemplated by an Agreement and Plan of Merger, dated as of December 19, 2013, as it may be amended from time to time, which we refer to as the merger agreement, by and among Essex Property Trust, Inc., a Maryland corporation, which we refer to as Essex, BEX Portfolio, Inc. (formerly known as Bronco Acquisition Sub, Inc.), a Delaware corporation and a direct wholly owned subsidiary of Essex, which we refer to as Merger Sub, and BRE (a copy of the merger agreement is attached as Annex A to the joint proxy statement/prospectus accompanying this notice). Pursuant to the merger agreement, Essex and BRE will combine through a merger of BRE with and into Merger Sub, with Merger Sub surviving the merger, which we refer to as the merger;

2. to consider and vote on an advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger; and

3.

to consider and vote on a proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

We do not expect to transact any other business at the special meeting. BRE s board of directors has fixed the close of business on January 23, 2014, as the record date for determination of BRE stockholders entitled to receive notice of, and to vote at, BRE s special meeting and any adjournments of the special meeting. Only holders of record of BRE common stock at the close of business on the record date are entitled to receive notice of, and to vote at, the BRE special meeting.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of BRE common stock entitled to vote on such proposal. Approval of the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger requires the affirmative vote of the holders of at least a majority of all votes cast on such proposal. Approval of the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of at least a majority of all votes cast on such proposal.

BRE s board of directors has unanimously (i) determined and declared that the merger, the merger agreement, and the other transactions contemplated by the merger agreement, are advisable and in the best interests of BRE and its stockholders and (ii) approved the merger agreement and authorized the performance by BRE thereunder. BRE s board of directors unanimously recommends that BRE stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger, and FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

YOUR VOTE IS IMPORTANT

Whether or not you plan to attend the special meeting, please submit a proxy to vote your shares as promptly as possible. To submit a proxy, complete, sign, date and mail your proxy card in the preaddressed postage-paid envelope provided or, if the option is available to you, call the toll-free telephone number listed on your proxy card or use the Internet as described in the instructions on the enclosed proxy card to submit your proxy. Submitting a proxy will assure that your vote is counted at the special meeting if you do not attend in person. If your shares of BRE common stock are held in street name by your broker or other nominee, only your broker or other nominee can vote your shares of BRE common stock and the vote cannot be cast unless you provide instructions to your broker or other nominee on how to vote or obtain a legal proxy from your broker or other nominee. You should follow the directions provided by your broker or other nominee regarding how to instruct your broker or other nominee to vote your shares of BRE common stock. You may revoke your proxy at any time before it is voted. Please review the joint proxy statement/prospectus accompanying this notice for more complete information regarding the merger and BRE s special meeting.

By Order of the Board of Directors of BRE Properties, Inc.

Kerry Fanwick

Corporate Secretary

San Francisco, California

February 14, 2014

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ADDITIONAL INFORMATION

This joint proxy statement/prospectus incorporates important business and financial information about Essex and BRE from other documents that are not included in or delivered with this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 199.

Documents incorporated by reference are also available to Essex stockholders and BRE stockholders without charge upon written or oral request. You can obtain any of these documents by requesting them in writing or by telephone from the appropriate company at the following addresses and telephone numbers.

Essex Property Trust, Inc.	BRE Properties, Inc.
Attention: Corporate Secretary	Attention: Corporate Secretary
925 East Meadow Drive	525 Market Street, 4th Floor
Palo Alto, California 94303	San Francisco, California 94105
(650) 494-3700	(415) 445-6530
www.essexpropertytrust.com	www.breproperties.com

To receive timely delivery of the requested documents in advance of the applicable special meeting, you should make your request no later than March 21, 2014.

ABOUT THIS DOCUMENT

This joint proxy statement/prospectus, which forms part of a registration statement on Form S-4 filed by Essex (File No. 333-193620) with the Securities and Exchange Commission, which we refer to as the SEC, constitutes a prospectus of Essex for purposes of the Securities Act of 1933, as amended, which we refer to as the Securities Act, with respect to the shares of Essex common stock to be issued to BRE stockholders in exchange for shares of BRE common stock pursuant to the merger agreement. This joint proxy statement/prospectus also constitutes a proxy statement for each of Essex and BRE for purposes of the Securities Exchange Act of 1934, as amended, which we refer to as the Exchange Act. In addition, it constitutes a notice of meeting with respect to the Essex special meeting and a notice of meeting with respect to the BRE special meeting.

You should rely only on the information contained or incorporated by reference in this joint proxy statement/prospectus. No one has been authorized to provide you with information that is different from that contained in, or incorporated by reference into, this joint proxy statement/prospectus. This joint proxy statement/prospectus is dated February 14, 2014. You should not assume that the information contained in, or incorporated by reference into, this joint proxy statement/prospectus is accurate as of any date other than that date. Neither our mailing of this joint proxy statement/prospectus to Essex stockholders or BRE stockholders nor the issuance by Essex of shares of its common stock to BRE stockholders pursuant to the merger agreement will create any implication to the contrary.

This joint proxy statement/prospectus does not constitute an offer to sell, or a solicitation of an offer to buy, any securities, or the solicitation of a proxy, in any jurisdiction in which or from any person to whom it is unlawful to make any such offer or solicitation in such jurisdiction. Information contained in this joint proxy statement/prospectus regarding Essex has been provided by Essex and information contained in this joint proxy statement/prospectus regarding BRE has been provided by BRE.

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QUESTIONS AND ANSWERS

The following are answers to some questions that Essex stockholders and BRE stockholders may have regarding the proposed transaction between Essex and BRE and the other proposals being considered at the Essex special meeting and the BRE special meeting. Essex and BRE urge you to read carefully this entire joint proxy statement/prospectus, including the Annexes, and the documents incorporated by reference into this joint proxy statement/prospectus, because the information in this section does not provide all the information that might be important to you.

Unless stated otherwise, all references in this joint proxy statement/prospectus to:

Essex are to Essex Property Trust, Inc., a Maryland corporation;

Essex LP are to Essex Portfolio, L.P., a California limited partnership;

BRE are to BRE Properties, Inc., a Maryland corporation;

Merger Sub are to BEX Portfolio, Inc. (formerly known as Bronco Acquisition Sub, Inc.), a Delaware corporation and wholly owned subsidiary of Essex;

the Essex Board are to the board of directors of Essex;

the BRE Board are to the board of directors of BRE;

the merger agreement are to the agreement and plan of merger, dated as of December 19, 2013, by and among Essex, Merger Sub and BRE, as it may be amended from time to time, a copy of which is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference;

the merger are to the merger of BRE with and into Merger Sub, with Merger Sub continuing as the surviving entity pursuant to the terms of the merger agreement;

the Combined Company are to Essex after the effective time of the merger; and

the NYSE are to the New York Stock Exchange.

Q: What is the proposed transaction?

A: Essex and BRE have entered into a merger agreement pursuant to which BRE will merge with and into Merger Sub, with Merger Sub surviving the merger as a direct wholly owned subsidiary of Essex.

Q: What will happen in the proposed transaction?

A: At the effective time of the merger, each issued and outstanding share of BRE common stock will be converted automatically into the right to receive 0.2971 shares of common stock, par value $0.0001 per share, of Essex plus $12.33 in cash, without interest, each subject to certain adjustments provided for in the merger agreement, which we refer to as the cash consideration, as described under The Merger Agreement Merger Consideration; Effects of the Merger beginning on page 128. The cash consideration will be reduced to the extent the Special Distribution is authorized and declared to be paid to the BRE stockholders of record as of the close of business on the business day immediately prior to the effective time of the merger as a result of any applicable asset sale, as described under The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145. BRE stockholders will not receive any fractional shares of Essex common stock in the merger and instead will be paid cash (without interest) in lieu of any fractional share interest to which they would otherwise be entitled.

Q: How will Essex fund the cash consideration?

A: In connection with the merger, Essex has obtained financing commitments from Citigroup Global Markets Inc., UBS AG Stamford Branch and UBS Securities LLC of up to $1 billion which may be drawn upon at

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the closing of the merger to (i) fund the cash consideration, (ii) pay various fees and expenses incurred in connection with the merger and the other transactions contemplated by the merger agreement, and/or (iii) repay certain indebtedness of BRE and its subsidiaries. Essex has the right to use alternative financing in connection with the consummation of the merger and is under no obligation to draw upon the financing commitment. Essex is currently exploring the availability of alternative financing to fund the cash consideration including through existing unsecured credit facilities, asset sales, joint ventures or other financing arrangements. For more information regarding the financing related to the merger, see The Merger Agreement Financing Related to the Merger beginning on page 144 and The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145.

Q: How will Essex stockholders be affected by the merger and the issuance of shares of Essex common stock to BRE stockholders in the merger?

A: After the merger, each Essex stockholder will continue to own the shares of Essex common stock that the stockholder held immediately prior to the effective time of the merger. As a result, each Essex stockholder will own shares of common stock in a larger company with more assets. However, because Essex will be issuing new shares of Essex common stock to BRE stockholders in the merger, each outstanding share of Essex common stock immediately prior to the effective time of the merger will represent a smaller percentage of the aggregate number of shares of the Combined Company common stock outstanding after the merger. Upon completion of the merger, we estimate that Essex stockholders will own approximately 62% of the issued and outstanding Combined Company common stock and former BRE stockholders will own 38% of the issued and outstanding Combined Company common stock.

Q: What happens if the market price of shares of Essex common stock or BRE common stock changes before the closing of the merger?

A: No change will be made to the exchange ratio of 0.2971 or the cash consideration of $12.33 if the market price of shares of Essex common stock or BRE common stock changes before the merger. As a result, the value of the consideration to be received by BRE stockholders in the merger will increase or decrease depending on the market price of shares of Essex common stock at the effective time of the merger.

Q: Why am I receiving this joint proxy statement/prospectus?

A: The Essex Board and the BRE Board are using this joint proxy statement/prospectus to solicit proxies of Essex stockholders and BRE stockholders in connection with the merger agreement and the merger. In addition, Essex is using this joint proxy statement/prospectus as a prospectus for BRE stockholders because Essex is offering shares of its common stock to be issued in exchange for BRE common stock in the merger. The merger cannot be completed unless:

the holders of Essex common stock vote to approve the issuance of shares of Essex common stock to BRE stockholders in the merger; and

the holders of BRE common stock vote to approve the merger and the other transactions contemplated by the merger agreement.

Each of Essex and BRE will hold separate meetings of their respective stockholders to obtain these approvals and to consider other proposals as described elsewhere in this joint proxy statement/prospectus.

This joint proxy statement/prospectus contains important information about the merger and the other proposals being voted on at the special meetings of stockholders and you should read it carefully. The enclosed voting materials allow you to vote your shares of Essex common stock and/or BRE common stock, as applicable, without attending the applicable special meeting.

Your vote is important. You are encouraged to submit your proxy as promptly as possible.

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Q: What is the Asset Sale and what is the Special Distribution that BRE stockholders may receive?

A: Under the terms of the merger agreement, Essex has the option to require BRE to sell up to $1 billion of BRE assets (or interests therein) to one or more third-party venture partners one business day prior to the closing of the merger, which we refer to as the Asset Sale. The Asset Sale and the Special Distribution, as described below, are the mechanisms for implementing this option. In such an event, all or a portion of the net proceeds from the Asset Sale by BRE will be distributed to the BRE stockholders of record as of the close of business on the business day immediately prior to the effective time of the merger, which we refer to as the Special Distribution, and the cash portion of the merger consideration otherwise payable to the BRE stockholders will be reduced dollar-for-dollar by the amount of the Special Distribution. Regardless of whether Essex exercises the option, each BRE stockholder will receive 0.2971 shares of Essex common stock and $12.33 in cash, without interest, with respect to each share of BRE common stock held, the cash consideration may be paid, wholly or partially, by way of the Special Distribution as opposed to merger consideration depending on whether or not the Asset Sale is consummated prior to the effective time of the merger in accordance with the terms of the merger agreement. For more information regarding the Asset Sale and the Special Distribution, see The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145.

Q: Am I being asked to vote on any other proposals at the special meetings in addition to the merger proposal?

A: *Essex.* At the Essex special meeting, Essex stockholders will be asked to consider and vote upon the following additional proposal:

To approve one or more adjournments of the Essex special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.

BRE. At the BRE special meeting, BRE stockholders will be asked to consider and vote upon the following additional proposals:

An advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger; and

To approve one or more adjournments of the BRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Q: Why are Essex and BRE proposing the merger?

A: Among other reasons, if completed, the Combined Company is expected to have a pro forma equity market capitalization of approximately $10.4 billion and a total market capitalization of approximately $15.4 billion, creating the largest multifamily real estate investment trust, or REIT, on the West Coast. In addition, the Combined Company is expected to benefit from the elimination of duplicative costs associated with supporting a public company platform and the leveraging of state of the art technology and systems. These savings are expected to be realized upon full integration, which is expected to occur over the 18-month period following the closing of the merger. To review the reasons of the Essex Board and the BRE Board for the merger in greater detail, see The Merger Recommendation of the Essex Board and Its Reasons for the Merger beginning on page 74 and The Merger Recommendation of the BRE Board and Its Reasons for the Merger beginning on page 76.

Q: Who will be the board of directors and management of the Combined Company?

As of the effective time of the merger, the number of directors that comprise the board of directors of the Combined Company will be 13, with all ten members of the Essex Board immediately prior to the effective time of the merger, George M. Marcus, Keith R. Guericke, David W. Brady, Gary P. Martin, Issie N. Rabinovitch, Thomas E. Randlett, Michael J. Schall, Bryon A. Scordelis, Janice L. Sears and Claude Joseph

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Zinngrabe Jr., continuing as directors of the Combined Company. In addition, three current members of the BRE Board designated by BRE, Irving F. Lyons, III, Thomas E. Robinson and Thomas P. Sullivan will join the board of directors of the Combined Company as of the effective time of the merger.

The executive officers of Essex immediately prior to the effective time merger will continue to serve as the executive officers of the Combined Company, with Michael J. Schall continuing to serve as the President and Chief Executive Officer of the Combined Company.

Q: Will Essex and BRE continue to pay distributions prior to the closing of the merger?

A: Yes. The merger agreement permits Essex to pay a regular quarterly distribution, in accordance with past practice at a rate not to exceed (i) $1.21 per share of Essex common stock, (ii) $0.30469 per share of Essex Series G Cumulative Convertible Preferred Stock, or the Series G Preferred Stock, and (iii) $0.44531 per share of Essex Series H Cumulative Redeemable Preferred Stock, or the Series H Preferred Stock, per quarter, and any distribution that is reasonably necessary to maintain its REIT qualification and/or to avoid the imposition of U.S. federal income or excise tax. The merger agreement permits BRE to pay a regular quarterly distribution, in accordance with past practice at a rate not to exceed (i) $0.395 per share of BRE common stock and (ii) $0.421875 per share of BRE Series D Cumulative Redeemable Preferred Stock per quarter, and any distribution that is reasonably necessary to maintain its REIT qualification and/or to avoid the imposition of U.S. federal income or excise tax. In addition, BRE is required to pay the Special Distribution if the Asset Sale is completed in accordance with the terms set forth in the merger agreement. See The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145. The timing of quarterly dividends paid on common stock will be coordinated by Essex and BRE so that if either Essex stockholders or BRE stockholders receive a regular dividend (i.e., other than the Special Distribution) for any particular period prior to the closing of the merger, the stockholders of the other company will also receive a dividend for the same period.

Q: When and where are the special meetings of the Essex and BRE stockholders?

A: The Essex special meeting will be held at the Clubhouse at Via Apartment Homes, 621 Tasman Drive, Sunnyvale, California 94089 on March 28, 2014 commencing at 10:00 a.m., local time.
The BRE special meeting will be held at the Mandarin Oriental Hotel, 222 Sansome Street, San Francisco, California 94104 on March 28, 2014 commencing at 10:00 a.m., local time.

Q: Who can vote at the special meetings?

A: *Essex.* All holders of Essex common stock of record as of the close of business on January 23, 2014, the record date for determining stockholders entitled to notice of and to vote at the Essex special meeting, are entitled to

receive notice of and to vote at the Essex special meeting. As of the record date, there were 38,133,432 shares of Essex common stock outstanding and entitled to vote at the Essex special meeting, held by approximately 252 holders of record. Each share of Essex common stock is entitled to one vote on each proposal presented at the Essex special meeting.

BRE. All holders of BRE common stock of record as of the close of business on January 23, 2014, the record date for determining stockholders entitled to notice of and to vote at the BRE special meeting, are entitled to receive notice of and to vote at the BRE special meeting. As of the record date, there were 77,672,084 shares of BRE common stock outstanding and entitled to vote at the BRE special meeting, held by approximately 2,606 holders of record. Each share of BRE common stock is entitled to one vote on each proposal presented at the BRE special meeting.

Q: What constitutes a quorum?

A: *Essex.* Essex s bylaws provide that the presence, in person or by proxy, of holders of a majority of the shares of Essex common stock outstanding on the Essex record date will constitute a quorum.

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BRE. BRE s bylaws provide that the presence, in person or by proxy, of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting will constitute a quorum.

Shares that are voted, in person or by proxy, and shares abstaining from voting are treated as present at each of the Essex special meeting and the BRE special meeting, respectively, for purposes of determining whether a quorum is present.

Q: What vote is required to approve the proposals?

A: *Essex.*

Approval of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger requires the affirmative vote of the holders of at least a majority of all votes cast on such proposal.

Approval of the proposal to approve one or more adjournments of the Essex special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger requires the affirmative vote of at least a majority of all votes cast on such proposal.

BRE.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of BRE common stock entitled to vote on such proposal.

Approval of the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger requires the affirmative vote of at least a majority of all votes cast on such proposal.

Approval of the proposal to approve one or more adjournments of the BRE special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of all votes cast on such proposal.

Q: How does the Essex Board recommend that Essex stockholders vote on the proposals?

A: After consideration, the Essex Board has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Essex and its stockholders, (ii) approved and adopted the merger agreement, the merger and the other transactions contemplated thereby and (iii) authorized and approved the issuance of shares of Essex common stock to BRE stockholders in the merger. The Essex Board unanimously recommends that Essex stockholders vote **FOR** the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger and **FOR** the proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.

For a more complete description of the recommendation of the Essex Board, see The Merger Recommendation of the Essex Board and Its Reasons for the Merger beginning on page 74.

Q: How does the BRE Board recommend that BRE stockholders vote on the proposals?

After consideration, the BRE Board has unanimously (i) determined and declared that the merger, the merger agreement and the other transactions contemplated by the merger agreement are advisable and in the best interests of BRE and its stockholders and (ii) approved the merger agreement. The BRE Board

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unanimously recommends that BRE stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR** the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger, and **FOR** the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

For a more complete description of the recommendation of the BRE Board, see The Merger Recommendation of the BRE Board and Its Reasons for the Merger beginning on page 76.

Q: Do any of BRE s executive officers or directors have interests in the merger that may differ from those of BRE stockholders?

A: BRE s executive officers and directors have interests in the merger that are different from, or in addition to, their interests as BRE stockholders. The members of the BRE Board were aware of and considered these interests, among other matters, in evaluating the merger agreement and the merger, and in recommending that BRE stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement. For a description of these interests, see the section entitled The Merger Interests of BRE s Directors and Executive Officers in the Merger beginning on page 99.

Q: Have any stockholders of Essex and BRE already agreed to approve the merger?

A: Pursuant to separate voting agreements, Michael J. Schall, Essex s President and Chief Executive Officer and a member of the Essex Board, and George M. Marcus, the Chairman of the Essex Board, who together as of February 10, 2014 owned approximately 0.91% of the outstanding shares of Essex common stock, have agreed to vote in favor of the issuance of Essex common stock to BRE stockholders in the merger, subject to the terms and conditions of the applicable voting agreements, as described under Voting Agreements beginning on page 147. Pursuant to separate voting agreements, Constance B. Moore, BRE s President and Chief Executive Officer and a member of the BRE Board, and Irving F. Lyons, III, the Chairman of the BRE Board, who together as of February 10, 2014 owned approximately 0.58% of the outstanding shares of BRE common stock, have agreed to vote in favor of the merger agreement, the merger and the other transactions contemplated by the merger agreement, subject to the terms and conditions of the applicable voting agreements, as described under Voting Agreements beginning on page 147.

Q: Are there any conditions to closing of the merger that must be satisfied for the merger to be completed?

A: In addition to the approval of the stockholders of Essex of the issuance of Essex common stock to BRE stockholders in the merger and the approval of the stockholders of BRE of the merger and the other transactions

contemplated by the merger agreement, there are a number of customary conditions that must be satisfied or waived for the merger to be consummated. For a description of all of the conditions to the merger, see The Merger Agreement Conditions to Completion of the Merger beginning on page 140.

Q: Are there risks associated with the merger that I should consider in deciding how to vote?

A: Yes. There are a number of risks related to the merger that are discussed in this joint proxy statement/ prospectus described in the section entitled Risk Factors beginning on page 35.

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Q: If my shares of Essex common stock or my shares of BRE common stock are held in street name by my broker, bank or other nominee, will my broker, bank or other nominee vote my shares of Essex common stock or my shares of BRE common stock for me?

A: No. Unless you instruct your broker, bank or other nominee how to vote your shares of Essex common stock and/or your shares of BRE common stock, as applicable, held in street name, your shares will NOT be voted. If you hold your shares of Essex common stock and/or your shares of BRE common stock in a stock brokerage account or if your shares are held by a bank or other nominee (that is, in street name), in order for your shares to be present and voted at the applicable special meeting, you must provide your broker, bank or other nominee with instructions on how to vote your shares.

Q: What happens if I do not vote for a proposal?

A: *Essex.* If you are an Essex stockholder, abstentions will be counted in determining the presence of a quorum. Abstentions will have the same effect as a vote cast AGAINST the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger. Abstentions will have no effect on the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger. If you do not provide voting instructions to your broker, bank or other nominee, your vote will not be counted in determining the presence of a quorum and will have no effect on either proposal.

BRE. If you are a BRE stockholder, abstentions will be counted in determining the presence of a quorum. Abstentions will have the same effect as a vote cast AGAINST the proposal to approve the merger and the other transactions contemplated by the merger agreement. Abstentions will have no effect on (i) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger or (ii) the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. If you do not provide voting instructions to your broker, bank or other nominee, your vote will not be counted in determining the presence of a quorum and will have the same effect as a vote cast AGAINST the proposal to approve the merger and the other transactions contemplated by the merger agreement, but will have no effect on the other proposals.

Q: Will my rights as a stockholder of Essex or BRE change as a result of the merger?

A: The rights of Essex stockholders will be unchanged as a result of the merger. BRE stockholders will have different rights following the effective time of the merger due to the differences between the governing documents of Essex and BRE. At the effective time of the merger, the existing charter and bylaws of Essex will thereafter be the charter and bylaws of the Combined Company. For more information regarding the differences in stockholder rights, see Comparison of Rights of Stockholders of Essex and Stockholders of BRE beginning on page 184.

Q: When is the merger expected to be completed?

A: Essex and BRE expect to complete the merger as soon as reasonably practicable following satisfaction of all of the required conditions, provided that Essex has the right to delay the merger until June 16, 2014 if a certain third party consent is not obtained. If the stockholders of both Essex and BRE approve the merger, and if the other conditions to closing the merger are satisfied or waived, it is currently expected that the merger will be completed in the first quarter of 2014. However, there is no guaranty that the conditions to the merger will be satisfied or that the merger will close.

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Q: If I am a BRE stockholder do I need to do anything with my stock certificates now?

A: No. You should not submit your stock certificates at this time. After the merger is completed, if you held shares of BRE common stock, the exchange agent for the Combined Company will send you a letter of transmittal and instructions for exchanging your shares of BRE common stock for shares of the Combined Company common stock pursuant to the terms of the merger agreement. Upon surrender of a certificate or book-entry share for cancellation along with the executed letter of transmittal and other required documents described in the instructions, a BRE stockholder will receive shares of common stock of the Combined Company and the cash consideration pursuant to the terms of the merger agreement.

Q: What are the anticipated U.S. federal income tax consequences to me of the proposed merger and the Special Distribution?

A: It is intended that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Internal Revenue Code of 1986, as amended, which we refer to as the Code. The closing of the merger is conditioned on the receipt by each of Essex and BRE of an opinion from its respective counsel to the effect that the merger will qualify as a reorganization within the meaning of Section 368(a) of the Code. Assuming that the merger qualifies as a reorganization, U.S. holders of shares of BRE common stock generally will not recognize gain or loss for U.S. federal income tax purposes upon the receipt of Combined Company common stock in exchange for BRE common stock in connection with the merger, except with respect to the cash consideration and cash received in lieu of fractional shares of Combined Company common stock. Holders may also recognize income as a result of the payment of the Special Distribution, if any. Holders of BRE common stock should read the discussion under the heading The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 103 and consult their tax advisors to determine the tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the merger.

Q: Are BRE stockholders entitled to appraisal rights?

A: No. BRE stockholders are not entitled to exercise appraisal rights in connection with the merger. See The Merger Agreement Merger Consideration; Effects of the Merger Appraisal Rights beginning on page 129.

Q: What do I need to do now?

A: After you have carefully read this joint proxy statement/prospectus, please respond by completing, signing and dating your proxy card or voting instruction card and returning it in the enclosed preaddressed postage-paid envelope or, if available, by submitting your proxy by one of the other methods specified in your proxy card or voting instruction card as promptly as possible so that your shares of Essex common stock and/or your shares of BRE common stock will be represented and voted at the Essex special meeting or the BRE special meeting, as applicable.

Please refer to your proxy card or voting instruction card forwarded by your broker, bank or other nominee to see which voting options are available to you.

The method by which you submit a proxy will in no way limit your right to vote at the Essex special meeting or the BRE special meeting, as applicable, if you later decide to attend the meeting in person.

However, if your shares of Essex common stock or your shares of BRE common stock are held in the name of a broker, bank or other nominee, you must obtain a legal proxy, executed in your favor, from your broker, bank or other nominee, to be able to vote in person at the Essex special meeting or the BRE special meeting, as applicable.

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Q: How will my proxy be voted?

A: All shares of Essex common stock entitled to vote and represented by properly completed proxies received prior to the Essex special meeting, and not revoked, will be voted at the Essex special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of Essex common stock should be voted on a matter, the shares of Essex common stock represented by your proxy will be voted as the Essex Board recommends and therefore **FOR** the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger, and **FOR** the proposal to approve one or more adjournments of the Essex special meeting to another date, time or place, if necessary or appropriate in the view of the Essex Board, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger if there are not sufficient votes at the time of such adjournment to approve such proposal. If you do not provide voting instructions to your broker, bank or other nominee, your shares of Essex common stock will NOT be voted at the Essex special meeting.

All shares of BRE common stock entitled to vote and represented by properly completed proxies received prior to the BRE special meeting, and not revoked, will be voted at the BRE special meeting as instructed on the proxies. If you properly sign, date and return a proxy card, but do not indicate how your shares of BRE common stock should be voted on a matter, the shares of BRE common stock represented by your proxy will be voted as the BRE Board recommends and therefore **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR** the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger and **FOR** the proposal to approve one or more adjournments of the BRE special meeting to another date, time or place, if necessary or appropriate, including adjournments to permit further solicitation of proxies in favor of approval of the merger agreement and the other transactions contemplated by the merger agreement. If you do not provide voting instructions to your broker, bank or other nominee, your BRE common stock will NOT be voted at the BRE special meeting.

Q: Can I revoke my proxy or change my vote after I have delivered my proxy?

A: Yes. You may revoke your proxy or change your vote at any time before your proxy is voted at the Essex special meeting or the BRE special meeting, as applicable. If you are a holder of record, you can do this in any of the three following ways:

by sending a written notice to the corporate secretary of Essex or the corporate secretary of BRE, as applicable, in time to be received before the Essex special meeting or the BRE special meeting, as applicable, stating that you would like to revoke your proxy;

by completing, signing and dating another proxy card and returning it by mail in time to be received before the Essex special meeting or the BRE special meeting, as applicable, or by submitting a later dated proxy by the Internet or telephone in which case your later-submitted proxy will be recorded and your earlier proxy revoked; or

by attending the Essex special meeting or the BRE special meeting, as applicable, and voting in person. Simply attending the Essex special meeting or the BRE special meeting, as applicable, without voting will not revoke your proxy or change your vote.

If your shares of Essex common stock or your shares of BRE common stock are held in an account at a broker, bank or other nominee and you desire to change your vote or vote in person, you should contact your broker, bank or other nominee for instructions on how to do so.

Q: What does it mean if I receive more than one set of voting materials for the Essex special meeting or the BRE special meeting?

A: You may receive more than one set of voting materials for the Essex special meeting and/or the BRE special meeting, as applicable, including multiple copies of this joint proxy statement/prospectus and multiple

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proxy cards or voting instruction cards. For example, if you hold your shares of Essex common stock or your shares of BRE common stock in more than one brokerage account, you will receive a separate voting instruction card for each brokerage account in which you hold shares of Essex common stock or your shares of BRE common stock. If you are a holder of record and your shares of Essex common stock or your shares of BRE common stock are registered in more than one name, you may receive more than one proxy card. Please complete, sign, date and return each proxy card and voting instruction card that you receive or, if available, please submit your proxy by telephone or over the Internet.

Q: What happens if I am a stockholder of both Essex and BRE?

A: You will receive separate proxy cards for each entity and must complete, sign and date each proxy card and return each proxy card in the appropriate preaddressed postage-paid envelope or, if available, by submitting a proxy by one of the other methods specified in your proxy card or voting instruction card for each entity.

Q: Do I need identification to attend the Essex or BRE special meeting in person?

A: Yes. Please bring proper identification, together with proof that you are a record owner of shares of Essex common stock or shares of BRE common stock, as the case may be. If your shares are held in street name, please bring acceptable proof of ownership, such as a letter from your broker or an account statement showing that you beneficially owned shares of Essex common stock or shares of BRE common stock, as applicable, on the applicable record date.

Q: Will a proxy solicitor be used?

A: Yes. Essex has engaged D.F. King & Co., Inc., which we refer to as D.F. King, to assist in the solicitation of proxies for the Essex special meeting, and Essex estimates it will pay D.F. King a fee of approximately $20,000. Essex has also agreed to reimburse D.F. King for reasonable expenses incurred in connection with the proxy solicitation and to indemnify D.F. King against certain losses, claims, damages, liabilities and expenses. In addition to mailing proxy solicitation material, Essex s directors, officers and employees may also solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to Essex s directors, officers or employees for such services.

BRE has engaged MacKenzie Partners, Inc., which we refer to as MacKenzie, to assist in the solicitation of proxies for the BRE special meeting and BRE estimates it will pay MacKenzie a fee of approximately $50,000. BRE has also agreed to reimburse MacKenzie for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify MacKenzie against certain losses, costs and expenses. In addition to mailing proxy solicitation material, BRE s directors, officers and employees may also solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to BRE s directors, officers or employees for such services.

Q: Who can answer my questions?

A: If you have any questions about the merger or the other matters to be voted on at the special meetings or how to submit your proxy or need additional copies of this joint proxy statement/prospectus, the enclosed proxy card or voting instructions, you should contact:

If you are an Essex stockholder:	If you are a BRE stockholder:
D.F. King & Co., Inc.	MacKenzie Partners, Inc.
48 Wall Street, 22nd Floor	105 Madison Avenue
New York, NY 10005	New York, NY 10016
Telephone:	800-322-2885 Toll-Free
Banks and brokers: (212) 269-5550	212-929-5500 Call Collect
Stockholders: (800) 758-5880	proxy@mackenziepartners.com e-mail

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SUMMARY

The following summary highlights some of the information contained in this joint proxy statement/prospectus. This summary may not contain all of the information that is important to you. For a more complete description of the merger agreement, the merger and the other transactions contemplated by the merger agreement, Essex and BRE encourage you to read carefully this entire joint proxy statement/prospectus, including the attached Annexes and the other documents to which we have referred you because this section does not provide all the information that might be important to you with respect to the merger and the other matters being considered at the applicable special meeting. See also the section entitled Where You Can Find More Information beginning on page 199. We have included page references to direct you to a more complete description of the topics presented in this summary.

The Companies

Essex Property Trust, Inc. (See page 47)

Essex is a Maryland corporation that has elected to be taxed as a REIT under the Code. Essex owns all of its interests in real estate investments directly or indirectly through Essex Portfolio, L.P., which we refer to as Essex LP. Essex is the sole general partner of Essex LP and as of September 30, 2013 owns a 94.6% general partnership interest in Essex LP. Essex is engaged primarily in the ownership, operation, management, acquisition, development and redevelopment of predominantly apartment communities. As of September 30, 2013, Essex owned or held an interest in 163 apartment communities, aggregating 34,416 units, excluding Essex s ownership in preferred interest co-investments. Additionally, as of September 30, 2013, Essex owned or had ownership interests in five commercial buildings and eleven active development projects in various stages of development. 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.

Essex common stock is listed on the NYSE, trading under the symbol ESS.

Essex was incorporated in the state of Maryland in 1994, and Essex LP was formed in the state of California in 1994. Essex s principal executive offices are located at 925 East Meadow Drive, Palo Alto, California 94303, and its telephone number is (650) 494-3700.

BEX Portfolio, Inc. (See page 47)

BEX Portfolio, Inc. (formerly known as Bronco Acquisition Sub, Inc.), or Merger Sub, a direct wholly owned subsidiary of Essex, is a Delaware corporation formed on December 17, 2013 for the purpose of entering into the merger agreement. Upon completion of the merger, BRE will be merged with and into Merger Sub with Merger Sub surviving as a direct wholly owned subsidiary of Essex. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

BRE Properties, Inc. (See page 47)

BRE is a Maryland corporation that has elected to be taxed as a REIT under the Code. BRE is focused on the development, acquisition and management of multifamily apartment communities primarily located in the major metropolitan markets of Southern and Northern California and Seattle, Washington. As of September 30, 2013, BRE had real estate assets with a net book value of approximately $3.6 billion, which included: 75 wholly or majority

owned stabilized multifamily communities, aggregating 21,396 homes primarily located in California and Washington; one multifamily community owned through a joint venture comprised of 252 apartment homes; one land asset held for sale; and six wholly owned or majority-owned development communities (five in Northern California and one in Southern California) in various stages of planning and construction, totaling 1,888 homes. BRE has been a publicly traded company since its founding in 1970.

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BRE common stock is listed on the NYSE, trading under the symbol BRE.

BRE was incorporated in the state of Delaware in 1970, and was re-incorporated as a Maryland corporation in 1996. BRE s principal executive offices are located at 525 Market Street, 4th Floor, San Francisco, California 94105, and its telephone number is (415) 445-6530.

The Combined Company (See page 48)

References to the Combined Company are to Essex after the effective time of the merger. The Combined Company will be named Essex Property Trust, Inc. and will be a Maryland corporation. The Combined Company will be the leading publicly traded, multifamily REIT focused on the West Coast with a platform poised to achieve a greater level of acquisitions and value enhancing developments. The Combined Company is expected to have a pro forma equity market capitalization of approximately $10.4 billion, and a total market capitalization in excess of $15.4 billion. The Combined Company s asset base will consist primarily of approximately 56,000 multifamily units in 239 properties. The Combined Company s largest markets are expected to be Southern California, Northern California and metropolitan Seattle.

The business of the Combined Company will be operated through Essex LP and its subsidiaries. On a pro forma basis giving effect to the merger, the Combined Company will own an approximate 97% general partnership interest in Essex LP and, as its sole general partner, the Combined Company will have the full, exclusive and complete responsibility for and discretion in the day-to-day management and control of Essex LP.

The common stock of the Combined Company will continue to be listed on the NYSE, trading under the symbol ESS.

The Combined Company s principal executive offices will be located at 925 East Meadow Drive, Palo Alto, California 94303, and its telephone number will be (650) 494-3700.

The Merger

The Merger Agreement (See page 127)

Essex, Merger Sub and BRE have entered into the merger agreement attached as Annex A to this joint proxy statement/prospectus, which is incorporated herein by reference. Essex and BRE encourage you to carefully read the merger agreement in its entirety because it is the principal document governing the merger and the other transactions contemplated by the merger agreement.

The merger agreement provides that the closing of the merger will take place at 8:00 a.m. Eastern Time at the offices of Goodwin Procter LLP in San Francisco, California on the second business day following the date on which the last of the conditions to closing of the merger have been satisfied or waived, provided that if a certain third party consent is not obtained by such date, Essex has the right to extend the closing to a date that is not later than two business days after the receipt of such consent, but in no event later than June 16, 2014.

The Merger (See page 61)

Subject to the terms and conditions of the merger agreement, at the effective time of the merger, BRE will merge with and into Merger Sub, with Merger Sub surviving the merger as a direct wholly owned subsidiary of Essex. References

to the Combined Company are to Essex after the effective time of the merger. The shares of common stock of the Combined Company will continue to be listed and traded on the NYSE under the symbol ESS.

Upon completion of the merger, we estimate that continuing Essex stockholders will own approximately 62% of the issued and outstanding common stock of the Combined Company, and former BRE stockholders will own approximately 38% of the issued and outstanding common stock of the Combined Company.

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The Merger Consideration (See page 128)

In the merger, each issued and outstanding share of BRE common stock will be converted automatically into the right to receive 0.2971 shares of common stock, par value $0.0001 per share, which we refer to as the stock consideration, of Essex plus $12.33 in cash, without interest, which we refer to as the cash consideration, each subject to adjustment as described in the merger agreement. The cash consideration will be reduced to the extent the Asset Sale is completed in accordance with the terms set forth in the merger agreement and the Special Distribution is authorized and declared to be paid to the BRE stockholders of record as of the close of business on the business day immediately prior to the effective time of the merger as a result of the Asset Sale, as described under The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145. We refer to the stock consideration and the cash consideration collectively as the merger consideration. BRE stockholders will not receive any fractional shares of Essex common stock in the merger but instead will be paid cash (without interest) in lieu of any fractional share interest to which they would otherwise be entitled. The exchange ratio and the cash consideration will not be adjusted for changes in the market value of Essex common stock or BRE common stock. Because of this, the implied value of the merger consideration to be received by BRE stockholders in the merger will fluctuate between now and the completion of the merger. Based on the closing price of Essex common stock on the NYSE of $147.70 on December 18, 2013, the last trading date before the announcement of the proposed merger, the merger consideration (based on the value of $43.88 in Essex common stock plus the $12.33 in cash per share) represented approximately $56.21 for each share of BRE common stock. Based on the closing price of Essex common stock on the NYSE of $166.79 on February 10, 2014, the latest practicable date before the date of this joint proxy statement/prospectus, the merger consideration (based on the value of $49.55 in Essex common stock plus the $12.33 in cash per share) represented approximately $61.88 for each share of BRE common stock.

You are urged to obtain current market prices of shares of Essex common stock and BRE common stock. You are cautioned that the trading price of the common stock of the Combined Company after the merger may be affected by factors different from those currently affecting the trading prices of Essex common stock and BRE common stock, and therefore, the historical trading prices of Essex and BRE may not be indicative of the trading price of the Combined Company. See the risks related to the merger and the other transactions contemplated by the merger agreement described under the section Risk Factors Risk Factors Relating to the Merger beginning on page 35.

Voting Agreements (See page 147)

Concurrently with the execution of the merger agreement, BRE entered into separate voting agreements with Michael J. Schall, Essex s President and Chief Executive Officer and a member of the Essex Board, and George M. Marcus, the Chairman of the Essex Board, and Essex entered into separate voting agreements with Constance B. Moore, BRE s President and Chief Executive Officer and a member of the BRE Board, and Irving F. Lyons, III, the Chairman of the BRE Board. As of February 10, 2014, the Essex officers and directors that are a party to a voting agreement with BRE collectively owned approximately 0.91% of the outstanding shares of Essex common stock, and the BRE officers and directors that are a party to a voting agreement with Essex collectively owned approximately 0.58% of the outstanding shares of BRE common stock.

Pursuant to the terms of the voting agreements, each of the stockholders parties to the voting agreements has agreed, subject to the terms and conditions contained in each voting agreement, to among other things, vote all of his or her shares of Essex common stock or BRE common stock, as applicable, whether currently owned or acquired at any time prior to the termination of the applicable voting agreement, in favor of the issuance of Essex common stock to BRE stockholders in the merger or in favor of the merger and the other transactions contemplated by the merger agreement,

as applicable. In addition, the voting agreements with BRE stockholders provide that such persons will vote their BRE common stock against any alternative proposal, and both the voting agreements with Essex stockholders and the voting agreements with BRE stockholders provide that such

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persons will vote their shares of Essex common stock or BRE common stock, as applicable, against any action which would reasonably be expected to adversely affect or interfere with the consummation of the transactions contemplated by the merger agreement.

Each of the stockholders parties to the voting agreements has also agreed to comply with certain restrictions on the transfer of his or her shares subject to the terms of the applicable voting agreement. Each of the voting agreements terminates upon the earlier to occur of (1) the effective time of the merger; and (2) the termination of the merger agreement pursuant to its terms.

The foregoing summary of the voting agreements is subject to, and qualified in its entirety by reference to, the full text of each of the voting agreements. Copies of the forms of voting agreement are attached as Annex B and Annex C to this joint proxy statement/prospectus and are incorporated herein by reference. For more information see Voting Agreements beginning on page 147.

Financing Related to the Merger (See page 144)

The merger is not conditioned upon Essex having received any financing at or prior to the effective time of the merger. However, in connection with the merger and the transactions contemplated by the merger agreement, Essex has entered into a commitment letter with Citigroup Global Markets Inc., UBS AG Stamford Branch and UBS Securities LLC, whose banking affiliates we collectively refer to as the lenders, pursuant to which the lenders have committed to provide a senior unsecured bridge loan facility of up to $1 billion, which we refer to as the bridge loan facility, subject to the conditions set forth in the commitment letter. If drawn upon, the proceeds of the bridge loan facility may be used to (i) pay a portion of the cash consideration in the merger, (ii) pay various fees and expenses incurred in connection with the merger, and/or (iii) repay certain indebtedness of BRE and its subsidiaries. The bridge loan facility is structured as a 364-day unsecured term loan facility available in a single draw on the closing date of the merger. Essex, Essex LP and Merger Sub have the right to use alternative financing in connection with the consummation of the merger and are under no obligation to draw upon the financing commitment from the lenders. Essex is currently exploring the availability of alternative financing including through existing unsecured credit facilities, asset sales, joint ventures or other financing arrangements.

The commitment letter expires on the earliest of (i) the consummation of the bridge loan facility and (ii) April 18, 2014, provided that if either Essex or BRE has not obtained the approval of Essex stockholders or BRE stockholders, as the case may be, contemplated by the merger agreement by April 18, 2014, the commitment letter will expire on May 18, 2014.

For more information regarding the financing related to the merger, see The Merger Agreement Financing Related to the Merger beginning on page 144.

Asset Sale and Special Distribution (See page 145)

Pursuant to the merger agreement, Essex may make an irrevocable election by written notice to BRE no later than 5 p.m. Pacific Time on the business day that is at least 15 business days prior to the BRE special meeting, to require BRE to sell, and for Essex or one or more persons designated by Essex to purchase, on the business day prior to the effective time of the merger, certain to-be-identified assets of BRE and/or its subsidiaries with a net equity value of up to $1 billion, as specified by Essex in the election notice, in the Asset Sale. Essex currently anticipates delivering such notice and that the disposition assets will be contributed to one or more joint ventures to be formed between BRE and

one or more third parties. Essex will acquire the remaining interests in such joint ventures in the merger. Pursuant to the merger agreement, and assuming the Asset Sale occurs, the net proceeds received by BRE from the third-party venture partner(s), or a portion thereof, will be paid as a dividend to BRE stockholders of record as of the close of business on the business day preceding the

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effective time of the merger as the Special Distribution. The amount of the Special Distribution is intended to be at least equal to BRE s earnings and profits generated from the Asset Sale. Any amounts distributed as the Special Distribution will reduce the cash consideration by the per share amount of such Special Distribution. In any event, BRE stockholders will receive $12.33 in cash, without interest, in connection with the merger, whether as a result of the payment of the Special Distribution or payment of cash consideration in the merger, or a combination thereof. Essex has entered into non-binding term sheets related to the formation of institutional joint ventures involving properties valued at between $800 and $900 million.

For more information regarding the Asset Sale and the Special Distribution, see The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145.

Recommendation of the Essex Board (See page 74)

The Essex Board has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Essex and its stockholders, (ii) approved and adopted the merger agreement, the merger and the other transactions contemplated thereby, and (iii) authorized and approved the issuance of shares of Essex common stock to BRE stockholders in the merger. The Essex Board unanimously recommends that Essex stockholders vote **FOR** the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger and **FOR** the proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock in the merger.

Recommendation of the BRE Board (See page 76)

The BRE Board has unanimously (i) determined and declared that the merger, the merger agreement and the other transactions contemplated by the merger are advisable and in the best interests of BRE and its stockholders and (ii) approved the merger agreement and authorized the performance by BRE thereunder. The BRE Board unanimously recommends that BRE stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR** the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger, and **FOR** the proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Summary of Risk Factors Related to the Merger (See page 35)

You should consider carefully all of the risk factors together with all of the other information included in this joint proxy statement/prospectus before deciding how to vote. The risks related to the merger and the other transactions contemplated by the merger agreement are described under the section Risk Factors Risk Factors Relating to the Merger beginning on page 35.

The exchange ratio and the cash consideration will not be adjusted in the event of any change in the share prices of either Essex or BRE common stock.

The merger and the other transactions contemplated by the merger agreement, or the issuance of shares of Essex common stock to BRE stockholders, as applicable, are conditioned upon the approval by the stockholders of BRE and the stockholders of Essex.

Essex and BRE stockholders will be diluted by the merger.

If the merger does not occur in certain circumstances, BRE may be obligated to pay a $170 million termination fee to Essex. If the stockholders of either company do not approve the merger or the

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issuance of shares of Essex common stock to BRE stockholders, as applicable, then that company will be obligated to reimburse up to $10 million in transaction expenses incurred by the other party.

Failure to complete the merger could negatively affect the common stock prices and future business and financial results of Essex and BRE.

The pendency of the merger could adversely affect the business and operations of Essex and BRE.

The merger agreement contains provisions that could discourage a potential competing acquirer of BRE or could result in any competing proposal being at a lower price than it might otherwise be.

If the merger is not consummated by June 17, 2014, either Essex or BRE may terminate the merger agreement.

Some of the directors and executive officers of BRE have interests in the merger that are different from, or in addition to, those of the other BRE stockholders.

The Essex Special Meeting (See page 49)

The special meeting of the stockholders of Essex will be held at the Clubhouse at Via Apartment Homes, 621 Tasman Drive, Sunnyvale, California 94089 on March 28, 2014, commencing at 10:00 a.m., local time.

At the Essex special meeting, the stockholders of Essex will be asked to consider and vote upon the following matters:

1. a proposal to approve the issuance of Essex common stock to BRE stockholders in the merger; and

2. a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.

Approval of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger requires the affirmative vote of the holders of at least a majority of all votes cast on such proposal.

Approval of the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger requires the affirmative vote of at least a majority of all votes cast on such proposal.

At the close of business on the record date, directors and executive officers of Essex and their affiliates were entitled to vote 459,646 shares of Essex common stock, or approximately 1.2% of the shares of Essex common stock issued

and outstanding on that date. Messrs. Schall and Marcus have entered into voting agreements that obligate them to vote **FOR** the issuance of Essex common stock to BRE stockholders in the merger. Additionally, Essex currently expects that the other Essex directors and executive officers will vote their shares of Essex common stock in favor of the proposal to approve the issuance of Essex common stock to BRE stockholders in the merger as well as the other proposal to be considered at the Essex special meeting, although none of them is contractually obligated to do so.

Your vote as an Essex stockholder is very important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the Essex special meeting in person.

The BRE Special Meeting (See page 53)

The special meeting of the stockholders of BRE will be held at the Mandarin Oriental Hotel, 222 Sansome Street, San Francisco, California 94104 on March 28, 2014, commencing at 10:00 a.m., local time.

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At the BRE special meeting, BRE stockholders will be asked to consider and vote upon the following matters:

1. a proposal to approve the merger and the other transactions contemplated by the merger agreement;

2. an advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger; and

3. a proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of BRE common stock entitled to vote on such proposal.

Approval of the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger requires the affirmative vote of a majority of all votes cast on such proposal.

Approval of the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of a majority of all votes cast on such proposal.

At the close of business on the record date, directors and executive officers of BRE and their affiliates were entitled to vote 919,801 shares of BRE common stock, or approximately 1.19% of the shares of BRE common stock issued and outstanding on that date. Ms. Moore and Mr. Lyons have entered into voting agreements that obligate them to vote **FOR** the BRE proposal to approve the merger and the other transactions contemplated by the merger agreement. Additionally, BRE currently expects that the other BRE directors and executive officers will vote their shares of BRE common stock in favor of the BRE merger proposal as well as the other proposals to be considered at the BRE special meeting, although none of them is contractually obligated to do so.

Your vote as a BRE stockholder is very important. Accordingly, please sign and return the enclosed proxy card whether or not you plan to attend the BRE special meeting in person.

Opinions of Financial Advisors

Opinion of Essex s Financial Advisor (See page 80)

On December 18, 2013, at a meeting of the Essex Board held to evaluate the proposed merger, UBS Securities LLC, which we refer to as UBS, delivered to the Essex Board an oral opinion, which opinion was confirmed by delivery of a written opinion, dated December 18, 2013, to the effect that, as of that date and based on and subject to various assumptions made, matters considered and limitations described in its opinion, the consideration to be paid by Essex

in the merger was fair, from a financial point of view, to Essex.

The full text of UBS opinion describes the assumptions made, procedures followed, matters considered and limitations on the review undertaken by UBS. UBS opinion is attached as **Annex D** to this joint proxy statement/prospectus and is incorporated herein by reference. **Essex stockholders are encouraged to read UBS opinion carefully in its entirety. UBS opinion was provided for the benefit of the Essex Board (in its capacity as such) in connection with, and for the purpose of, its evaluation of the merger consideration to be paid by Essex in the merger, and does not address any other aspect of the merger or any related transaction. UBS**

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opinion does not address the relative merits of the merger or any related transaction as compared to other business strategies or transactions that might be available to Essex or Essex s underlying business decision to effect the merger or any related transaction. UBS opinion does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to the merger or any related transaction.

See The Merger Opinion of Essex s Financial Advisor beginning on page 80.

Opinion of BRE s Financial Advisor (See page 87)

In connection with the merger, Wells Fargo Securities, LLC, which we refer to as Wells Fargo Securities, rendered an opinion, dated December 18, 2013, to the BRE Board as to the fairness, from a financial point of view and as of such date, of the merger consideration to be received pursuant to the merger agreement by holders of BRE common stock (other than Essex, Merger Sub and their respective affiliates). The full text of Wells Fargo Securities written opinion is attached as **Annex E** to this joint proxy statement/prospectus and is incorporated in this joint proxy statement/prospectus by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Wells Fargo Securities in rendering its opinion. **The opinion was addressed to the BRE Board (in its capacity as such) for its information and use in connection with its evaluation of the merger consideration from a financial point of view and did not address any other terms, aspects or implications of the merger or any related transactions. Wells Fargo Securities opinion did not address the merits of the underlying decision by BRE to enter into the merger agreement or the relative merits of the merger or any related transactions compared with other business strategies or transactions available or that have been or might be considered by BRE s management or board of directors or in which BRE might engage. Under the terms of its engagement, Wells Fargo Securities has acted as an independent contractor, not as an agent or fiduciary. Wells Fargo Securities opinion does not constitute a recommendation to the BRE Board or any other person or entity in respect of the merger or any related transactions, including as to how any stockholder should vote or act in connection with the merger, any related transactions or any other matters.**

See The Merger Opinion of BRE s Financial Advisor beginning on page 87.

Treatment of the BRE Preferred Stock (See page 128)

All outstanding shares of BRE s 6.75% Series D Cumulative Redeemable Preferred Stock, which we refer to as the BRE preferred stock, will be redeemed prior to the effective time of the merger at $25.00 per share plus any accrued and unpaid dividends, in accordance with the terms of the merger agreement and the terms of the BRE preferred stock. BRE sent notice of the redemption of the BRE preferred stock to holders of BRE preferred stock on January 21, 2014 in accordance with the terms of the BRE preferred stock. The BRE preferred stock will be redeemed on February 20, 2014.

Treatment of the BRE Equity Incentive Plans (See page 129)

At the effective time of the merger, the Combined Company will assume all outstanding options to purchase BRE common stock, whether or not exercisable, and restricted stock awards (including any associated performance-based rights) covering BRE common stock. Each option and restricted stock award so assumed by the Combined Company will continue to have the same terms and conditions (including vesting schedule) as were applicable under the BRE

equity incentive plans prior to the effective time of the merger, subject to certain adjustments described in the merger agreement.

See The Merger Agreement Merger Consideration; Effects of the Merger Assumption of BRE Equity Incentive Plans by the Combined Company beginning on page 129.

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Directors and Management of the Combined Company After the Merger (See page 149)

As of the effective time of the merger, the board of directors of the Combined Company will be increased to 13 members, with the ten current Essex directors, George M. Marcus, Keith R. Guericke, David W. Brady, Gary P. Martin, Issie N. Rabinovitch, Thomas E. Randlett, Michael J. Schall, Bryon A. Scordelis, Janice L. Sears and Claude Joseph Zinngrabe Jr., continuing as directors of the Combined Company. In addition, three current members of the BRE Board, Irving F. Lyons, III, Thomas E. Robinson and Thomas P. Sullivan will join the board of directors of the Combined Company, which members we refer to as the BRE designees, to serve until the next annual meeting of the stockholders of the Combined Company (and until their successors have been duly elected and qualified). The BRE designees are entitled to be nominated by the board of directors of the Combined Company for reelection at the next subsequent annual meeting of stockholders of the Combined Company.

The executive officers of Essex immediately prior to the effective time of the merger will continue to serve as the executive officers of the Combined Company, with Michael J. Schall continuing to serve as the President and Chief Executive Officer of the Combined Company.

Interests of Essex s Directors and Executive Officers in the Merger (See page 99)

Essex has adopted a merger bonus program for key Essex personnel pursuant to which certain Essex personnel, including senior executive officers, will be eligible to receive a cash bonus if both the merger closes and the eligible executive remains employed at the applicable payment date. Pursuant to this program, Essex is authorized to pay up to $8,000,000 in aggregate cash bonuses. Employees at the senior vice president level or higher will receive 2/3rds of their bonus if they remain employed at the 12 month anniversary of the merger closing and the remaining 1/3rd at the 18 month anniversary of the merger closing. For more information regarding Essex s merger bonus program, see The Merger Interests of Essex s Directors and Executive Officers in the Merger beginning on page 99.

Other than as described above, none of Essex s executive officers or members of the Essex Board is party to an arrangement with Essex, or participates in any Essex plan, program or arrangement that provides such executive officer or board member with financial incentives that are contingent upon consummation of the merger.

Interests of BRE s Directors and Executive Officers in the Merger (See page 99)

In considering the recommendation of the BRE Board to approve the merger and the other transactions contemplated by the merger agreement, BRE stockholders should be aware that BRE s directors and executive officers have certain interests in the merger that may be different from, or in addition to, the interests of BRE stockholders generally, including certain contractual change of control payments, benefits and incentive awards in connection with the merger, as described below.

Listing of Shares of the Essex Common Stock; Delisting and Deregistration of BRE Common Stock and Preferred Stock (See page 126)

It is a condition to each company s obligation to complete the merger that the shares of Essex common stock issuable to BRE stockholders in the merger be approved for listing on the NYSE, subject to official notice of issuance. Essex has agreed to use its reasonable best efforts to cause the shares of Essex common stock to be issued to BRE stockholders in the merger to be approved for listing on the NYSE prior to the effective time of the merger, subject to official notice of issuance. After the merger is completed, the shares of BRE common stock currently listed on the

NYSE will cease to be listed on the NYSE and will be deregistered under the Exchange Act. The BRE preferred stock will be redeemed on February 20, 2014.

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Stockholder Appraisal Rights in the Merger (See page 129)

No dissenters or appraisal rights, or rights of objecting stockholders under Title 3 Subtitle 2 of the Maryland General Corporation Law, or the MGCL, will be available with respect to the merger or the other transactions contemplated by the merger agreement.

Conditions to Completion of the Merger (See page 140)

A number of customary conditions must be satisfied or waived, where legally permissible, before the merger can be consummated. These include, among others:

- approval by BRE stockholders of the merger and the other transactions contemplated by the merger agreement;
- approval by Essex stockholders of the issuance of shares of Essex common stock to BRE stockholders in the merger;
- the Form S-4 registration statement, of which this joint proxy statement/prospectus is a part, having been declared effective and no stop order suspending the effectiveness of such Form S-4 having been issued and no proceeding to that effect having been commenced or threatened by the SEC and not withdrawn;
- the absence of any order or injunction issued by any governmental authority or other legal restraint or prohibition preventing the consummation of the merger or the other transactions contemplated by the merger agreement;
- the shares of Essex common stock to be issued to BRE stockholders in the merger having been approved for listing on the NYSE, subject to official notice of issuance at or prior to the closing of the merger;
- the representations and warranties of each party made in the merger agreement must generally be true and accurate when made and as of the closing, subject to materiality standards; and
- no material adverse effect shall have occurred.

Neither Essex nor BRE can give any assurance as to when or if all of the conditions to the consummation of the merger will be satisfied or waived or that the merger will occur.

For more information regarding the conditions to the consummation of the merger and a complete list of such conditions, see The Merger Agreement Conditions to Completion of the Merger beginning on page 140.

Regulatory Approvals Required for the Merger (See page 103)

Essex and BRE are not aware of any material federal or state regulatory requirements that must be complied with, or regulatory approvals that must be obtained, in connection with the merger or the other transactions contemplated by the merger agreement.

No Solicitation and Change in Recommendation (See page 135)

Under the terms of the merger agreement, BRE is prohibited from soliciting competing bids, subject to certain limited exceptions necessary to comply with the duties of the BRE Board. Prior to receiving BRE stockholder approval of the merger, BRE may negotiate with a third party after receiving an unsolicited written proposal if the BRE Board determines in good faith that the unsolicited proposal could reasonably be likely to result in a transaction that is more favorable than the merger and the BRE Board determines that failure to negotiate would be inconsistent with its duties. Once a third party proposal is received, BRE must notify Essex within 24 hours following receipt of the proposal and keep Essex informed of the status and terms of the proposal and associated negotiations.

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BRE may withdraw or modify its recommendation to BRE stockholders with respect to the merger, and enter into an agreement to consummate a competing transaction with a third party if the BRE Board determines in good faith that the competing proposal is more favorable to BRE stockholders and if BRE, in connection with terminating the merger agreement, pays a $170 million termination fee to Essex. Prior to any such termination, BRE generally must provide Essex with notice at least three business days prior to such termination and an opportunity to revise the terms of the merger agreement to make the competing proposal no longer more favorable to BRE stockholders. In very limited circumstances, the BRE Board has a right to withdraw or modify its recommendation to BRE stockholders in the absence of a competing proposal, if following an unexpected event the failure to do so would be inconsistent with the duties of the BRE Board.

For more information regarding the limitations on BRE and the BRE Board to consider other competing proposals, see The Merger Agreement Covenants and Agreements No Solicitation of Transactions beginning on page 135.

Termination of the Merger Agreement (See page 142)

The merger agreement may be terminated at any time before the effective time of the merger by the mutual consent of Essex and BRE in a written instrument, even after approval of BRE stockholders or approval of Essex stockholders.

In addition, the merger agreement may also be terminated prior to the effective time of the merger by either BRE or Essex under the following conditions, each subject to certain exceptions:

- a governmental authority of competent jurisdiction has issued a final, non-appealable order, decree or ruling permanently restraining, enjoining or otherwise prohibiting the merger or the other transactions contemplated by the merger agreement;
- the merger has not been consummated on or before June 17, 2014;
- there has been a breach by the other party of any of the covenants or agreements or any of the representations, warranties, covenants or agreements set forth in the merger agreement on the part of such other party, which breach, (i) in the case of BRE, either individually or in the aggregate, would result in, if occurring or continuing on the closing date, the failure of certain closing conditions to be satisfied, and (ii) in the case of Essex or Merger Sub, would reasonably be expected to prevent, or materially impair or delay, the ability of either Essex or Merger Sub to perform its obligations under the merger agreement, or to consummate the merger and the other transactions contemplated by the merger agreement;
- stockholders of BRE failed to approve the merger and the other transactions contemplated by the merger agreement at a duly convened special meeting; or
- stockholders of Essex failed to approve the issuance of shares of Essex common stock as merger consideration at a duly convened special meeting.

The merger agreement may also be terminated by Essex prior to the approval of the merger by BRE stockholders, (i) if BRE has withdrawn or modified its recommendation to BRE stockholders with respect to the merger, (ii) if the BRE Board approves or recommends a competing transaction, (iii) if BRE fails to include in the joint proxy statement the recommendation of the BRE Board of the approval of the merger, (iv) if a tender offer or exchange offer for 20% or more of the outstanding shares of capital stock of BRE is commenced, and the BRE Board does not recommend against acceptance of the offer within ten business days following its commencement, (v) if BRE has materially breached its obligations under non-solicitation provisions of the merger agreement, or (vi) if BRE publicly announces its intention to do any of the above.

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The merger agreement may also be terminated by BRE at any time prior to the approval of the merger by BRE stockholders, in order to enter into an alternative acquisition agreement with respect to a competing proposal that the BRE Board determines is more favorable to BRE stockholders than the merger; provided, that BRE must concurrently pay the $170 million termination fee as described under The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by BRE to Essex.

For more information regarding the rights of Essex and BRE to terminate the merger agreement, see The Merger Agreement Termination of the Merger Agreement beginning on page 142.

Termination Fee and Expenses (See page 143)

Generally, all fees and expenses incurred in connection with the merger and the transactions contemplated by the merger agreement will be paid by the party incurring those fees and expenses. However, if the merger agreement is terminated because BRE accepts a competing proposal, BRE will be required to pay Essex a $170 million termination fee. If either party fails to obtain the approval of its stockholders, such party may be obligated to pay the other reasonable documented out-of-pocket expenses actually incurred up to a maximum of $10 million.

For more information regarding the termination fee and expense reimbursement, see The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by BRE to Essex beginning on page 143 and The Merger Agreement Termination of the Agreement Expenses Payable by Essex to BRE beginning on page 144.

Litigation Relating to the Merger (See page 126)

Since the announcement of the merger agreement on December 19, 2013, three putative class action and shareholder derivative actions have been filed on behalf of alleged BRE stockholders and/or BRE itself in the Circuit Court for Baltimore City, Maryland, under the following captions: *Sutton v. BRE Properties, Inc., et al.,* No. 24-C-13-008425, filed December 23, 2013; *Applegate v. BRE Properties, Inc., et al.,* No. 24-C-14-00002, filed December 30, 2013; and *Lee v. BRE Properties, Inc., et al.,* No. 24-C-14-00046*,* filed January 3, 2014.

All of these complaints name as defendants BRE, the BRE Board, Essex, and Merger Sub, and allege that the BRE Board breached its fiduciary duties to BRE s stockholders and/or to BRE itself, and that the merger involves an unfair price, an inadequate sales process, and unreasonable deal protection devices that purportedly preclude competing offers. The complaints further allege that Essex, Merger Sub, and, in some cases, BRE aided and abetted those alleged breaches of duty. The complaints seek injunctive relief, including enjoining or rescinding the merger, and an award of other unspecified attorneys and other fees and costs, in addition to other relief.

On February 7, 2014, Plaintiffs filed identical amended complaints in the three pending actions. The amended complaints add allegations that disclosures relating to the proposed merger in the joint proxy statement/prospectus filed with the SEC on January 29, 2014 are inadequate.

Material U.S. Federal Income Tax Consequences of the Merger (See page 103)

BRE and Essex intend that the merger of BRE with and into Merger Sub will qualify as a reorganization within the meaning of Section 368(a) of the Code. The closing of the merger is conditioned on the receipt by each of Essex and BRE of an opinion from its respective counsel to the effect that the merger will qualify as a reorganization within the

meaning of Section 368(a) of the Code. Assuming that the merger qualifies as a reorganization, U.S. holders of shares of BRE common stock generally will only recognize gain for U.S. federal

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income tax purposes to the extent of the cash consideration received in the merger and the cash received in lieu of fractional shares of Combined Company common stock, and will not recognize any loss in connection with the merger.

For further discussion of the material U.S. federal income tax consequences of the merger and the ownership of common stock of the Combined Company, see The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 103.

Holders of shares of BRE common stock should consult their tax advisors to determine the tax consequences to them (including the application and effect of any state, local or non-U.S. income and other tax laws) of the merger.

Material U.S. Federal Income Tax Consequences of the Asset Sale and Special Distribution (See page 107)

For U.S. federal income tax purposes, it is intended that (a) the Asset Sale be treated as a taxable sale by BRE of the assets subject to the Asset Sale, and (b) the Special Distribution be treated as a dividend distribution to holders of shares of BRE common stock to the extent of BRE s current and accumulated earnings and profits.

Notwithstanding the intended U.S. federal income tax treatment described above, the federal income tax treatment of the Asset Sale and Special Distribution is not entirely clear. It is possible that the Internal Revenue Service, or the IRS, could treat all or a portion of the Special Distribution as additional cash consideration in the merger.

For further discussion of the material U.S. federal income tax consequences of the Asset Sale and the Special Distribution, see The Merger Material U.S. Federal Income Tax Consequences of the Merger Asset Sale and Special Distribution beginning on page 107.

Accounting Treatment of the Merger (See page 125)

Essex prepares its financial statements in accordance with U.S. generally accepted accounting principles, which we refer to as GAAP. The merger will be accounted for by applying the acquisition method. See The Merger Accounting Treatment.

Comparison of Rights of Stockholders of Essex and Stockholders of BRE (See page 184)

If the merger is consummated, stockholders of BRE will become stockholders of the Combined Company. The rights of BRE stockholders are currently governed by and subject to the provisions of the MGCL, and the charter and bylaws of BRE. Upon consummation of the merger, the rights of the former BRE stockholders who receive shares of Essex common stock in the merger will be governed by the MGCL and the Essex charter and bylaws, rather than the charter and bylaws of BRE. In particular, as is typical for REITs to protect their status as a REIT, the Essex charter provides that, with limited exceptions, no person may beneficially own, or be deemed to beneficially own by virtue of the attribution provisions of the Code, more than 6.0% of the outstanding shares of Essex s capital stock (which limit may be adjusted by the Essex Board up to 9.9%).

For a summary of certain differences between the rights of Essex stockholders and BRE stockholders, see Comparison of Rights of stockholders of Essex and Stockholders of BRE beginning on page 184.

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Selected Historical Financial Information of Essex

The following selected historical financial information for each of the years during the three-year period ended December 31, 2012 and the selected balance sheet data as of December 31, 2012 and 2011 have been derived from Essex s audited consolidated financial statements contained in its Annual Report on Form 10-K filed with the SEC on February 25, 2013, which has been incorporated into this joint proxy statement/prospectus by reference. The selected historical financial information for each of the years ended December 31, 2010, 2009 and 2008 and as of December 31, 2010, 2009 and 2008 has been derived from Essex s audited consolidated financial statements for such years, which have not been incorporated into this joint proxy statement/prospectus by reference.

The selected historical financial information for each of the nine-month periods ended September 30, 2013 and 2012, and as of September 30, 2013 has been derived from Essex s unaudited condensed consolidated financial statements contained in Essex s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, which has been incorporated into this joint proxy statement/prospectus by reference. The selected historical financial information as of September 30, 2012 has been derived from Essex s unaudited consolidated financial statements contained in Essex s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2012, which has not been incorporated into this joint proxy statement/prospectus by reference. In Essex s opinion, such unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the interim September 30, 2013 financial information. Interim results for the nine months ended and as of September 30, 2013 are not necessarily indicative of, and are not projections for, the results to be expected for the fiscal year ending December 31, 2013.

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You should read this selected historical financial information together with the financial statements included in reports that are incorporated by reference in this joint proxy statement/prospectus and their accompanying notes and management s discussion and analysis of operations and financial condition of Essex contained in such reports.

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	($ in thousands, except per share amounts)						
OPERATING DATA:							
REVENUES							
Rental and other property	$ 448,318	$ 388,642	$ 531,936	$ 465,713	$ 405,728	$ 401,550	$ 397,673
Management and other fees from affiliates	9,139	8,312	11,489	6,780	4,551	4,325	5,166
	457,457	396,954	543,425	472,493	410,279	405,875	402,839
EXPENSES							
Property operating expenses	145,642	127,154	174,088	159,234	143,164	137,457	130,328
Depreciation	143,320	125,137	170,592	151,428	128,221	116,540	108,221
General and administrative	18,925	16,440	23,307	20,694	23,255	24,966	24,725
Cost of management and other fees	5,047	4,893	6,513	4,610	2,707	3,096	2,959
Impairment and other charges					2,302	13,084	650
	312,934	273,624	374,500	335,966	299,649	295,143	266,883
Earnings from operations	144,523	123,330	168,925	136,527	110,630	110,732	135,956
Interest expense before amortization expense	(77,724)	(74,380)	(100,244)	(91,694)	(82,756)	(81,196)	(78,203)
Amortization expense	(8,937)	(8,681)	(11,644)	(11,474)	(4,828)	(4,820)	(6,860)
Interest and other income	9,326	10,869	13,833	17,139	27,841	13,040	11,337
Equity income (loss) from co-investments	52,295	8,998	41,745	(467)	(1,715)	670	7,820
Gain on remeasurement of co-investment		21,947	21,947				
Gain (loss) on early retirement of debt	846	(2,661)	(5,009)	(1,163)	(10)	4,750	3,997
Gain on the sales of real estate	1,503					103	4,578
Income before discontinued operations	121,832	79,422	129,553	48,868	49,162	43,279	78,625
Income from discontinued	13,321	10,528	10,037	8,648	1,620	10,460	5,770

operations

Net income	135,153	89,950	139,590	57,516	50,782	53,739	84,395
Net income attributable to noncontrolling interest	(12,112)	(9,827)	(14,306)	(10,446)	(14,848)	(16,631)	(22,255)
Net income attributable to controlling interest	123,041	80,123	125,284	47,070	35,934	37,108	62,140
Dividends to preferred stockholders	(4,104)	(4,104)	(5,472)	(4,753)	(2,170)	(4,860)	(9,241)
Excess (deficit) of the carrying amount of preferred stock redeemed over the cash paid to redeem preferred stock				(1,949)		49,952	
Net income available to common stockholders	$ 118,937	$ 76,019	$ 119,812	$ 40,368	$ 33,764	$ 82,200	$ 52,899
Per share data:							
Basic:							
Income before discontinued operations available to common stockholders	$ 2.86	$ 1.90	$ 3.15	$ 0.99	$ 1.09	$ 2.66	$ 1.88
Net income available to common stockholders	$ 3.20	$ 2.19	$ 3.42	$ 1.24	$ 1.14	$ 3.01	$ 2.10
Weighted average common stock outstanding	37,207	34,736	35,032	32,542	29,667	27,270	25,205
Diluted:							
Income before discontinued operations available to common stockholders	$ 2.85	$ 1.90	$ 3.14	$ 0.99	$ 1.09	$ 2.56	$ 1.87
Net income available to common stockholders	$ 3.19	$ 2.18	$ 3.41	$ 1.24	$ 1.14	$ 2.91	$ 2.09
Weighted average common stock outstanding	37,926	34,834	35,125	32,629	29,734	29,747	25,347
Cash dividend per common share	$ 3.63	$ 3.30	$ 4.40	$ 4.16	$ 4.13	$ 4.12	$ 4.08

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	As of September 30,		As of December 31,				
	2013	2012	2012	2011	2010	2009	2008
					($ in thousands)		
BALANCE SHEET DATA:							
Investment in rental properties (before accumulated depreciation)	$ 5,294,912	$ 4,757,664	$ 5,033,672	$ 4,313,064	$ 3,964,561	$ 3,412,930	$ 3,279,788
Net investment in rental properties	4,080,820	3,720,001	3,952,155	3,393,038	3,189,008	2,663,466	2,639,762
Real estate under development	45,804	60,020	66,851	44,280	217,531	274,965	272,273
Total assets	5,085,602	4,534,672	4,847,223	4,036,964	3,732,887	3,254,637	3,164,823
Total secured indebtedness	1,495,521	1,571,821	1,565,599	1,745,858	2,082,745	1,832,549	1,588,931
Total unsecured indebtedness	1,409,883	962,008	1,253,084	615,000	176,000	14,893	165,457
Cumulative convertible preferred stock	4,349	4,349	4,349	4,349	4,349	4,349	145,912
Cumulative redeemable preferred stock	73,750	73,750	73,750	73,750	25,000	25,000	25,000
Stockholders equity	1,880,200	1,665,693	1,764,804	1,437,527	1,149,946	1,053,096	852,227

	Nine Months Ended September 30,		Years Ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
OTHER DATA:							
Funds from operations:							
Net income available to common stockholders	$ 118,937	76,019	119,812	40,368	33,764	82,200	52,899
Adjustments:							
Depreciation and	143,662	125,669	170,686	152,543	129,711	118,522	113,293

amortization							
Gains not included in FFO, net of internal disposition costs	(51,410)	(31,730)	(60,842)	(7,543)		(7,943)	(7,849)
Depreciation add back from unconsolidated co-investments and other, net	17,398	15,367	21,194	14,804	7,893	7,607	9,181
Funds from operations (1)	$ 228,587	185,325	250,850	200,172	171,368	200,386	167,524
Core funds from operations (Core FFO)(2)	$ 223,061	185,941	254,996	196,779	160,795	161,488	158,658
Weighted average number of shares outstanding, diluted (FFO)	39,456,163	37,108,021	37,377,986	34,860,521	32,028,269	29,746,614	27,807,946
Funds from operations per share diluted	$ 5.79	4.99	6.71	5.74	5.35	6.74	6.02
Core funds from operations diluted	$ 5.65	5.01	6.82	5.64	5.02	5.43	5.71
EBITDA:							
Net income	$ 135,153	$ 89,950	$ 139,590	$ 57,516	$ 50,782	$ 53,739	$ 84,395
Interest expense before amortization expense	77,724	74,380	100,244	91,694	82,756	81,196	78,203
Amortization expense	8,937	8,681	11,644	11,474	4,828	4,820	6,860
Tax benefit				(1,682)			
Depreciation(3)	143,320	125,137	170,686	152,543	129,712	118,522	113,294
EBITDA(4)	$ 365,134	$ 298,148	$ 422,164	$ 311,545	$ 268,078	$ 258,277	$ 282,752

(1) FFO is a financial measure that is commonly used in the REIT industry. Essex presents funds from operations as a supplemental operating performance measure. FFO is not used by Essex as, nor should it be considered to be, an alternative to net earnings computed under GAAP as an indicator of Essex s operating performance or as an alternative to cash from operating activities computed under GAAP as an indicator of Essex 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 Essex s financial condition and operating performance. Essex 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. Essex considers FFO and FFO excluding non-recurring items and acquisition costs, which we refer 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, Essex 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, Essex follows the definition for this measure published by the National Association of REITs, a REIT trade association, which we refer to as NAREIT. Essex 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

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charges on depreciable real estate) from the sale of previously depreciated properties. Essex 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.

Essex 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 Essex s calculation.

(2) Essex believes that Core FFO is a meaningful supplemental measure of Essex s operating performance for the same reasons as FFO and adjusting for non-core items that when excluded allows for more comparable periods. Core FFO begins with FFO as defined by the NAREIT White Paper and adjusts for the following:

The impact of any expenses relating to non-operating asset impairment and valuation allowances;

Property acquisition costs and pursuit cost write-offs (other expenses);

Gains and losses from early debt extinguishment, including prepayment penalties and preferred share redemptions;

Gains and losses from sales of marketable securities

Co-investment promote income;

Gains and losses on the sales of non-operating assets, and

Other non-comparable items

(3) Includes amounts classified within discontinued operations.

(4) EBITDA is an operating measure and is defined as net income before interest expense, income taxes, depreciation and amortization. EBITDA, as defined by Essex, is not a recognized measurement under 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. Essex s definition may not be comparable to that of other companies.

Selected Historical Financial Information of BRE

The following selected historical financial information for each of the years during the three-year period ended December 31, 2012 and the selected balance sheet data as of December 31, 2012 and 2011 have been derived from BRE s audited consolidated financial statements contained in its Annual Report on Form 10-K filed with the SEC on February 14, 2013, which has been incorporated into this joint proxy statement/prospectus by reference. The selected historical financial information for each of the years ended December 31, 2010, 2009 and 2008 and as of December 31, 2010, 2009 and 2008 has been derived from BRE s audited consolidated financial statements for such years, which have not been incorporated into this joint proxy statement/prospectus by reference.

The selected historical financial information for each of the nine-month periods ended September 30, 2013 and 2012, and as of September 30, 2013 has been derived from BRE s unaudited consolidated financial statements contained in BRE s Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2013, which has been incorporated into this joint proxy statement/prospectus by reference.

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In BRE s opinion, such unaudited financial statements include all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation of the interim September 30, 2013 financial information. Interim results for the nine months ended and as of September 30, 2013 are not necessarily indicative of, and are not projections for, the results to be expected for the fiscal year ending December 31, 2013.

You should read this selected historical financial information together with the financial statements included in reports that are incorporated by reference in this joint proxy statement/prospectus and their accompanying notes and management s discussion and analysis of operations and financial condition of BRE contained in such reports.

	Nine Months ended September 30,		Twelve Months ended December 31,				
	2013	2012	2012	2011	2010	2009	2008
	(Amounts in thousands, except per share data)						
Operating Results							
Rental and ancillary revenues	$ 306,318	$ 286,642	$ 390,138	$ 363,059	$ 326,755	$ 310,733	$ 310,015
Revenues from discontinued operations	2,113	8,950	7,299	14,561	27,676	38,114	59,084
Income from unconsolidated entities and other income	1,269	4,091	5,174	5,424	5,112	5,788	10,444
Total revenues	$ 309,700	$ 299,683	$ 402,611	383,044	$ 359,543	$ 354,635	$ 379,543
Net income available to common shareholders	$ 99,757	$ 59,694	$ 133,499	$ 66,461	$ 41,576	$ 50,642	$ 122,760
Plus (less):							
Net (gain) on sales of discontinued operations	(17,394)	(8,279)	(62,136)	(14,489)	(40,111)	(21,574)	(65,984)
Net (gain) on sales of unconsolidated entities	(18,633)	(6,025)	(6,025)	(4,270)			
Depreciation from continuing operations	79,183	73,103	100,519	101,047	88,490	79,745	71,772
Depreciation from discontinued operations	368	1,895	1,100	2,893	5,894	8,674	9,687
Depreciation related to unconsolidated	446	1,511	1,903	2,052	1,991	1,841	1,715

entities							
Redeemable noncontrolling interest in income convertible into common shares	748	1,026	1,461	1,868			
Funds from operations (FFO)[1]	$ 143,726	$ 121,899	$ 168,859	$ 154,442	$ 98,866	$ 120,789	$ 141,818
Core funds from operations (Core FFO)[2]	$ 144,311	$ 136,899	$ 183,859	$ 158,615	$ 127,671	$ 132,819	$ 139,761
Net cash flows provided by operating activities	$ 156,621	$ 147,869	$ 201,887	$ 172,177	$ 140,719	$ 130,683	$ 167,010
Net cash flows used in investing activities	$ (223,733)	$ (142,275)	$ (135,245)	$ (267,345)	$ (197,261)	$ (80,537)	$ (47,820)
Net cash flows provided by (used in) financing activities	$ 12,747	$ 14,852	$ (14,001)	$ 98,411	$ 57,243	$ (52,214)	$ (118,418)
Dividends paid to common and preferred shareholder distributions to noncontrolling interests	$ 94,514	$ 92,017	$ 122,723	$ 118,305	$ 106,770	$ 114,379	$ 130,129
Weighted average shares outstanding basic	77,086	76,471	76,567	71,220	61,420	52,760	51,050
Dilutive effect of stock based awards on EPS	224	369	353	450	430	240	650
Weighted average shares outstanding diluted (EPS)	77,310	76,840	76,920	71,670	61,850	53,000	51,700
Plus Operating Company units[3]	20	20	510	685	780	830	
Weighted average shares outstanding diluted (FFO)	77,310	76,840	76,940	72,180	62,535	53,780	52,530
Operating Company units outstanding at end of period	161	615	771	780			
Net income per share basic	$ 1.29	$ 0.78	$ 1.74	$ 0.93	$ 0.67	$ 0.95	$ 2.38
	$ 1.29	$ 0.78	$ 1.74	$ 0.93	$ 0.67	$ 0.95	$ 2.36

Net income per share assuming dilution							
Dividends paid to common shareholders	$ 1.185	$ 1.155	$ 1.54	$ 1.50	$ 1.50	$ 1.88	$ 2.25
Balance sheet information and other data							
Real estate portfolio, net of accumulated depreciation	$ 3,570,137	$ 3,338,250	$ 3,382,407	$ 3,288,577	$ 3,097,528	$ 2,915,565	$ 2,911,295
Total assets	$ 3,626,525	$ 3,444,903	$ 3,498,982	$ 3,352,621	$ 3,156,247	$ 2,980,008	$ 2,992,744
Total debt	$ 1,838,527	$ 1,732,251	$ 1,731,960	$ 1,662,671	$ 1,792,918	$ 1,867,075	$ 1,902,401
Redeemable noncontrolling interests	$ 4,751	$ 8,107	$ 4,751	$ 16,228	$ 34,866	$ 33,605	$ 29,972
Shareholders equity	$ 1,701,873	$ 1,637,482	$ 1,686,482	$ 1,610,449	$ 1,276,393	$ 1,022,919	$ 969,204

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(1) FFO is used by industry analysts and investors as a supplemental performance measure of an equity REIT. FFO is defined by NAREIT as net income or loss (computed in accordance with accounting principles generally accepted in the United States) excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated real estate assets, plus depreciation and amortization of real estate assets and adjustments for unconsolidated partnerships and joint ventures. BRE calculates FFO in accordance with the NAREIT definition.

BRE believes that FFO is a meaningful supplemental measure of BRE s operating performance because historical cost accounting for real estate assets in accordance with GAAP assumes that the value of real estate assets diminishes predictably over time, as reflected through depreciation. Because real estate values have historically risen or fallen with market conditions, BRE management considers FFO an appropriate supplemental performance measure because it excludes historical cost depreciation, as well as gains or losses related to sales of previously depreciated property, from GAAP net income. By excluding depreciation and gains or losses on sales of real estate, BRE management uses FFO to measure returns on its investments in real estate assets. However, because FFO excludes depreciation and amortization and captures neither the changes in the value of BRE s communities that result from use or market conditions nor the level of capital expenditures to maintain the operating performance of BRE s communities, all of which have real economic effect and could materially impact BRE s results from operations, the utility of FFO as a measure of our performance is limited. BRE management also believes that FFO, combined with the required GAAP presentations, is useful to investors in providing more meaningful comparisons of the operating performance of a company s real estate between periods or as compared to other companies. FFO does not represent net income or cash flows from operations as defined by GAAP and is not intended to indicate whether cash flows will be sufficient to fund cash needs. It should not be considered an alternative to net income as an indicator of a REIT s operating performance or to cash flows as a measure of liquidity. BRE s FFO may not be comparable to the FFO of other REITs due to the fact that not all REITs use the NAREIT definition or apply/interpret the definition differently.

(2) BRE believes that Core FFO is a meaningful supplemental measure of BRE s operating performance for the same reasons as FFO and adjusting for non-routine items that when excluded allows for more comparable periods. Core FFO begins with FFO as defined by the NAREIT White Paper and adjusts for the following:

The impact of any expenses relating to non-operating asset impairment and valuation allowances;

Property acquisition costs and pursuit cost write-offs (other expenses);

Gains and losses from early debt extinguishment, including prepayment penalties and preferred share redemptions;

Executive level severance costs;

Gains and losses on the sales of non-operating assets, and

Other non-comparable items

(3) Under earnings per share guidance, common share equivalents deemed to be anti-dilutive are excluded from the diluted per share calculations.

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Selected Unaudited Pro Forma Consolidated Financial Information (See page F-1)

The following tables show summary unaudited pro forma condensed consolidated financial information about the combined financial condition and operating results of Essex and BRE after giving effect to the merger. The unaudited pro forma financial information assumes that the merger is accounted for by applying the acquisition method and based on Essex s preliminary estimates, assumptions and pro forma adjustments as described below and in the accompanying notes to the unaudited pro forma condensed consolidated financial information. The unaudited pro forma condensed consolidated balance sheet data gives effect to the merger as if it had occurred on September 30, 2013. The unaudited pro forma condensed consolidated statement of income data gives effect to the merger as if it had occurred on January 1, 2012, in each case based on the most recent valuation data available. The summary unaudited pro forma condensed consolidated financial information listed below has been derived from and should be read in conjunction with (1) the more detailed unaudited pro forma condensed consolidated financial information, including the notes thereto, appearing elsewhere in this joint proxy statement/prospectus and (2) the historical consolidated financial statements and related notes of both Essex and BRE, incorporated herein by reference. See Unaudited Pro Forma Condensed Consolidated Financial Statements beginning on page F-1 and Where You Can Find More Information beginning on page 199.

The unaudited pro forma consolidated financial information is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been consummated at the beginning of the earliest period presented, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this joint proxy statement/prospectus.

	Nine Months Ended September 30, 2013			
	Essex	BRE	Pro Forma Adjustments	Essex Pro Forma
Operating Data				
Total Operating Revenues	$ 457,457	$ 306,673	$	$ 764,130
Property Operating Expenses	(145,642)	(94,913)	(18,750)	(259,305)
Depreciation and amortization	(143,320)	(79,183)	(77,219)	(299,722)
Interest and amortization expense	(86,661)	(49,935)	(18,427)	(155,023)
Equity income in co-investments	52,295	19,156		71,451
Net income from continuing operations available to common stockholders	106,337	81,335	(111,613)	76,009
Per common share data				
Basic:				
Income from continuing operations available to common stockholders	$ 2.86	$ 1.05		$ 1.26
Weighted average number of common shares outstanding during the period	37,207	77,086	23,028	60,235
Diluted:				
Income from continuing operations available to	$ 2.85	$ 1.05		$ 1.26

common stockholders				
Weighted average number of common shares outstanding during the period	37,296	77,310	23,028	60,324
Balance Sheet Data:				
Real estate assets, net	$ 4,800,699	$ 3,579,967	$ 2,893,872	$ 11,274,538
Total assets	5,085,602	3,626,525	2,993,833	11,705,960
Total debt	2,920,756	1,838,527	1,122,226	5,881,509
Total stockholders equity	1,880,200	1,701,873	1,779,607	5,361,680

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	Year Ended December 31, 2012			
	Essex	BRE	Pro Forma Adjustments	Essex Pro Forma
Operating Data				
Total Operating Revenues	$ 543,425	$ 391,775	$	$ 935,200
Property Operating Expenses	(174,088)	(122,996)	(25,000)	(322,084)
Depreciation and amortization	(170,592)	(100,518)	(114,469)	(385,579)
Interest and amortization expense	(111,888)	(68,467)	(24,794)	(205,149)
Equity income in co-investments	41,745	8,669		50,414
Gain on remeasurement of co-investment	21,947			21,947
Net income from continuing operations available to common stockholders	110,373	67,450	(160,618)	17,205
Per common share data				
Basic:				
Income from continuing operations available to common stockholders	$ 3.15	$ 0.88		$ 0.30
Weighted average number of common shares outstanding during the period	35,032	76,567	23,028	58,060
Diluted:				
Income from continuing operations available to common stockholders	$ 3.14	$ 0.88		$ 0.30
Weighted average number of common shares outstanding during the period	35,125	76,920	23,028	58,153

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Unaudited Comparative Per Share Information

The following tables set forth for the nine months ended September 30, 2013 and the year ended December 31, 2012 selected per share information for Essex common stock on a historical and pro forma basis and for BRE common stock on a historical and pro forma equivalent basis after giving effect to the merger using the acquisition purchase method of accounting. Except for the historical information as of and for the year ended December 31, 2012, the information in the table is unaudited. You should read the tables below together with the historical consolidated financial statements and related notes of Essex and BRE contained in their respective Quarterly Reports on Form 10-Q for the nine months ended September 30, 2013 and in their respective Annual Reports on Form 10-K for the year ended December 31, 2012, which are incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 199.

The pro forma consolidated BRE equivalent information shows the effect of the merger from the perspective of an owner of BRE common stock and the information was computed by multiplying the Essex pro forma combined information by the exchange ratio of 0.2971. This computation does not include the benefit to BRE stockholders of the cash component of the merger consideration.

The unaudited pro forma consolidated per share data is presented for illustrative purposes only and is not necessarily indicative of the operating results or financial position that would have occurred if the transactions had been consummated at the beginning of the earliest period presented, nor is it necessarily indicative of future operating results or financial position. The pro forma adjustments are estimates based upon information and assumptions available at the time of the filing of this joint proxy statement/prospectus.

The pro forma income from continuing operations per share includes the combined income from continuing operations of Essex and BRE on a pro forma basis as if the transactions were consummated on January 1, 2012.

	Essex		BRE	
	Historical	Pro Forma Combined	Historical	Pro Forma Equivalent
For the Nine Months Ended September 30, 2013				
Income from continuing operations available to common stockholders per common share, basic	$ 2.86	$ 1.26	$ 1.05	$ 0.37
Income from continuing operations available to common stockholders per common share, diluted	$ 2.85	$ 1.26	$ 1.05	$ 0.37
Cash dividends declared per common share	$ 3.63	$ 3.63	$ 1.185	$ 1.08
As of September 30, 2013				
Book value per common share	$ 48.40	$ 87.62	$ 21.35	$ 26.03
For the Year ended December 31, 2012				
Income from continuing operations available to common stockholders per common share, basic	$ 3.15	$ 0.30	$ 0.88	$ 0.09
Income from continuing operations available to common stockholders per common share, diluted	$ 3.14	$ 0.30	$ 0.88	$ 0.09
Cash dividends declared per common share	$ 4.40	$ 4.40	$ 1.540	$ 1.31

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Comparative Essex and BRE Market Price and Dividend Information

Essex s Market Price Data

Essex common stock is listed on the NYSE under the symbol ESS. This table sets forth, for the periods indicated, the high and low sales prices per share of Essex common stock, as reported by the NYSE, and distributions declared per share of Essex common stock.

	Price Per Share of Common Stock		Distributions Declared Per Share(1)
	High	Low	
2011			
First Quarter	124.41	109.98	1.04
Second Quarter	138.31	122.67	1.04
Third Quarter	145.40	119.15	1.04
Fourth Quarter	148.44	111.25	1.04
2012			
First Quarter	151.54	136.43	1.10
Second Quarter	161.53	146.05	1.10
Third Quarter	160.64	147.38	1.10
Fourth Quarter	150.71	136.38	1.10
2013			
First Quarter	156.36	147.06	1.21
Second Quarter	171.11	145.56	1.21
Third Quarter	172.16	139.64	1.21
Fourth Quarter	165.44	137.53	1.21

(1) Common stock cash distributions currently are declared quarterly by Essex, based on financial results for the prior quarter.

BRE s Market Price Data

BRE common stock is listed on NYSE under the symbol BRE. This table sets forth, for the periods indicated, the range of high and low sales prices for BRE common stock as reported on NYSE. BRE s fiscal year ends on December 31 of each year.

	Price Per Share of Common Stock		Distributions Declared Per Share(1)
	High	Low	
2011			
First Quarter	47.69	42.01	0.375
Second Quarter	51.15	46.31	0.375

Third Quarter	54.31	41.39	0.375
Fourth Quarter	50.86	39.66	0.375
2012			
First Quarter	52.43	48.30	0.385
Second Quarter	53.57	47.66	0.385
Third Quarter	53.31	46.48	0.385
Fourth Quarter	51.45	46.07	0.385
2013			
First Quarter	51.87	46.74	0.395
Second Quarter	54.14	45.76	0.395
Third Quarter	55.76	47.07	0.395
Fourth Quarter	61.50	49.27	0.395

(1) Common stock cash distributions currently are declared quarterly by BRE, based on financial results for the prior months.

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Recent Closing Prices

The table below sets forth the closing per share sales prices of Essex common stock and BRE common stock as reported on the NYSE on December 18, 2013, the last full trading day before the public announcement of the execution of the merger agreement by Essex and BRE, and on February 10, 2014, the latest practicable trading day before the date of this joint proxy statement/prospectus. The BRE pro forma equivalent closing share price is equal to (i) the cash consideration of $12.33 plus (ii) the closing price of a share of Essex common stock on each such date multiplied by 0.2971 (the exchange ratio of shares of Essex common stock for each share of BRE common stock).

	Essex Common Stock	BRE Common Stock	BRE Pro Forma Equivalent
December 18, 2013	$ 147.70	$ 55.91	$ 56.21
February 10, 2014	$ 166.79	$ 61.88	$ 61.88

The market price of Essex common stock and BRE common stock will fluctuate between the date of this joint proxy statement/prospectus and the effective time of the merger. Because the number of shares of Essex common stock to be issued in the merger for each share of BRE common stock is fixed in the merger agreement, the market value of Essex common stock to be received by BRE stockholders at the effective time of the merger may vary significantly from the prices shown in the table above.

Following the transaction, Essex common stock will continue to be listed on the NYSE and, until the completion of the merger, BRE common stock will continue to be listed on NYSE.

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RISK FACTORS

In addition to the other information included in this joint proxy statement/prospectus, including the matters addressed in the section entitled Cautionary Statement Concerning Forward-Looking Statements, whether you are an Essex stockholder or a BRE stockholder, you should carefully consider the following risks before deciding how to vote your shares of common stock of Essex and/or BRE. In addition, you should read and consider the risks associated with each of the businesses of Essex and BRE because these risks will also affect the Combined Company. These risks can be found in the respective Annual Reports on Form 10-K for the year ended December 31, 2012 and subsequent Quarterly Reports on Form 10-Q of Essex and BRE, each of which is filed with the SEC and incorporated by reference into this joint proxy statement/prospectus. You should also read and consider the other information in this joint proxy statement/prospectus and the other documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 199.

Risk Factors Relating to the Merger

The exchange ratio and the cash consideration will not be adjusted in the event of any change in the stock prices of either Essex or BRE.

Upon the consummation of the merger, each outstanding share of BRE common stock will be converted automatically into the right to receive 0.2971 shares of Essex common stock, with cash paid in lieu of any fractional shares, plus $12.33 in cash, without interest, each subject to certain adjustments provided for in the merger agreement. To the extent that the Asset Sale is completed in accordance with the terms set forth in the merger agreement and the Special Distribution is authorized and declared to be paid to the BRE stockholders of record as of the close of business on the business day immediately prior to the effective time of the merger as a result of the Asset Sale, the cash consideration will be reduced by the per share amount of such Special Distribution. See The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145. The exchange ratio of 0.2971 and cash consideration will not be adjusted for changes in the market prices of either shares of Essex common stock or shares of BRE common stock. Changes in the market price of shares of Essex common stock prior to the merger will affect the market value of the merger consideration that BRE stockholders will receive on the closing date of the merger. Stock price changes may result from a variety of factors (many of which are beyond the control of Essex and BRE), including the following factors:

- market reaction to the announcement of the merger;
- changes in the respective businesses, operations, assets, liabilities and prospects of Essex and BRE;
- changes in market assessments of the business, operations, financial position and prospects of either company or the Combined Company;
- market assessments of the likelihood that the merger will be completed;

interest rates, general market and economic conditions and other factors generally affecting the market prices of Essex common stock and BRE common stock;

federal, state and local legislation, governmental regulation and legal developments in the businesses in which Essex and BRE operate; and

other factors beyond the control of Essex and BRE, including those described or referred to elsewhere in this Risk Factors section.

The market price of shares of Essex common stock at the closing of the merger may vary from its price on the date the merger agreement was executed, on the date of this joint proxy statement/prospectus and on the date of the special meetings of Essex and BRE. As a result, the market value of the merger consideration represented by the exchange ratio will also vary. For example, based on the range of trading prices of shares of Essex common stock during the period after December 18, 2013, the last trading day before Essex and BRE announced

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the merger, through February 10, 2014, the latest practicable date before the date of this joint proxy statement/prospectus, the exchange ratio of 0.2971 and $12.33 in cash represented a market value ranging from a low of $53.19 to a high of $61.96.

Because the merger will be completed after the date of the Essex and BRE special meetings, at the time of your special meeting, you will not know the exact market value of the shares of Essex common stock that BRE stockholders will receive upon completion of the merger. You should consider the following two risks:

- If the market price of shares of Essex common stock increases between the date the merger agreement was signed or the date of the Essex and BRE special meetings and the closing of the merger, BRE stockholders will receive shares of Essex common stock that have a market value upon completion of the merger that is greater than the market value of such shares calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the special meetings, respectively.

- If the market price of shares of Essex common stock declines between the date the merger agreement was signed or the date of the Essex and BRE special meetings and the closing of the merger, BRE stockholders will receive shares of Essex common stock that have a market value upon completion of the merger that is less than the market value of such shares calculated pursuant to the exchange ratio on the date the merger agreement was signed or on the date of the special meetings, respectively.

Therefore, while the number of shares of Essex common stock to be issued per share of BRE common stock is fixed, (1) Essex stockholders cannot be sure of the market value of the merger consideration that will be paid to BRE stockholders upon completion of the merger and (2) BRE stockholders cannot be sure of the market value of the merger consideration they will receive upon completion of the merger.

Essex and BRE stockholders will be diluted by the merger.

The merger will dilute the ownership position of Essex stockholders and result in BRE stockholders having an ownership stake in the Combined Company that is smaller than their current stake in BRE. Upon completion of the merger, we estimate that continuing Essex stockholders will own approximately 62% of the issued and outstanding shares of Combined Company common stock, and former BRE stockholders will own approximately 38% of the issued and outstanding common stock of the Combined Company. Consequently, Essex stockholders and BRE stockholders, as a general matter, will have less influence over the management and policies of the Combined Company after the effective time of the merger than each currently exercise over the management and policies of Essex and BRE, as applicable.

If the merger does not occur in certain circumstances, BRE may be obligated to pay a $170 million termination fee to Essex.

If the merger agreement is terminated under certain circumstances, BRE may be obligated to pay Essex a termination fee of $170 million. If the stockholders of either company do not approve the merger or the issuance of shares of Essex common stock to BRE stockholders in the merger, as applicable, then that company will be obligated to reimburse up to $10 million in transaction expenses incurred by the other party. See The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by BRE to Essex beginning

on page 143 and The Merger Agreement Termination of the Agreement Expenses Payable by Essex to BRE beginning on page 144.

Failure to complete the merger could negatively impact the stock prices and the future business and financial results of both Essex and BRE.

If the merger is not completed, the ongoing businesses of Essex and BRE could be adversely affected and each of Essex and BRE will be subject to a variety of risks associated with the failure to complete the merger, including the following:

- BRE being required, under certain circumstances, to pay to Essex a termination fee of $170 million or up to $10 million in expense reimbursement;

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Essex being required, under certain circumstances, to pay to BRE up to $10 million in expense reimbursement;

Essex and/or BRE having to pay certain costs relating to the proposed merger, such as legal, accounting, financial advisor, filing, printing and mailing fees; and

diversion of Essex and BRE management focus and resources from operational matters and other strategic opportunities while working to implement the merger.

If the merger is not completed, these risks could materially affect the business, financial results and stock prices of both Essex and BRE.

The pendency of the merger could adversely affect the business and operations of Essex and BRE.

Prior to the effective time of the merger, some tenants or vendors of each of Essex and BRE may delay or defer decisions, which could negatively affect the revenues, earnings, cash flows and expenses of Essex and BRE, regardless of whether the merger is completed. Similarly, current and prospective employees of Essex and BRE may experience uncertainty about their future roles with the Combined Company following the merger, which may materially adversely affect the ability of each of Essex and BRE to attract and retain key personnel during the pendency of the merger. In addition, due to operating restrictions in the merger agreement, each of Essex and BRE may be unable, during the pendency of the merger, to pursue strategic transactions, undertake significant capital projects, undertake certain significant financing transactions and otherwise pursue other actions, even if such actions would prove beneficial.

The merger agreement contains provisions that could discourage a potential competing acquirer of BRE or could result in a competing acquisition proposal being at a lower price than it might otherwise be.

The merger agreement contains provisions that, subject to limited exceptions necessary to comply with the duties of the BRE Board, restrict the ability of BRE to solicit, initiate or knowingly facilitate any third-party proposals to acquire beneficial ownership of at least 20% of the assets of, equity interest in, or businesses of, BRE or any subsidiary of BRE. Prior to receiving BRE stockholder approval of the merger, BRE may negotiate with a third party after receiving an unsolicited written proposal if the BRE Board determines in good faith that the unsolicited proposal could reasonably be likely to result in a transaction that is more favorable than the merger, and the BRE Board determines that failure to negotiate would be inconsistent with its duties. Once a third party proposal is received, BRE must notify Essex within 24 hours following receipt of the proposal and keep Essex informed of the status and terms of the proposal and associated negotiations. In response to such a proposal, BRE may, under certain circumstances, withdraw or modify its recommendation to BRE stockholders with respect to the merger, and enter into an agreement to consummate a competing transaction with a third-party, if the BRE Board determines in good faith that the competing proposal is more favorable to BRE stockholders and pays the $170 million termination fee to Essex. See The Merger Agreement Covenants and Agreements No Solicitation of Transactions beginning on page 135 and The Merger Agreement Termination of the Merger Agreement Termination Fee and Expenses Payable by BRE to Essex beginning on page 143.

These provisions could discourage a potential competing acquirer that might have an interest in acquiring all or a significant part of BRE from considering or proposing such an acquisition, even if the potential competing acquirer

was prepared to pay consideration with a higher per share value than the value proposed to be received or realized in the merger, or might result in a potential competing acquirer proposing to pay a lower per share value than it might otherwise have proposed to pay because of the added expense of the termination fee and expense reimbursement that may become payable in certain circumstances under the merger agreement.

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There can be no assurance that Essex will be able to secure the financing necessary to pay the cash portion of the merger consideration on acceptable terms, in a timely manner, or at all.

In connection with the merger, Essex has obtained commitments for up to $1.0 billion in a senior unsecured bridge loan facility to finance the cash portion of the merger consideration. In addition, Essex is exploring additional alternatives to fund the cash portion of the merger consideration including through existing unsecured credit facilities, asset sales, joint ventures or other financing arrangements. However, Essex has not entered into a definitive agreement for the debt financing, nor has it secured alternative financing, nor has it entered into a definitive agreement for the Asset Sale. There can be no assurance that Essex will be able to secure financing to pay the cash portion of the merger consideration on acceptable terms, in a timely manner, or at all. If Essex is unable to secure such financing, Essex will nonetheless be required to close the merger under the terms of the merger agreement. In addition, the bridge loan facility expires on April 18, 2014 (with a right to extend up to an additional 30 days in certain circumstances) whereas the merger agreement may not be terminable until June 17, 2014. See The Merger Agreement Financing Related to the Merger beginning on page 144.

Some of the directors and executive officers of BRE have interests in the merger that are different from, or in addition to, those of the other BRE stockholders.

Some of the directors and executive officers of BRE have arrangements that provide them with interests in the merger that are different from, or in addition to, those of BRE stockholders, generally. These interests include, among other things, a sizeable severance payment if terminated upon, or following, consummation of the merger. These interests, among other things, may influence or may have influenced the directors and executive officers of BRE to support or approve the merger. See The Merger Interests of BRE s Directors and Executive Officers in the Merger beginning on page 99.

Risk Factors Relating to the Combined Company Following the Merger

Risks Related to the Combined Company s Operations

The Combined Company expects to incur substantial expenses related to the merger.

The Combined Company expects to incur substantial expenses in connection with completing the merger and integrating the business, operations, networks, systems, technologies, policies and procedures of BRE with those of Essex. There are several systems that must be integrated, including accounting and finance and asset management. While Essex has assumed that a certain level of transaction and integration expenses would be incurred, there are a number of factors beyond its control that could affect the total amount or the timing of the Combined Company s integration expenses. Many of the expenses that will be incurred, by their nature, are difficult to estimate accurately at the present time. As a result, the transaction and integration expenses associated with the merger could, particularly in the near term, exceed the savings that the Combined Company expects to achieve from the elimination of duplicative expenses and the realization of economies of scale and cost savings related to the integration of the businesses following the completion of the merger.

Following the merger, the Combined Company may be unable to integrate the businesses of Essex and BRE successfully and realize the anticipated synergies and other benefits of the merger or do so within the anticipated timeframe.

The merger involves the combination of two companies that currently operate as independent public companies. The Combined Company is expected to benefit from the elimination of duplicative costs associated with supporting a public company platform and the leveraging of state of the art technology and systems. These savings are expected to be realized upon full integration, which is expected to occur over the 18-month period following the closing of the merger. However, the Combined Company will be required to devote significant

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management attention and resources to integrating the business practices and operations of Essex and BRE. Potential difficulties the Combined Company may encounter in the integration process include the following:

- the inability to successfully combine the businesses of Essex and BRE in a manner that permits the Combined Company to achieve the cost savings anticipated to result from the merger, which would result in the anticipated benefits of the merger not being realized in the timeframe currently anticipated or at all;
- the complexities associated with managing the combined businesses out of several different locations and integrating personnel from the two companies;
- the additional complexities of combining two companies with different histories, cultures, regulatory restrictions, markets and customer bases;
- potential unknown liabilities and unforeseen increased expenses, delays or regulatory conditions associated with the merger; and
- performance shortfalls as a result of the diversion of management s attention caused by completing the merger and integrating the companies operations.

For all these reasons, you should be aware that it is possible that the integration process could result in the distraction of the Combined Company s management, the disruption of the Combined Company s ongoing business or inconsistencies in the Combined Company s operations, services, standards, controls, procedures and policies, any of which could adversely affect the ability of the Combined Company to maintain relationships with tenants, vendors and employees or to achieve the anticipated benefits of the merger, or could otherwise adversely affect the business and financial results of the Combined Company.

Following the merger, the Combined Company may be unable to retain key employees.

The success of the Combined Company after the merger will depend in part upon its ability to retain key Essex and BRE employees. Key employees may depart either before or after the merger because of issues relating to the uncertainty and difficulty of integration or a desire not to remain with the Combined Company following the merger. Accordingly, no assurance can be given that Essex, BRE or, following the merger, the Combined Company will be able to retain key employees to the same extent as in the past.

The Combined Company s anticipated level of indebtedness will increase upon completion of the merger and will increase the related risks Essex now faces.

In connection with the merger, the Combined Company will assume certain indebtedness of BRE and will be subject to increased risks associated with debt financing, including an increased risk that the Combined Company s cash flow could be insufficient to meet required payments on its debt. At September 30, 2013, Essex had indebtedness of $2.9 billion, including $15.4 million of outstanding borrowings under its lines of unsecured credit, a total of $1.4 billion of

outstanding unsecured debt and a total of $1.5 billion of outstanding mortgage debt. Taking into account Essex s existing indebtedness and the assumption of indebtedness in the merger, the Combined Company s pro forma consolidated indebtedness as of September 30, 2013, after giving effect to the merger, would be approximately $5.9 billion, including $246.4 million under lines of unsecured credit, a total of $2.4 billion of unsecured debt, $2.2 billion of mortgage debt, and a $1.0 billion bridge loan facility. Essex may use the bridge loan facility, if needed, to finance the cash consideration in connection with the merger and is reflected for pro forma purposes.

The Combined Company s increased indebtedness could have important consequences to holders of its common stock and preferred stock, including BRE stockholders who receive Essex common stock in the merger, including:

- increasing the Combined Company s vulnerability to general adverse economic and industry conditions;

- limiting the Combined Company s ability to obtain additional financing to fund future working capital, capital expenditures and other general corporate requirements;

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requiring the use of a substantial portion of the Combined Company s cash flow from operations for the payment of principal and interest on its indebtedness, thereby reducing its ability to use its cash flow to fund working capital, acquisitions, capital expenditures and general corporate requirements;

limiting the Combined Company s flexibility in planning for, or reacting to, changes in its business and its industry; and

putting the Combined Company at a disadvantage compared to its competitors with less indebtedness.

If the Combined Company defaults under a mortgage loan, it will automatically be in default under any other loan that has cross-default provisions, and it may lose the properties securing these loans. Although the Combined Company anticipates that it will pay off its mortgage payables as soon as prepayment penalties and other costs make it economically feasible to do so, the Combined Company cannot anticipate when such payment will occur.

The future results of the Combined Company will suffer if the Combined Company does not effectively manage its expanded operations following the merger.

Following the merger, the Combined Company expects to continue to expand its operations through additional acquisitions of properties, some of which may involve complex challenges. The future success of the Combined Company will depend, in part, upon the ability of the Combined Company to manage its expansion opportunities, which may pose substantial challenges for the Combined Company to integrate new operations into its existing business in an efficient and timely manner, and upon its ability to successfully monitor its operations, costs, regulatory compliance and service quality, and to maintain other necessary internal controls. There is no assurance that the Combined Company s expansion or acquisition opportunities will be successful, or that the Combined Company will realize its expected operating efficiencies, cost savings, revenue enhancements, synergies or other benefits.

In connection with the announcement of the merger agreement, three lawsuits have been filed and are pending as of February 10, 2014, seeking, among other things, to enjoin the merger, and an injunction or other adverse ruling being entered in this lawsuit may prevent the merger from being effective or from becoming effective within the expected timeframe (if at all).

Since the announcement of the merger agreement on December 19, 2013, three putative class action and shareholder derivative actions have been filed on behalf of alleged BRE stockholders and/or BRE itself in the Circuit Court for Baltimore City, Maryland, under the following captions: *Sutton v. BRE Properties, Inc., et al.,* No. 24-C-13-008425, filed December 23, 2013; *Applegate v. BRE Properties, Inc., et al.,* No. 24-C-14-00002, filed December 30, 2013; and *Lee v. BRE Properties, Inc., et al.,* No. 24-C-14-00046*,* filed January 3, 2014.

All of these complaints name as defendants BRE, the BRE Board, Essex, and Merger Sub, and allege that the BRE Board breached its fiduciary duties to BRE s stockholders and/or to BRE itself, and that the merger involves an unfair price, an inadequate sales process, and unreasonable deal protection devices that purportedly preclude competing offers. The complaints further allege that Essex, Merger Sub, and, in some cases, BRE aided and abetted those alleged breaches of duty. The complaints seek injunctive relief, including enjoining or rescinding the merger, and an award of other unspecified attorneys and other fees and costs, in addition to other relief.

On February 7, 2014, Plaintiffs filed identical amended complaints in the three pending actions. The amended complaints add allegations that disclosures relating to the proposed merger in the joint proxy statement/prospectus filed with the SEC on January 29, 2014 are inadequate.

We cannot assure you as to the outcome of these, or any similar future lawsuits, including the costs associated with defending these claims or any other liabilities that may be incurred in connection with the litigation or settlement of these claims. If the plaintiffs are successful in obtaining an injunction prohibiting the parties from completing the merger on the agreed-upon terms, such an injunction may prevent the completion of the merger in the expected time frame, or may prevent it from being completed altogether. Whether or not the plaintiffs claims are successful, this type

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of litigation is often expensive and diverts management s attention and resources, which could adversely affect the operation of the businesses of BRE and Essex. For more information about litigation related to the merger, see The Merger Litigation Relating to the Merger beginning on page 126.

Counterparties to certain significant agreements with Essex or BRE may exercise contractual rights under such agreements in connection with the merger.

Essex and BRE are each party to certain agreements that give the counterparty certain rights following a change in control, including in some cases the right to terminate the agreement. Under some such agreements, the merger will constitute a change in control and therefore the counterparty may exercise certain rights under the agreement upon the closing of the merger. Certain Essex and BRE joint ventures, management and service contracts, and debt obligations have agreements subject to such provisions. Any such counterparty may request modifications of their respective agreements as a condition to granting a waiver or consent under their agreement. There can be no assurances that such counterparties will not exercise their rights under these agreements, including termination rights where available, or that the exercise of any such rights under, or modification of, these agreements will not adversely affect the business or operations of the Combined Company.

The Combined Company s joint ventures, including any joint venture entered into in connection with the Asset Sale, assuming the Asset Sale occurs, could be adversely affected by the Combined Company s lack of sole decision-making authority, its reliance on its joint venture partner s financial condition and disputes between the Combined Company and its joint venture partner.

Both Essex and BRE currently have joint venture investments that will constitute a portion of the Combined Company s assets upon consummation of the merger. In addition, the Combined Company may enter into additional joint ventures after consummation of the merger. Essex also currently anticipates that certain to-be-identified assets of BRE will be contributed to one or more joint ventures to be formed between BRE and one or more third parties on the business day prior to the effective time of the merger. These joint venture investments involve risks not present with a property wholly owned by the Combined Company including that (i) one or more joint venture partners might become bankrupt or fail to fund a share of required capital contributions; (ii) one or more joint venture partners may have economic or other business interests or goals that are inconsistent with the Combined Company s business interests or goals; or (iii) disputes between the Combined Company and one or more of its joint venture partners may result in litigation or arbitration that would increase the operating expenses of the Combined Company and divert management time and attention away from the business. The occurrence of one or more of the events described above could cause unanticipated disruption to the operations of the Combined Company or unanticipated costs and liabilities to the Combined Company, which could in turn adversely affect the financial condition, results of operations and cash flows of the Combined Company and limit its ability to make distributions to its stockholders.

Risks Related to an Investment in the Combined Company s Common Stock

The market price of shares of the common stock of the Combined Company may be affected by factors different from those affecting the price of shares of Essex common stock or BRE common stock before the merger.

The results of operations of the Combined Company, as well as the market price of the common stock of the Combined Company, after the merger may be affected by other factors in addition to those currently affecting Essex s or BRE s results of operations and the market prices of Essex common stock and BRE common stock. These factors include:

a greater number of shares of the Combined Company common stock outstanding as compared to the number of currently outstanding shares of Essex common stock;

different stockholders; and

different assets and capitalizations

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Accordingly, the historical market prices and financial results of Essex and BRE may not be indicative of these matters for the Combined Company after the merger. For a discussion of the businesses of Essex and BRE and certain risks to consider in connection with investing in those businesses, see the documents incorporated by reference by Essex and BRE into this joint proxy statement/prospectus referred to under Where You Can Find More Information.

The market price of the Combined Company s common stock may decline as a result of the merger.

The market price of the Combined Company s common stock may decline as a result of the merger if the Combined Company does not achieve the perceived benefits of the merger as rapidly or to the extent anticipated by financial or industry analysts, or the effect of the merger on the Combined Company s financial results is not consistent with the expectations of financial or industry analysts.

In addition, upon consummation of the merger, Essex stockholders and BRE stockholders will own interests in a Combined Company operating an expanded business with a different mix of properties, risks and liabilities. Current stockholders of Essex and BRE may not wish to continue to invest in the Combined Company, or for other reasons may wish to dispose of some or all of their shares of the Combined Company s common stock. If, following the effective time of the merger, large amounts of the Combined Company s common stock are sold, the price of the Combined Company s common stock could decline.

After the merger is completed, BRE stockholders who receive shares of the Combined Company common stock in the merger will have different rights that may be less favorable than their current rights as BRE stockholders.

After the closing of the merger, BRE stockholders who receive shares of the Combined Company common stock in the merger will have different rights than they currently have as BRE stockholders. For a detailed discussion of the significant differences between the current rights as a stockholder of BRE and the rights as a stockholder of the Combined Company following the merger, see Comparison of Rights of Stockholders of Essex and Stockholders of BRE beginning on page 184.

The Combined Company cannot assure you that it will be able to continue paying dividends at or above the rate currently paid by Essex and BRE.

The stockholders of the Combined Company may not receive dividends at the same rate they received dividends as stockholders of Essex and BRE following the merger for various reasons, including the following:

- the Combined Company may not have enough cash to pay such dividends due to changes in the Combined Company s cash requirements, capital spending plans, cash flow or financial position;
- decisions on whether, when and in which amounts to make any future distributions will remain at all times entirely at the discretion of the Combined Company s board of directors, which reserves the right to change Essex s current dividend practices at any time and for any reason;
- the Combined Company may desire to retain cash to maintain or improve its credit ratings; and

the amount of dividends that the Combined Company s subsidiaries may distribute to the Combined Company may be subject to restrictions imposed by state law, restrictions that may be imposed by state regulators, and restrictions imposed by the terms of any current or future indebtedness that these subsidiaries may incur.

Stockholders of the Combined Company will have no contractual or other legal right to dividends that have not been declared by the Combined Company s board of directors.

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The Combined Company may need to incur additional indebtedness in the future.

In connection with executing the Combined Company s business strategies following the merger, the Combined Company expects to evaluate the possibility of acquiring additional properties and making strategic investments, and the Combined Company may elect to finance these endeavors by incurring additional indebtedness. The amount of such indebtedness could have material adverse consequences for the Combined Company, including hindering the Combined Company s ability to adjust to changing market, industry or economic conditions; limiting the Combined Company s ability to access the capital markets to refinance maturing debt or to fund acquisitions or emerging businesses; limiting the amount of free cash flow available for future operations, acquisitions, dividends, stock repurchases or other uses; making the Combined Company more vulnerable to economic or industry downturns, including interest rate increases; and placing the Combined Company at a competitive disadvantage compared to less leveraged competitors.

The Combined Company may incur adverse tax consequences if Essex or BRE has failed or fails to qualify as a REIT for U.S. federal income tax purposes.

Each of Essex and BRE has operated in a manner that it believes has allowed it to qualify as a REIT for U.S. federal income tax purposes under the Code, and each intends to continue to do so through the time of the merger, and the Combined Company intends to continue operating in such a manner following the merger. None of Essex, BRE or the Combined Company has requested or plans to request a ruling from the IRS that it qualifies as a REIT. Qualification as a REIT involves the application of highly technical and complex Code provisions for which there are only limited judicial and administrative interpretations. The determination of various factual matters and circumstances not entirely within the control of Essex, BRE or the Combined Company, as the case may be, may affect any such company s ability to qualify as a REIT. In order to qualify as a REIT, each of Essex, BRE and the Combined Company must satisfy a number of requirements, including requirements regarding the ownership of its stock and the composition of its gross income and assets. Also, a REIT must make distributions to stockholders aggregating annually at least 90% of its net taxable income, excluding any net capital gains.

If any of Essex, BRE or the Combined Company loses its REIT status, or is determined to have lost its REIT status in a prior year, it will face serious tax consequences that would substantially reduce its cash available for distribution, including cash available to pay dividends to its stockholders, because:

- such company would be subject to U.S. federal income tax on its net income at regular corporate rates for the years it did not qualify for taxation as a REIT (and, for such years, would not be allowed a deduction for dividends paid to stockholders in computing its taxable income);

- such company could be subject to the federal alternative minimum tax and possibly increased state and local taxes for such periods;

- unless such company is entitled to relief under applicable statutory provisions, neither it nor any successor company could elect to be taxed as a REIT until the fifth taxable year following the year during which it was disqualified; and

for up to ten years following re-election of REIT status, upon a taxable disposition of an asset owned as of such re-election, such company could be subject to corporate level tax with respect to any built-in gain inherent in such asset at the time of re-election.

The Combined Company will inherit any liability with respect to unpaid taxes of Essex or BRE for any periods prior to the merger. In addition, under the investment company rules under Section 368 of the Code, if both Essex and BRE are investment companies under such rules (without regard to their REIT status), the failure of either Essex or BRE to qualify as a REIT could cause the merger to be taxable to Essex or BRE, respectively, and its stockholders. As a result of all these factors, Essex s, BRE s or the Combined Company s failure to qualify as a REIT could impair the Combined Company s ability to expand its business and raise capital, and would materially adversely affect the value of its stock. In addition, for years in which the Combined Company does not qualify as a REIT, it will not otherwise be required to make distributions to stockholders.

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In certain circumstances, even if the Combined Company qualifies as a REIT, it and its subsidiaries may be subject to certain U.S. federal, state, and other taxes, which would reduce the Combined Company s cash available for distribution to its stockholders.

Even if each of Essex, BRE and the Combined Company has, as the case may be, qualified and continues to qualify as a REIT, the Combined Company may be subject to U.S. federal, state, or other taxes. For example, net income from the sale of properties that are dealer properties sold by a REIT (a prohibited transaction under the Code) will be subject to a 100% tax. In addition, the Combined Company may not be able to make sufficient distributions to avoid income and excise taxes applicable to REITs. Alternatively, the Combined Company may decide to retain income it earns from the sale or other disposition of its property and pay income tax directly on such income. In that event, the Combined Company s stockholders would be treated as if they earned that income and paid the tax on it directly. However, stockholders that are tax-exempt, such as charities or qualified pension plans, might not have any benefit from their deemed payment of such tax liability. The Combined Company and its subsidiaries may also be subject to U.S. federal taxes other than U.S. federal income taxes, as well as state and local taxes (such as state and local income and property taxes), either directly or at the level of its operating partnership, or at the level of the other companies through which the Combined Company indirectly owns its assets. Any U.S. federal or state taxes the Combined Company (or any of its subsidiaries) pays will reduce cash available for distribution by the Combined Company to stockholders. See section The Merger Material U.S. Federal Income Tax Consequences of the Merger beginning on page 103.

Essex and BRE face other risks.

The foregoing risks are not exhaustive, and you should be aware that, following the merger, the Combined Company will face various other risks, including those discussed in reports filed by Essex and BRE with the SEC. See Where You Can Find More Information beginning on page 199.

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING STATEMENTS

This joint proxy statement/prospectus and the documents incorporated by reference into this joint proxy statement/prospectus contain forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These forward-looking statements are based on current expectations, estimates and projections about the industry and markets in which Essex and BRE operate and beliefs of, and assumptions made by, Essex management and BRE management and involve uncertainties that could significantly affect the financial results of Essex, BRE or the Combined Company. Words such as expects, anticipates, intends, plans, believes, seeks, estimates, variations of such words and similar expressions are intended to identify such forward-looking statements, which generally are not historical in nature. Such forward-looking statements include, but are not limited to, statements about the anticipated benefits of the business combination transaction involving Essex and BRE, including future financial and operating results, and the Combined Company s plans, objectives, expectations and intentions. All statements that address operating performance, events or developments that Essex and BRE expect or anticipate will occur in the future including statements relating to expected synergies, improved liquidity and balance sheet strength are forward-looking statements. These statements are not guarantees of future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. Although Essex and BRE believe the expectations reflected in any forward-looking statements are based on reasonable assumptions, Essex and BRE can give no assurance that their expectations will be attained and therefore, actual outcomes and results may differ materially from what is expressed or forecasted in such forward-looking statements. Some of the factors that may affect outcomes and results include, but are not limited to:

- each of Essex s and BRE s success, or the success of the Combined Company, in implementing its business strategy and its ability to identify, underwrite, finance, consummate and integrate acquisitions or investments;
- changes in national, regional and local economic climates;
- changes in financial markets and interest rates, or to the business or financial condition of Essex, BRE or the Combined Company or their respective businesses;
- the nature and extent of future competition;
- each of Essex s and BRE s ability, or the ability of the Combined Company, to pay down, refinance, restructure and/or extend its indebtedness as it becomes due;
- the ability and willingness of Essex, BRE and the Combined Company to maintain its qualification as a REIT due to economic, market, legal, tax or other considerations;

availability to Essex, BRE and the Combined Company of financing and capital;

each of Essex s and BRE s ability, or the ability of the Combined Company, to deliver high quality properties and services, to attract and retain qualified personnel and to attract and retain residents and other tenants;

the impact of any financial, accounting, legal or regulatory issues or litigation that may affect Essex, BRE or the Combined Company;

risks associated with achieving expected revenue synergies or cost savings as a result of the merger;

risks associated with the companies ability to consummate the merger, the timing of the closing of the merger and unexpected costs or unexpected liabilities that may arise from the merger, whether or not consummated; and

those additional risks and factors discussed in reports filed with the Securities and Exchange Commission, or the SEC, by Essex and BRE from time to time, including those discussed under the heading Risk Factors in their respective most recently filed reports on Forms 10-K and 10-Q.

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Should one or more of the risks or uncertainties described above or elsewhere in this joint proxy statement/prospectus occur, or should underlying assumptions prove incorrect, actual results and plans could differ materially from those expressed in any forward-looking statements. You are cautioned not to place undue reliance on these statements, which speak only as of the date of this joint proxy statement/prospectus.

All forward-looking statements, expressed or implied, included in this joint proxy statement/prospectus are expressly qualified in their entirety by this cautionary statement. This cautionary statement should also be considered in connection with any subsequent written or oral forward-looking statements that Essex, BRE or persons acting on their behalf may issue.

Neither Essex nor BRE undertakes any duty to update any forward-looking statements appearing in this joint proxy statement/prospectus.

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THE COMPANIES

Essex Property Trust, Inc.

Essex is a Maryland corporation that has elected to be taxed as a REIT under the Code. Essex owns all of its interests in real estate investments directly or indirectly through Essex Portfolio, L.P., or Essex LP. Essex is the sole general partner of Essex LP and as of September 30, 2013 owns a 94.6% general partnership interest. Essex is engaged primarily in the ownership, operation, management, acquisition, development and redevelopment of predominantly apartment communities. As of September 30, 2013, Essex owned or held an interest in 163 apartment communities, aggregating 34,416 units, excluding Essex s ownership in preferred interest co-investments. Additionally, as of September 30, 2013, Essex owned or had ownership interests in five commercial buildings and eleven active development projects in various stages of development. 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.

Essex common stock is listed on the NYSE, trading under the symbol ESS.

Essex was incorporated in the state of Maryland in 1994, and Essex LP was formed in the state of California in 1994. Essex s principal executive offices are located at 925 East Meadow Drive, Palo Alto, California 94303, and its telephone number is (650) 494-3700.

BEX Portfolio, Inc.

BEX Portfolio, Inc. (formerly known as Bronco Acquisition Sub, Inc.), or Merger Sub, a direct wholly owned subsidiary of Essex, is a Delaware corporation formed on December 17, 2013 for the purpose of entering into the merger agreement. Upon completion of the merger, BRE will be merged with and into Merger Sub with Merger Sub surviving as a direct wholly owned subsidiary of Essex. Merger Sub has not conducted any activities other than those incidental to its formation and the matters contemplated by the merger agreement.

Additional information about Essex and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 199.

BRE Properties, Inc.

BRE is a Maryland corporation that has elected to be taxed as a REIT under the Code. BRE is focused on the development, acquisition and management of multifamily apartment communities primarily located in the major metropolitan markets of Southern and Northern California and Seattle, Washington. As of September 30, 2013, BRE had real estate assets with a net book value of approximately $3.6 billion, which included: 75 wholly or majority owned stabilized multifamily communities, aggregating 21,396 homes primarily located in California and Washington; one multifamily community owned through a joint venture comprised of 252 apartment homes; one land asset held for sale; and six wholly owned or majority-owned development communities (five in Northern California and one in Southern California) in various stages of planning and construction, totaling 1,888 homes. BRE has been a publicly traded company since its founding in 1970.

BRE common stock is listed on the NYSE, trading under the symbol BRE.

BRE was incorporated in the state of Delaware in 1970, and was re-incorporated as a Maryland corporation in 1996. BRE s principal executive offices are located at 525 Market Street, 4th Floor, San Francisco, California 94105, and its telephone number is (415) 445-6530.

Additional information about BRE and its subsidiaries is included in documents incorporated by reference into this joint proxy statement/prospectus. See Where You Can Find More Information on page 199.

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The Combined Company

References to the Combined Company are to Essex after the effective time of the merger. The Combined Company will be named Essex Property Trust, Inc. and will be a Maryland corporation. The Combined Company will be the leading publicly traded, multifamily REIT focused on the West Coast with a platform poised to achieve a greater level of acquisitions and value enhancing developments. The Combined Company is expected to have a pro forma equity market capitalization of approximately $10.4 billion, and a total market capitalization in excess of $15.4 billion. The Combined Company s asset base will consist primarily of approximately 56,000 multifamily units in 239 properties. The Combined Company s largest markets are expected to be Southern California, Northern California and metropolitan Seattle.

The business of the Combined Company will be operated through Essex LP and its subsidiaries. On a pro forma basis giving effect to the merger, the Combined Company will own an approximate 97% general partnership interest in Essex LP and, as its sole general partner, the Combined Company will have the full, exclusive and complete responsibility for and discretion in the day-to-day management and control of Essex LP.

The common stock of the Combined Company will continue to be listed on the NYSE, trading under the symbol ESS.

The Combined Company s principal executive offices will be located at 925 East Meadow Drive, Palo Alto, California 94303, and its telephone number will be (650) 494-3700.

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THE ESSEX SPECIAL MEETING

Date, Time, Place and Purpose of Essex s Special Meeting

The special meeting of the stockholders of Essex will be held at the Clubhouse at Via Apartment Homes, 621 Tasman Drive, Sunnyvale, California 94089 on March 28, 2014, commencing at 10:00 a.m., local time. The purpose of Essex s special meeting is:

1. to consider and vote on a proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger; and

2. to consider and vote on a proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock in the merger.

Recommendation of the Essex Board

The Essex Board has unanimously (i) determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement are advisable, fair to, and in the best interests of Essex and its stockholders, (ii) approved and adopted the merger agreement, the merger and the other transactions contemplated thereby, and (iii) authorized and approved the issuance of shares of Essex common stock to BRE stockholders in the merger. The Essex Board unanimously recommends that Essex stockholders vote **FOR** the proposal to approve the issuance of Essex common stock in the merger, and **FOR** the proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock in the merger. For the reasons for this recommendation, see The Merger Recommendation of Essex Board and Its Reasons for the Merger beginning on page 74.

Essex Record Date; Who Can Vote at Essex s Special Meeting

Only holders of record of Essex common stock at the close of business on January 23, 2014, Essex s record date, are entitled to notice of, and to vote at, Essex s special meeting and any adjournment of the special meeting. As of the record date, there were 38,133,432 shares of Essex common stock outstanding and entitled to vote at Essex s special meeting, held by approximately 252 stockholders of record.

Each share of Essex common stock owned on Essex s record date is entitled to one vote on each proposal at Essex s special meeting.

Vote Required for Approval; Quorum

Approval of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger requires the affirmative vote of at least a majority of all votes cast on such proposal. Approval of the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock in the merger requires the affirmative vote of at least a majority of all votes cast on such proposal.

Essex s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast at such meeting on any matter constitutes a quorum at a meeting of its stockholders. Shares that are voted and shares abstaining from voting are treated as being present at Essex s special meeting for purposes of determining whether a quorum is present.

Abstentions and Broker Non-Votes

Abstentions will be counted in determining the presence of a quorum. Abstentions will have the same effect as a vote cast AGAINST the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger. Abstentions will have no effect on the proposal to approve one or more adjournments

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of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger. There will be no broker non-votes at the meeting because the only proposals are non-routine under NYSE Rule 452.

Manner of Submitting Proxy

Essex stockholders may submit their votes for or against the proposals submitted at Essex s special meeting in person or by proxy. Essex stockholders may be able to submit a proxy in the following ways:

Internet. Essex stockholders may submit a proxy over the Internet by going to the website listed on their proxy card or voting instruction card. Once at the website, they should follow the instructions to submit a proxy.

Telephone. Essex stockholders may submit a proxy using the toll-free number listed on their proxy card or voting instruction card.

Mail. Essex stockholders may submit a proxy by completing, signing, dating and returning their proxy card or voting instruction card in the preaddressed postage-paid envelope provided.

Essex stockholders should refer to their proxy cards or the information forwarded by their broker or other nominee to see which options are available to them.

The Internet and telephone proxy submission procedures are designed to authenticate stockholders and to allow them to confirm that their instructions have been properly recorded. If you submit a proxy over the Internet or by telephone, then you need not return a written proxy card or voting instruction card by mail. The Internet and telephone facilities available to record holders will close at 11:59 p.m. Eastern Time on March 27, 2014.

The method by which Essex stockholders submit a proxy will in no way limit their right to vote at Essex s special meeting if they later decide to attend the meeting and vote in person. If shares of Essex common stock are held in the name of a broker or other nominee, Essex stockholders must obtain a proxy, executed in their favor, from the broker or other nominee, to be able to vote in person at Essex s special meeting.

All shares of Essex common stock entitled to vote and represented by properly completed proxies received prior to Essex s special meeting, and not revoked, will be voted at Essex s special meeting as instructed on the proxies. **If Essex stockholders of record return properly executed proxies but do not indicate how their shares of Essex common stock should be voted on a proposal, the shares of Essex common stock represented by their properly executed proxy will be voted as the Essex Board recommends and therefore, FOR the proposal to approve the issuance of Essex common stock in the merger, and FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock in the merger.**

Shares Held in Street Name

If Essex stockholders hold shares of Essex common stock in an account of a broker or other nominee and they wish to vote such shares, they must return their voting instructions to the broker or other nominee.

If Essex stockholders hold shares of Essex common stock in an account of a broker or other nominee and attend Essex s special meeting, they should bring a letter from their broker or other nominee identifying them as the beneficial owner of such shares of Essex common stock and authorizing them to vote.

Shares of Essex common stock held by brokers and other nominees will NOT be voted, and will NOT be present for purposes of determining a quorum, unless such Essex stockholders instruct such brokers or other nominees how to vote.

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Revocation of Proxies or Voting Instructions

Essex stockholders of record may change their vote or revoke their proxy at any time before it is exercised at Essex s special meeting by:

- submitting notice in writing to Essex s Secretary at Essex Property Trust, 925 East Meadow Drive, Palo Alto, California, 94303, Attn: Corporate Secretary that you are revoking your proxy;
- executing and delivering a later-dated proxy card or submitting a later-dated proxy by telephone or on the Internet; or
- voting in person at Essex s special meeting.

Attending Essex s special meeting without voting will not revoke your proxy.

Essex stockholders who hold shares of Essex common stock in an account of a broker or other nominee may revoke their voting instructions by following the instructions provided by their broker or other nominee.

Tabulation of Votes

Essex will appoint an Inspector of Election for Essex s special meeting to tabulate affirmative and negative votes and abstentions.

Solicitation of Proxies

The solicitation of proxies from Essex stockholders is made on behalf of the Essex Board. Essex will pay the cost of soliciting proxies from Essex stockholders. Essex has engaged D.F. King to assist in the solicitation of proxies for the special meeting and Essex estimates it will pay D.F. King a fee of approximately $20,000. Essex has also agreed to reimburse D.F. King for reasonable expenses incurred in connection with the proxy solicitation and to indemnify D.F. King against certain losses, claims, damages, liabilities and expenses. In addition to mailing proxy solicitation material, Essex s directors and officers, and employees of Essex may also solicit proxies in person, by telephone or by any other electronic means of communication deemed appropriate. No additional compensation will be paid to Essex s directors or officers, or to employees of Essex for such services.

In accordance with the regulations of the SEC and NYSE, Essex also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of shares of Essex common stock.

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PROPOSALS SUBMITTED TO ESSEX STOCKHOLDERS

Stock Issuance Proposal

(Proposal 1 on the Essex Proxy Card)

Essex stockholders are asked to approve the issuance of Essex common stock to BRE stockholders in the merger.

Pursuant to the merger agreement, approval of this proposal is a condition to the closing of the merger. If the proposal is not approved, the merger will not be completed.

Essex is requesting that Essex stockholders approve the issuance of Essex common stock to BRE stockholders in the merger. Approval of the proposal to approve the issuance of Essex common stock to BRE stockholders requires the affirmative vote of a majority of all votes cast at the special meeting.

Recommendation of the Essex Board

The Essex Board unanimously recommends that Essex stockholders vote FOR the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.

Essex Adjournment Proposal

(Proposal 2 on the Essex Proxy Card)

Essex s special meeting may be adjourned one or more times to another date, time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies, if necessary or appropriate, to obtain additional votes in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger. If, at Essex s special meeting, the number of shares of Essex common stock present in person or represented by proxy and voting in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger is insufficient to approve the proposal, Essex intends to move to adjourn Essex s special meeting in order to enable the Essex Board to solicit additional proxies for approval of the proposal.

Essex is asking Essex stockholders to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger. Approval of this proposal requires the affirmative vote of a majority of all votes cast at the special meeting.

Recommendation of the Essex Board

The Essex Board unanimously recommends that Essex stockholders vote FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the issuance of shares of Essex common stock to BRE stockholders in the merger.

Other Business

At this time, Essex does not intend to bring any other matters before Essex s special meeting, and Essex does not know of any matters to be brought before Essex s special meeting by others. If, however, any other matters properly come before Essex s special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes, acting at Essex s special meeting or any adjournment or postponement thereof will be deemed authorized to vote the shares represented thereby in accordance with the judgment of management on any such matter.

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THE BRE SPECIAL MEETING

Date, Time, Place and Purpose of BRE s Special Meeting

The special meeting of the stockholders of BRE will be held at the Mandarin Oriental Hotel, 222 Sansome Street, San Francisco, California 94104 on March 28, 2014, commencing at 10:00 a.m., local time. The purpose of BRE s special meeting is:

1. to consider and vote on a proposal to approve the merger and other transactions contemplated by the merger agreement;

2. to consider and vote on an advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger; and

3. to consider and vote on a proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and other transactions contemplated by the merger agreement.

Recommendation of the BRE Board

The BRE Board has unanimously (i) determined and declared that the merger, the merger agreement, and the other transactions contemplated by the merger agreement, are advisable and in the best interests of BRE and its stockholders and (ii) approved the merger agreement and authorized the performance by BRE thereunder. The BRE Board unanimously recommends that BRE stockholders vote **FOR** the proposal to approve the merger and the other transactions contemplated by the merger agreement, **FOR** the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger and **FOR** the proposal to approve one or more adjournments of the meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. For the reasons for this recommendation, see The Merger Recommendation of BRE Board and Its Reasons for the Merger beginning on page 76.

BRE Record Date; Who Can Vote at BRE s Special Meeting

Only holders of record of BRE common stock at the close of business on January 23, 2014, BRE s record date, are entitled to notice of, and to vote at, BRE s special meeting and any adjournment of the special meeting. As of the record date, there were 77,672,084 shares of BRE common stock outstanding and entitled to vote at BRE s special meeting, held by approximately 2,606 stockholders of record.

Each share of BRE common stock owned on BRE s record date is entitled to one vote on each proposal at BRE s special meeting.

Vote Required for Approval; Quorum

Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of BRE common stock entitled to vote on such proposal. Approval of (i) the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger, and (ii) the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement each requires the affirmative vote of a majority of the votes cast on such proposal.

BRE s bylaws provide that the presence in person or by proxy of stockholders entitled to cast a majority of all the votes entitled to be cast constitutes a quorum at a meeting of its stockholders. Shares that are voted and shares abstaining from voting are treated as being present at the BRE special meeting for purposes of determining whether a quorum is present.

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Abstentions and Broker Non-Votes

Abstentions will be counted in determining the presence of a quorum. Abstentions will have the same effect as votes cast AGAINST the proposal to approve the merger and the other transactions contemplated by the merger agreement but will have no effect on the advisory (non-binding) proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger or the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. There will be no broker non-votes at the meeting because the only proposals are non-routine under NYSE Rule 452.

Manner of Submitting Proxy

BRE stockholders may submit their votes for or against the proposals submitted at BRE s special meeting either in person or by proxy. BRE stockholders may submit a proxy in the following ways:

Internet. BRE stockholders may submit a proxy over the Internet by going to the website listed on their proxy card or voting instruction card. Once at the website, they should follow the instructions to submit a proxy.

Telephone. BRE stockholders may submit a proxy using the toll-free number listed on their proxy card or voting instruction card.

Mail. BRE stockholders may submit a proxy by completing, signing, dating and returning their proxy card or voting instruction card in the preaddressed postage-paid envelope provided.

BRE stockholders should refer to their proxy cards or the information forwarded by their broker or other nominee to see which options are available to them.

The Internet and telephone proxy submission procedures are designed to authenticate stockholders and to allow them to confirm that their instructions have been properly recorded. If you submit a proxy over the Internet or by telephone, then you need not return a written proxy card or voting instruction card by mail. The Internet and telephone facilities available to record holders will close at 11:59 p.m. Eastern Time on March 27, 2014.

The method by which BRE stockholders submit a proxy will in no way limit their right to vote at BRE s special meeting if they later decide to attend the meeting and vote in person. If shares of BRE common stock are held in the name of a broker or other nominee, BRE stockholders must obtain a proxy, executed in their favor, from the broker or other nominee, to be able to vote in person at BRE s special meeting.

All shares of BRE common stock entitled to vote and represented by properly completed proxies received prior to BRE s special meeting, and not revoked, will be voted at BRE s special meeting as instructed on the proxies. **If BRE stockholders of record return properly executed proxies but do not indicate how their shares of BRE common stock should be voted on a proposal, the shares of BRE common stock represented by their properly executed**

proxy will be voted as the BRE Board recommends and therefore, FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement, FOR the proposal to approve certain compensation that may be paid or become payable to the named executive officers of BRE in connection with the merger and FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. If a BRE stockholder does not provide voting instructions to their broker or other nominee, their shares of BRE common stock will NOT be voted.

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Shares Held in Street Name

If BRE stockholders hold shares of BRE common stock in an account of a broker or other nominee and they wish to vote such shares, they must return their voting instructions to the broker or other nominee.

If BRE stockholders hold shares of BRE common stock in an account of a broker or other nominee and attend BRE s special meeting, they should bring a letter from their broker or other nominee identifying them as the beneficial owner of such shares of BRE common stock and authorizing them to vote.

Shares of BRE common stock held by brokers and other nominees will NOT be voted unless such BRE stockholders instruct such brokers or other nominees how to vote.

Revocation of Proxies or Voting Instructions

BRE stockholders of record may change their vote or revoke their proxy at any time before it is exercised at BRE s special meeting by:

- submitting notice in writing to BRE s Secretary at BRE Properties, Inc., 525 Market Street, San Francisco, California, 94105, Attn: Corporate Secretary that you are revoking your proxy;
- executing and delivering a later-dated proxy card or submitting a later-dated proxy by telephone or on the Internet; or
- voting in person at BRE s special meeting.

Attending BRE s special meeting without voting will not revoke your proxy.

BRE stockholders who hold shares of BRE common stock in an account of a broker or other nominee may revoke their voting instructions by following the instructions provided by their broker or other nominee.

Tabulation of Votes

BRE will appoint an Inspector of Election for BRE s special meeting to tabulate affirmative and negative votes and abstentions.

Solicitation of Proxies; Payment of Solicitation Expenses

The solicitation of proxies from BRE stockholders is made on behalf of the BRE Board. BRE will pay the cost of soliciting proxies from BRE stockholders. Directors, officers and employees of BRE may solicit proxies on behalf of BRE in person or by telephone, facsimile or other means, but will not receive any additional compensation for doing so. BRE has engaged MacKenzie to assist it in the solicitation of proxies for the special meeting and BRE estimates it will pay MacKenzie a fee of approximately $50,000. BRE has also agreed to reimburse MacKenzie for reasonable out-of-pocket expenses and disbursements incurred in connection with the proxy solicitation and to indemnify

MacKenzie against certain losses, costs and expenses.

In accordance with the regulations of the SEC and NYSE, BRE also will reimburse brokerage firms and other custodians, nominees and fiduciaries for their expenses incurred in sending proxies and proxy materials to beneficial owners of shares of BRE common stock.

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PROPOSALS SUBMITTED TO BRE STOCKHOLDERS

Merger Proposal

(Proposal 1 on the BRE Proxy Card)

BRE stockholders are asked to approve the merger and the other transactions contemplated by the merger agreement. For a summary and detailed information regarding this proposal to approve the merger and the other transactions contemplated by the merger agreement, see the information about the merger agreement and the merger throughout this joint proxy statement/prospectus, including the information set forth in sections entitled The Merger beginning on page 61 and The Merger Agreement beginning on page 127. A copy of the merger agreement is attached as Annex A to this joint proxy statement/prospectus.

Pursuant to the merger agreement, approval of this proposal is a condition to the closing of the merger. If the proposal is not approved, the merger will not be completed even if the other proposals related to the merger are approved.

BRE is requesting that BRE stockholders approve the merger and the other transactions contemplated by the merger agreement. Approval of the proposal to approve the merger and the other transactions contemplated by the merger agreement requires the affirmative vote of the holders of at least a majority of the outstanding shares of BRE common stock entitled to vote on such proposal.

Recommendation of the BRE Board

The BRE Board has unanimously (i) determined that the merger, the merger agreement, and the other transactions contemplated thereby, are advisable and in the best interests of BRE and its stockholders, and (ii) approved the merger agreement and authorized the performance by BRE thereunder. The BRE Board unanimously recommends that BRE stockholders vote FOR the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Advisory Vote on Executive Compensation

(Proposal 2 on the BRE Proxy Card)

Advisory Vote Regarding Merger-Related Compensation. Pursuant to the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 and Section 14A of the Exchange Act, BRE is providing its stockholders with the opportunity to cast an advisory (non-binding) vote on the compensation that may be paid or become payable to BRE s named executive officers, which we refer to as NEOs, as determined in accordance with Item 402(t) of Regulation S-K, that is based upon or otherwise relates to the proposed merger and arises from any form of arrangement or understanding, whether written or unwritten, between BRE and the NEOs. BRE therefore is asking its stockholders to vote on the adoption of the following resolution:

RESOLVED, that the compensation that may be paid or become payable to BRE Properties, Inc. s named executive officers in connection with the merger, as disclosed in the table entitled Golden Parachute Compensation pursuant to Item 402(t) of Regulation S-K, including the associated narrative discussion and the agreements or understandings pursuant to which such compensation may be paid or become payable, as set forth in this proposal titled Advisory Vote Regarding Merger-Related Compensation is hereby APPROVED.

The information set forth in the table below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about certain compensation for each of BRE s NEOs, that is based on or otherwise relates to the transactions contemplated under the merger agreement. BRE s NEOs are Constance B. Moore, BRE s President and Chief Executive Officer, John A. Schissel, BRE s Executive Vice President and

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Chief Financial Officer, Stephen C. Dominiak, BRE s Executive Vice President and Chief Investment Officer, Kerry Fanwick, BRE s Executive Vice President, General Counsel and Secretary and Scott A. Reinert, BRE s Executive Vice President, Property Operations.

Please note that the amounts indicated below are estimates based on the material assumptions described in the notes to the table below, which may or may not actually occur. Some of these assumptions are based on information currently available and, as a result, the actual amounts, if any, that may become payable to a NEO may differ in material respects from the amounts set forth below. Furthermore, for purposes of calculating such amounts, we have assumed:

A closing date for the merger of February 10, 2014, the latest practicable date prior to the filing of this joint proxy statement/prospectus;

The consummation of the merger constitutes a change in control for purposes of the applicable plan or agreement;

A qualifying termination of the NEO s employment (e.g., a termination by the NEO for good reason or by BRE other than for cause) in connection with a change in control on February 10, 2014; and

A price per share of BRE common stock of $54.98, which equals the average closing price of BRE common stock over the first five business days following December 19, 2013.

Golden Parachute Compensation

Named Executive Officers	Cash ($)(1)	Equity ($)(2)	Perquisites/ Benefits ($)(3)	Total ($)(4)
Constance B. Moore	2,534,243	6,449,109	17,298	9,000,650
John A. Schissel	1,417,315	2,113,488	17,196	3,547,999
Stephen C. Dominiak	1,634,093	2,552,200	21,786	4,208,079
Kerry Fanwick	1,123,644	1,734,620	17,502	2,875,766
Scott A. Reinert	1,341,315	1,468,132	14,702	2,824,150

(1) Pursuant to the employment agreements entered into by BRE with each NEO, which we refer to as the Employment Agreements, subject to the NEO s execution and non-revocation of a general release of claims, upon a qualifying termination of employment within twelve months following a change in control, each NEO is entitled to receive a lump sum cash payment equal to (i) the estimated annual bonus that the NEO would have earned for the year of termination, pro-rated through the date of termination; plus (ii) two times the sum of (a) his or her then annual base salary and (b) the average of the annual bonuses earned for the preceding two years. Such severance payments and benefits are double trigger arrangements. In the event that an NEO voluntarily resigns without good reason within twelve months following a change in control, the NEO would be entitled to a reduced

cash severance payment equal to the sum of: (i) the estimated annual bonus that the NEO would have earned for the year of termination, pro-rated through the date of termination; (ii) 100% of his or her then annual base salary; plus (iii) the average of the annual bonus awarded in the prior two years; however, for purposes of this disclosure, we have assumed that the NEO will be entitled to the greater amounts described in the preceding sentence and set forth in the table above.

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The following table separately quantifies the value of each component of cash severance that the NEOs may become entitled to receive upon a qualifying termination of employment within twelve months following a change in control:

Named Executive Officer (a)	Estimated Pro-Rated Annual Bonus for the Year of Termination ($) -	200% Sum of (i) Annual Base Salary and (ii) Average Annual Bonuses for Preceding Two Years ($) (c)	Total Cash Severance (d)
Constance B. Moore	78,793	2,455,450	2,534,243
John A. Schissel	39,315	1,378,000	1,417,315
Stephen C. Dominiak	47,571	1,586,522	1,634,093
Kerry Fanwick	28,644	1,095,000	1,123,644
Scott A. Reinert	39,315	1,302,000	1,341,315

(2) In addition to the foregoing, pursuant to the Employment Agreements, subject to the NEO s execution and non-revocation of a general release of claims, upon a qualifying termination of employment within twelve months following a change in control, certain equity awards held by the NEOs are subject to double-trigger acceleration as follows: Any then-outstanding options, performance/service share awards and restricted stock awards will vest (at target levels in the case of performance share awards for which the performance period has not ended prior to the date of termination). The following table quantifies the value, based on the assumed per share merger consideration of $54.98, of the unvested stock options, performance/service share awards and restricted stock awards held by the NEOs that may be accelerated pursuant to the merger, assuming that the completion of the merger had occurred on February 10, 2014:

Named Executive Officer (a)	Number of Unvested Stock Options (b)	Value of Unvested Stock Options (c)	Number of Unvested Performance/ Service Share Awards (d)	Value of Unvested Performance/ Service Share Awards (e)	Number of Unvested Shares of Restricted Stock (f)	Value of Unvested Shares of Restricted Stock (g)	Total Equity Value (j)
Constance B. Moore	23,505	134,674	114,850	6,314,435			6,449,109
John A. Schissel	7,798	44,948	37,624	2,068,540			2,113,488
Stephen C. Dominiak	9,668	58,403	45,358	2,493,797			2,552,200
Kerry Fanwick	6,770	42,006	30,786	1,692,614			1,734,620
Scott A. Reinert	4,259	14,736	26,435	1,453,396			1,468,132

(3) Pursuant to BRE s severance policy, upon a qualifying termination of employment within twelve months following a change in control, each NEO will be entitled to receive an amount in cash equal to the cost of six months of BRE-subsidized health care coverage plus six months of BRE-paid outplacement services. The following table separately quantifies the value of the health care coverage and outplacement services that the NEOs may become entitled to receive upon a qualifying termination of employment within twelve months following a change in control:

Named Executive Officer (a)	Six Months Health Care Coverage ($) (b)	Six Months Outplacement Services ($) (c)	Total Benefits/ Perquisites ($) (d)
Constance B. Moore	11,298	6,000	17,298
John A. Schissel	11,196	6,000	17,196
Stephen C. Dominiak	15,786	6,000	21,786
Kerry Fanwick	11,502	6,000	17,502
Scott A. Reinert	8,702	6,000	14,702

(4) Each Employment Agreement includes an Internal Revenue Code Section 280G best pay cutback, such that if any severance payments or benefits would constitute a parachute payment and would be subject to

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the excise tax imposed by Section 4999 of the Code, the aggregate benefits will either be delivered in full or delivered in a lesser amount that would result in no portion of the aggregate benefits being subject to the excise tax, whichever results in the receipt by the NEO of the greatest amount of aggregate benefits on an after-tax basis. However, for purposes of this disclosure and the table set forth above, we have assumed that the NEOs severance payments and benefits will not be reduced pursuant to the preceding sentence and, accordingly, have disclosed the full value of their severance payments and benefits.

Narrative Disclosure to Golden Parachute Compensation Table.

BRE has entered into the Employment Agreements with Ms. Moore and Messrs. Schissel, Dominiak, Fanwick and Reinert which provide for severance payments and benefits upon a qualifying termination of employment in connection with a change in control. For more information related to the Employment Agreements, see the footnote disclosure above and The Merger Interests of BRE s Directors and Executive Officers in the Merger Employment Agreements and Severance Policy on page 101.

In addition, BRE s severance policy provides for certain health care benefits and outplacement services upon a qualifying termination of employment in connection with a change in control. For more information, see the footnote disclosure above and The Merger Interests of BRE s Directors and Executive Officers in the Merger Employment Agreements and Severance Policy on page 101.

As disclosed in BRE s Current Report on Form 8-K dated April 3, 2013, Mr. Fanwick gave notice of his intent to retire from BRE on March 31, 2014. For more information, see The Merger Interests of BRE s Directors and Executive Officers in the Merger Employment Agreements and Severance Policy on page 101.

Vote Required and Board of Directors Recommendation

The vote regarding this proposal on merger-related compensation is a vote separate and apart from the vote on the proposal to approve the merger and the other transactions contemplated by the merger agreement. Because the vote regarding merger-related compensation is advisory only, it will not be binding on either BRE or the Combined Company regardless of whether the merger is completed. Accordingly, if the merger is completed, the merger-related compensation will become payable in connection with the merger and a qualifying termination of employment, subject only to the conditions applicable thereto, regardless of the outcome of this non-binding, advisory vote.

Approval of the merger-related compensation requires the affirmative vote of a majority of the votes cast on such proposal.

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Recommendation of the BRE Board

The BRE Board unanimously recommends that BRE stockholders vote FOR the proposal to approve, on a non-binding, advisory basis, the compensation that may become payable to BRE s NEOs in connection with the merger.

BRE Adjournment Proposal

(Proposal 3 on the BRE Proxy Card)

BRE s special meeting may be adjourned one or more times to another date, time or place, if necessary or appropriate, to permit, among other things, further solicitation of proxies, if necessary or appropriate, to obtain additional votes in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

If, at BRE s special meeting, the number of shares of BRE common stock present or represented by proxy and voting in favor of the merger proposal is insufficient to approve the proposal to approve the merger and the other transactions contemplated by the merger agreement, BRE intends to move to adjourn BRE s special meeting in order to enable BRE s board of directors to solicit additional proxies for approval of the proposal.

BRE is requesting that BRE stockholders approve one or more adjournments of BRE s special meeting, to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement. Approval of this proposal requires the affirmative vote of a majority of the votes cast at the special meeting.

Recommendation of the BRE Board

The BRE Board unanimously recommends that BRE stockholders vote FOR the proposal to approve one or more adjournments of the special meeting to another date, time or place, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger and the other transactions contemplated by the merger agreement.

Other Business

At this time, BRE does not intend to bring any other matters before BRE s special meeting, and BRE does not know of any matters to be brought before BRE s special meeting by others. If, however, any other matters properly come before BRE s special meeting, the persons named in the enclosed proxy, or their duly constituted substitutes, acting at BRE s special meeting or any adjournment or postponement thereof will be deemed authorized to vote the shares represented thereby in accordance with the judgment of management on any such matter.

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THE MERGER

The following is a description of the material aspects of the merger. While Essex and BRE believe that the following description covers the material terms of the merger, the description may not contain all of the information that is important to Essex stockholders and BRE stockholders. Essex and BRE encourage Essex stockholders and BRE stockholders to carefully read this entire joint proxy statement/prospectus, including the merger agreement and the other documents attached to this joint proxy statement/prospectus and incorporated herein by reference, for a more complete understanding of the merger.

General

Each of the Essex Board and the BRE Board has unanimously declared advisable, and the Essex Board has unanimously approved, the merger agreement, the merger and the other transactions contemplated by the merger agreement, and the BRE Board has unanimously approved the merger agreement and authorized the performance by BRE thereunder. In the merger, BRE will merge with and into Merger Sub, with Merger Sub continuing as the surviving entity, and BRE stockholders will receive the merger consideration described below under The Merger Agreement Merger Consideration; Effects of the Merger.

Background of the Merger

The BRE Board and management periodically and in the ordinary course evaluated and considered a variety of financial and strategic opportunities as part of their long-term strategy to maximize stockholder value. Members of the management teams of BRE and Essex have in the past from time to time engaged in preliminary discussions regarding a potential strategic business combination of the two companies, although these discussions had occurred more than five years earlier and did not result in any agreement between the parties.

Beginning in the middle of 2012, Essex expressed a renewed interest in a potential strategic business combination transaction between BRE and Essex. In July 2012, Michael J. Schall, President and Chief Executive Officer of Essex, set up a meeting with Constance B. Moore, President and Chief Executive Officer of BRE, which was held on July 16, 2012. At the meeting, Mr. Schall indicated that Essex was interested in engaging in discussions with BRE regarding a potential strategic business combination. Ms. Moore noted that BRE had underperformed the multi-family sector in 2012 in same store revenue growth, adversely impacting BRE s common stock price in recent periods. She stated that, in her opinion, BRE s current market valuation did not yet fully take into account the value of BRE s development pipeline. Ms. Moore also noted that in prior discussions over the years between Essex and BRE, Essex had not indicated that it would pay a premium to BRE stockholders. Mr. Schall asked that she give the matter further consideration, and he would contact her again to continue to discuss the matter. Ms. Moore thereafter reported the meeting to Mr. Irving F. Lyons, the Chairman of the BRE Board, and they discussed the appropriate response to Essex.

On August 2, 2012, Ms. Moore called Mr. Schall, and Mr. Schall returned the call on August 13, 2012. Mr. Schall reiterated Essex s interest in a potential strategic business combination with BRE. Although Ms. Moore agreed that there could be advantages to both companies from a strategic business combination, she stated that it was not an appropriate time for BRE to consider a potential strategic business combination, primarily for the reasons discussed at the meeting held on July 16, 2012, including Ms. Moore s belief that the market had not fully valued BRE s development pipeline.

Subsequently, Mr. Schall notified Ms. Moore by email that Essex would provide further information to BRE about its willingness to continue discussions regarding a potential strategic business combination, including its willingness to pay a premium to BRE stockholders.

On September 3, 2012, Ms. Moore received a letter, dated August 27, 2012 (the August 2012 Letter), from Mr. Schall on behalf of Essex, addressed to her. In the August 2012 Letter, Essex proposed a potential

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strategic business combination of Essex and BRE, which Essex characterized as a merger of equals. The August 2012 Letter stated that Essex believed that a premium to BRE s stock price was appropriate and necessary, based upon Essex s further preliminary assessment of BRE s portfolio and development pipeline. The August 2012 Letter stated that, based on Essex s preliminary analysis and the recent trading ranges of both BRE s and Essex s common stock, Essex believed that an appropriate premium would be in the range of 5% to 15%. The August 2012 Letter noted that the discussion of price was conceptual, and pricing would be a function of deal structure, transaction costs, and financial impacts, all of which would require further discussion and more detailed due diligence. In the August 2012 Letter, Essex proposed that Essex and BRE enter into mutual confidentiality and standstill agreements to facilitate the exchange of non-public information and further discussions.

On September 5, 2012, the BRE Board held a telephonic meeting to discuss Essex s preliminary proposal set forth in the August 2012 Letter. Representatives of Latham & Watkins LLP, which we refer to as Latham & Watkins, counsel to BRE, were also present. Ms. Moore summarized for the BRE Board her prior discussions with Mr. Schall. The BRE Board reviewed the terms and conditions of the preliminary proposal set forth in the August 2012 Letter. The BRE Board discussed, among other things, the development pipeline and the fact that those projects would only begin to be reflected in BRE s operating results starting in late 2013 and continuing into 2014 and 2015. The BRE Board reviewed the potential benefits of a strategic business combination with Essex, including potential operating synergies and the anticipated improved ability of a larger combined company to compete for growth capital. The BRE Board noted that it was possible that Essex would ultimately not be willing to pay a premium to BRE s then current trading price of its common stock at the levels indicated in the August 2012 Letter, as the range was stated as conceptual and subject to further discussion and more detailed due diligence. After discussion, the BRE Board determined that it would not be in the best interests of BRE or its stockholders to engage in discussions with Essex at that time. In addition, the BRE Board agreed that at the Board s annual strategic retreat at the end of October 2012, the BRE Board would review in detail the current status of the development pipeline, as well as the other facets of BRE s long-range strategic plan. In addition, the BRE Board requested that Wells Fargo Securities, financial advisor to BRE, attend the annual strategic retreat to assist the BRE Board in a further review of the August 2012 Letter and BRE s long-range strategic plan.

On September 6, 2012, in accordance with direction from the BRE Board, Ms. Moore sent a letter to Mr. Schall stating that she had shared the August 2012 Letter with the BRE Board and, while they appreciated receiving Mr. Schall s views on the potential benefits of a strategic business combination, the BRE Board did not feel it was in the best interest of BRE s stockholders to enter into discussions with Essex at this time.

On September 24, 2012, Mr. Schall contacted Ms. Moore via email, and they spoke by telephone on October 1, 2012. Ms. Moore confirmed to Mr. Schall that the BRE Board supported the position stated in her letter dated September 6, 2012. Mr. Schall said that the Essex Board supported his efforts to open discussions with BRE.

On October 23, 2012, the BRE Board held its annual strategic retreat. Members of BRE s senior management and representatives of Wells Fargo Securities were also present. During this meeting, the BRE Board reviewed BRE s multi-year business plan. Management discussed the current macro-economic environment, the year-to-date performance of the REIT sector and apartment REITs in particular, and observations regarding the perception of BRE by the investment community. Management noted that on a 2012 year-to-date basis, BRE s trading price had meaningfully lagged its peers in the multi-family sector, including Essex. Management believed that this was due to several factors including: (i) BRE s lagging revenue growth relative to its peers (which management believed primarily reflected the mix of markets and submarkets in which BRE s properties are located); (ii) concerns of BRE s investors regarding the size and return profile of BRE s development pipeline; and (iii) the fact that BRE s overall earnings

growth was lower than its peers. The BRE Board and management reviewed a number of alternatives, and concluded that BRE should take several actions in order to address investor concerns and position BRE for greater long-term growth. These actions included the following: (i) reducing the size of BRE s existing development pipeline, through the sale of select land parcels or contribution of the parcels to a joint venture with an outside investor; (ii) allowing the development pipeline to

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reduce further over time by virtue of the eventual completion of the six existing communities then under development through mid-2015, and a reduction in the number of new projects in the development pipeline; and (iii) selling a number of existing slower growth properties through mid-2015, for net proceeds estimated at that time to be between approximately $350 million and $575 million, which would help fund the development pipeline, limit the amount of debt or equity that would need to be issued to fund the development pipeline, and improve BRE s growth profile. The BRE Board and management noted that until these actions were fully implemented, BRE s financial results would continue to be affected by the slower growth properties in the existing portfolio, and that the sale of a large number of units would be significantly dilutive to BRE s earnings. At the same time, the benefits of the cash flow produced by the delivery of the existing development pipeline would not be reflected in BRE s financial results for a 24 to 36 month period, and in the interim, investors would likely discount the projected performance of the new developments due to the risk that the developments may not be completed on time or on budget, or may not perform as well as BRE expected. Accordingly, the BRE Board expected that the market value of BRE common stock would likely be under continued pressure during that period, but that the long-term goal was to position BRE for outperformance by 2015 after the asset sales and new developments had been completed and stronger and more predictable earnings growth realized. At the meeting, the BRE Board also reviewed with management and Wells Fargo Securities other potential strategic alternatives, including a strategic merger with another party such as Essex or another company operating in the multi-family sector, or a sale of BRE to a private buyer.

On December 7, 2012, Mr. Schall sent a second letter, addressed to Ms. Moore and Mr. Lyons (the December 2012 Letter). In the December 2012 Letter, Essex expressed continuing interest in engaging in formal discussions with BRE regarding a potential business combination. The December 2012 Letter stated that, based on Essex s review of publicly available information, Essex was prepared to offer BRE s stockholders $53.00 per share of BRE common stock. The December 2012 Letter also stated that Essex had analyzed a potential business combination that would provide consideration to BRE stockholders of approximately 80% in Essex common stock and 20% in cash, but that Essex would be willing to consider a transaction with a greater cash component. The December 2012 Letter indicated that the preliminary, non-binding offer was not subject to a financing condition and Essex intended that the proposed business combination would be structured as a tax-free reorganization. The December 2012 Letter proposed that as a next step Essex and BRE exchange non-public information with each other.

On December 10, 2012, Ms. Moore responded to the December 2012 Letter, stating that BRE would respond once the BRE Board had the opportunity to consider it.

On December 11, 2012, Janice Sears, a member of the Essex Board, met with Jeanne Myerson, a member of the BRE Board, at the request of Ms. Sears. During the meeting, Ms. Sears explained what the Essex Board and management team viewed as potential advantages to both Essex and BRE and their respective stockholders of a combination of the two companies. Following the discussion of those potential advantages, Ms. Myerson asked Ms. Sears about rumors and analyst speculation that Essex had acquired shares of BRE common stock as a strategic investment. Ms. Sears explained that Essex did hold shares of BRE common stock, as well as securities of other companies. Ms. Myerson told Ms. Sears that the BRE Board had a regularly scheduled meeting soon, at which the topic of the December 2012 Letter would be discussed. Ms. Myerson then reported the substance of this meeting to Mr. Lyons and Ms. Moore.

On December 19, 2012, the BRE Board held a regularly scheduled meeting in San Francisco. Members of BRE s senior management were also present. Ms. Moore summarized for the BRE Board the December 2012 Letter and her most recent discussions with Mr. Schall. She noted that in early November, 2012, Essex had disclosed that it had made an investment in the common stock of a company that Essex considered strategic in nature, and, thereafter, there had been market rumors and analyst speculation that Essex had acquired approximately $70 million of BRE common

stock. Ms. Myerson summarized her discussion with Ms. Sears. The BRE Board then reviewed the terms and conditions of the December 2012 Letter. The BRE Board noted that at the strategic retreat held two months earlier, the BRE Board had reviewed the terms of the August 2012 Letter,

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which had preliminarily proposed a transaction with a premium to BRE stockholders of between 5% and 15% to current BRE market valuations. The BRE Board expected at that time that the current BRE market valuation would likely be under continued pressure in the near term, but that the long-term goal of BRE s strategic business plan was to position BRE for outperformance by 2015 after the asset sales and new developments had been completed and stronger and more predictable earnings growth realized. After discussion, the BRE Board determined that it would not be in the best interests of BRE s stockholders to engage in discussions with Essex at that time. The BRE Board directed Mr. Lyons to contact George M. Marcus, the Chairman of the Essex Board, and directed Ms. Moore to send a letter to Mr. Schall, setting forth in detail some of the reasons why the BRE Board had made that determination. Later that day, following the BRE Board meeting, Mr. Lyons contacted Mr. Marcus and informed him of the BRE Board s decision. Ms. Moore then sent a letter to Mr. Schall dated December 20, 2012, stating that the BRE Board believed that the market had undervalued the potential value creation embedded in BRE s existing development pipeline. The letter stated that the BRE Board continued to believe that it would not be in the best interest of BRE s stockholders to enter into discussions with Essex at that time, that BRE s existing strategy presented significant opportunities for BRE which were expected to translate into enhanced value for BRE s stockholders, and that a business combination with Essex along the lines proposed in the August 2012 Letter and the December 2012 Letter would not offer the same potential to create value for BRE s stockholders.

On April 15, 2013, in conjunction with BRE s effort to obtain joint venture capital for the development of its two Pleasanton, California projects, BRE requested to meet with representatives of a large pension fund with significant real estate investments. Ms. Moore and Mr. John A. Schissel, Executive Vice President and Chief Financial Officer of BRE, met with senior executives of the pension fund in San Francisco to discuss the pension fund s interest in working with BRE on a range of potential capital raising alternatives. The discussions were general and preliminary in nature, but the pension fund representatives indicated that the pension fund s preferred alternative was to deploy capital in a more efficient manner through a platform transaction, and that an acquisition of BRE by the pension fund could be of interest to them. Ms. Moore told them that if the pension fund had a specific proposal to share, she would relay it to the BRE Board. Ms. Moore reported the substance of the meeting to Mr. Lyons. After this meeting, there was no further contact from representatives of the pension fund.

In early June 2013, Jonathan Litt, the Chief Executive Officer of Land and Buildings, or L&B, a long/short investment fund, contacted Ms. Moore and requested a meeting with her at the upcoming NAREIT Investor Forum in Chicago. L&B had been a long-term stockholder in BRE, and Mr. Litt had spoken to Ms. Moore several times in recent years regarding L&B s investment in BRE.

On June 5, 2013, Mr. Litt proposed that they meet at a coffee shop located in the conference hotel. At this meeting, Mr. Litt stated that L&B was interested in discussing an acquisition of BRE. Mr. Litt indicated that he had contacted unnamed capital sources that were interested in the BRE portfolio of properties, and unnamed operators about running BRE. Mr. Litt asked that BRE enter into exclusive negotiations with L&B, in which case it would be possible for L&B to propose a per share purchase price for the BRE common stock with a 6 handle.

Following Ms. Moore s meeting with Mr. Litt, Ms. Moore relayed the conversation to Mr. Lyons. Ms. Moore and Mr. Lyons agreed that it would not be advisable for BRE to agree to exclusive negotiations with L&B at this time, but that she should request additional information from Mr. Litt about L&B s preliminary proposal.

On June 17, 2013, Ms. Moore called Mr. Litt and told him that BRE was committed to its independent business plan, and would not enter into exclusive negotiations with L&B. She also stated that, before the BRE Board would entertain discussions with any party, BRE would first need to verify that any proposal was credible. She asked Mr. Litt to

provide information about the transactional and operational experience of his proposed acquisition partners, and the proposed sources of capital. Mr. Litt said that he could not reveal this information.

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In July 2013, a senior executive of Company A, a privately-held real estate development company, contacted Ms. Moore and requested a meeting to discuss several matters, including proposed legislative changes to California Prop 13. They agreed to meet on August 1, 2013 in San Francisco.

On the morning of July 31, 2013, immediately prior to BRE s regularly scheduled quarterly earnings call, L&B issued a press release that included a letter from L&B to the BRE Board. In the letter, L&B represented that in June 2013, it had made an offer, on behalf of a consortium, to purchase BRE at $60 per share. L&B requested in the press release that the BRE Board form an independent committee to pursue a sale of BRE and to give serious consideration to the L&B offer. The letter and press release omitted the identity of the consortium members. L&B did not give prior notification to BRE that it intended to send a letter to the BRE Board or issue a press release.

Shortly after the issuance of L&B s press release, BRE held its regularly scheduled earnings conference call, reporting the results for the quarter ended June 30, 2013. On the call, Ms. Moore stated that she could not comment on the L&B letter, but she did state the BRE Board and management team would consider any legitimate proposal that was in the best interest of stockholders.

Later in the day, the BRE Board held a special telephonic meeting. Members of BRE s senior management and a representative of Latham & Watkins were also present. Ms. Moore summarized for the BRE Board her discussions with Mr. Litt, and said that Mr. Litt had not responded to her specific request for information about L&B s proposed sources of financing for an acquisition of BRE. The BRE Board specifically noted that: (i) Mr. Litt managed an investment fund with less than $200 million in total assets under management, and L&B did not have the capital capacity to acquire BRE; (ii) in mid-June 2013, Ms. Moore had specifically requested that Mr. Litt provide information regarding his sources of capital, and to date, he had not responded; and (iii) Mr. Litt had no experience in engaging in acquisitions of any type. Accordingly, the BRE Board directed BRE s management to issue a press release stating that L&B s proposal did not evidence a viable opportunity for the BRE Board to consider. Later that day, BRE issued a press release to that effect.

On August 1, 2013, Ms. Moore met with the senior executive of Company A, as had been previously scheduled. Among other things, the representative of Company A wanted to discuss ways in which BRE and Company A might work together. The senior executive of Company A noted that it had access to a significant amount of capital for investment.

On August 12, 2013, and on several occasions thereafter, Mr. Litt contacted Mr. Lyons. Mr. Lyons talked with Mr. Litt by telephone on August 13 and 15, 2013, and in person on September 26, 2013. In each case, Mr. Lyons asked Mr. Litt to provide additional information about the undisclosed consortium, its capital sources, operational capabilities, and transaction experience. Mr. Litt refused to provide any additional information about the L&B offer unless BRE signed a nondisclosure agreement. Mr. Lyons told Mr. Litt that if significant capital sources were available to invest in BRE, then those capital sources should contact BRE directly rather than through Mr. Litt.

On August 14, 2013, Mr. Schall met Ms. Moore for lunch at the invitation of Mr. Schall. Mr. Schall said that he previously had been contacted by Mr. Litt and had told him that Essex was not interested in participating with Mr. Litt in any proposal to acquire BRE. However, Mr. Schall told Ms. Moore that Essex remained interested in a potential strategic business combination with BRE. Mr. Schall stated that he was meeting the following week with Mr. Marcus and Keith R. Guericke, the Vice Chairman of the Essex Board, and that he would discuss with them the possibility of Essex making a preliminary proposal to acquire BRE at a per share price that starts with a 6 , if such a valuation could be supported by further due diligence.

In mid-August 2013, the senior executive of Company A called Ms. Moore and requested another meeting. On August 22, 2013, Ms. Moore and other members of BRE s senior management met with the senior executive of Company A, and a consultant to Company A. The senior executive of Company A stated that they had

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identified thirteen BRE properties (representing approximately 4,440 units) that Company A would like to acquire, which properties were BRE s highest growth properties. No purchase price was proposed. Ms. Moore stated that she thought it would not be in the best interests of BRE s stockholders to dispose of its highest growth properties and retain its slower growth properties. The senior executive of Company A said Company A might consider an acquisition of BRE in its entirety but would require a partner to purchase the slower-growth BRE properties.

Mr. Guericke had contacted Mr. Lyons on August 1, 2013, requesting a meeting, and they met on August 21, 2013. Mr. Guericke said that Essex was interested in a potential strategic business combination with BRE. Mr. Guericke stated that Essex would be able to place appropriate value on BRE s development pipeline. Mr. Lyons said that the BRE Board was planning to hold its annual strategic planning meeting at the end of October 2013, and, therefore, discussions with Essex would be premature prior to that meeting.

On August 30, 2013, Mr. Schall called Ms. Moore. He said that Essex had developed a very detailed financial model for a potential strategic business combination with BRE. Mr. Schall noted that the market price of Essex common stock had declined in recent periods, but he thought that Essex would still be willing to consider an offer price of $60 per share if further due diligence supported such a valuation. Mr. Schall requested that Essex and BRE enter into a mutual nondisclosure agreement, and exchange non-public information so that each company could value the other. Ms. Moore told Mr. Schall that the BRE Board was planning its annual strategic planning meeting at the end of October 2013, and therefore discussions with Essex would be premature prior to that meeting.

On September 10, 2013, Ms. Moore called the senior executive of Company A and told him that BRE would not be interested in selling its higher growth properties to Company A. He responded that if the BRE Board were to decide to solicit proposals to acquire BRE, Company A would like to have the opportunity to consider making a proposal, even though Company A would have to dispose of a portion of the properties in the BRE portfolio.

On September 10, 2013, the Essex Board held its regularly scheduled quarterly meeting. Members of senior management were also present. Mr. Schall updated the Essex Board on his conversation with Ms. Moore on August 30, 2013 and expressed his view that, at this time, he was not optimistic that a potential business combination with BRE was possible upon terms that would be satisfactory to Essex.

On October 29, 2013, the BRE Board held its annual strategic retreat. All members of the BRE Board were present, as well as members of BRE s senior management, and representatives of Wells Fargo Securities and Latham & Watkins. Several long-term stockholders of BRE, including Mr. Litt, and a securities analyst who covered BRE, were invited to join a portion of the meeting, and they addressed the BRE Board regarding their views about the REIT industry generally, the multi-family sector, and BRE and its peers in particular. The BRE Board also discussed in detail BRE s progress in implementing the independent business plan, as outlined at the October 2012 strategic retreat, including the completion of developments in 2013, the progress made in disposing of properties in non-core, slower growth markets, and the fact that BRE had not yet attracted a joint venture partner, on acceptable terms, for its two Pleasanton, California development projects. The BRE Board reviewed various valuation methodologies for BRE in order to evaluate the long-term value creation opportunity embedded in the independent business plan, and the risks associated with realizing that value, including the challenges of completing the development pipeline in a rising interest rate environment. The BRE Board also discussed a number of potential strategic alternatives, including a strategic merger and a sale of BRE. The BRE Board noted that an acquisition of BRE would likely trigger a California property tax reassessment, which would generate a tax liability for any acquiror, but that potential overhead synergies could help offset the increased tax expense. The BRE Board analyzed a possible strategic business combination of BRE and Essex, as well as a strategic business combination with other publicly-traded REITs that operate in the

multi-family sector. The BRE Board also discussed the possibility of a sale of BRE to a private buyer.

On October 30, 2013, the BRE Board held a meeting and voted unanimously to open discussions with Essex to understand in greater detail what Essex would propose in terms of a potential strategic business combination,

and to continue to review other potential strategic alternatives for BRE. The BRE Board also voted to form a planning committee of the BRE Board, which would be responsible for reviewing and evaluating any potential transaction with Essex and any other interested parties, managing the day-to-day process with respect to an assessment and negotiation of any potential transaction, and making recommendations to the BRE Board with respect to any potential transaction. The BRE Board appointed Mr. Lyons, and Jeffrey T. Pero, Thomas E. Robinson and Dennis E. Singleton, independent members of the BRE Board, to serve as members of the planning committee, which we refer to as the BRE Committee, and appointed Mr. Lyons as Chairman of the BRE Committee.

Later that day, following the BRE Board meeting, the BRE Committee held a meeting. Ms. Moore and representatives of Wells Fargo Securities and Latham & Watkins were present. At the meeting, the BRE Committee authorized and directed Mr. Lyons to contact Mr. Marcus to inform him that the BRE Board would like to understand better what Essex was willing to propose in terms of a potential strategic business combination. In addition, the BRE Committee began the process, with the assistance of Wells Fargo Securities, of identifying other qualified parties that might be interested in a potential transaction with BRE.

On October 31, 2013, Mr. Lyons contacted Mr. Marcus, stating that he was calling on behalf of the BRE Board. He said that the BRE Board would like to understand better what Essex was willing to propose in terms of a potential strategic business combination. Mr. Lyons also said that BRE was prepared to share non-public information on a confidential basis in order to allow Essex to make a detailed proposal to the BRE Board on a fully informed basis. Mr. Lyons told Mr. Marcus that BRE s financial advisor would contact Essex s financial advisor to discuss next steps.

On November 1, 2013, the BRE Committee held a telephonic meeting. Also present at the meeting were Ms. Moore and representatives of Wells Fargo Securities and Latham & Watkins. At the meeting, Mr. Lyons reported on his discussion with Mr. Marcus. The BRE Committee requested that Wells Fargo Securities assist the BRE Committee in identifying additional qualified parties that might be interested in considering a transaction with BRE.

On November 2, 2013, representatives of BRE s and Essex s financial advisors held a call. Following the call, BRE s form of nondisclosure agreement was sent to Essex to facilitate confidential discussions regarding a potential strategic business combination.

Beginning on November 2, 2013, representatives of Latham & Watkins and Goodwin Procter LLP, which we refer to as Goodwin Procter, legal counsel to Essex, began negotiating the terms of the nondisclosure agreement. The form of agreement prepared by BRE provided for, among other things, a standstill covenant with customary terms, which prohibited Essex for a two-year period from, among other matters, making unsolicited offers to acquire BRE or its securities, by merger or otherwise, or to commence a proxy solicitation to vote BRE s securities.

On November 4, 2013, the BRE Committee held a telephonic meeting. Also, present at the meeting was Ms. Moore and representatives of Wells Fargo Securities and Latham & Watkins. At this meeting, the BRE Committee reviewed a number of qualified parties that might be interested in an acquisition of BRE. The BRE Committee instructed representatives of Wells Fargo Securities to contact these qualified parties on a confidential basis to gauge their levels of interest in a potential transaction. The BRE Committee also reviewed the standstill provision included in the form of nondisclosure agreement that had been given to Essex, and discussed the relative merits of including such a provision in nondisclosure agreements with interested parties.

On November 5, 2013, the BRE Committee held a telephonic meeting. Representatives of Wells Fargo Securities and Latham & Watkins were present. At the meeting, the BRE Committee reviewed the preliminary feedback received

from potentially interested parties that, at the BRE Committee s direction, had been contacted by Wells Fargo Securities on behalf of BRE. Of the six parties contacted (including Essex), four indicated that

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they were interested in entering into a nondisclosure agreement and receiving additional non-public information. The BRE Committee authorized Wells Fargo Securities to contact one additional potentially interested party.

On November 8, 2013, the BRE Board held a telephonic meeting at which the BRE Board reviewed the preliminary feedback received from potentially interested qualified parties that, at the BRE Committee s direction, had been contacted by Wells Fargo Securities on behalf of BRE. Members of senior management of BRE, and representatives of Wells Fargo Securities and Latham & Watkins, were present. Of the seven parties (including Essex) contacted prior to the meeting, four (including Essex) were interested in entering into a nondisclosure agreement and receiving confidential information. The BRE Board then directed the BRE Committee to continue with the process of soliciting interest in an acquisition of BRE.

Later that day, Company B, a publicly traded REIT that operated multi-family properties, signed a nondisclosure agreement with BRE with a two-year standstill and was granted access to confidential information regarding BRE.

On November 11, 2013, the BRE Committee held a telephonic meeting. Ms. Moore and representatives of Wells Fargo Securities and Latham & Watkins were also present. At that meeting, Wells Fargo Securities reviewed with the BRE Committee the status of discussions with the four potentially interested parties.

Later that day, Essex executed a nondisclosure agreement with BRE. Thereafter, Essex commenced a review of the business, financial and legal documents that were made available in BRE s electronic data room. Representatives of Essex, its legal and financial advisors made numerous requests for additional information, and BRE and its advisors made available responsive information.

On November 14, 2013, Company A signed a nondisclosure agreement with a two-year standstill with BRE and, on that same day, Company C, a privately-owned developer and manager of multi-family properties which had a preexisting investment relationship with the pension fund referenced above, signed a nondisclosure agreement with a two-year standstill with BRE and each were then granted access to non-public information regarding BRE.

On the morning of November 15, 2013, at the direction of the BRE Committee, a representative of Wells Fargo Securities spoke with Mr. Litt and inquired about the status of L&B s interest in a potential acquisition of BRE. L&B had previously submitted notice to BRE that it intended to nominate six people for election as BRE directors at BRE s next annual meeting of stockholders. Mr. Litt said that it would be very complicated for L&B to solicit proxies in favor of its nominees while at the same time seeking to acquire BRE. Mr. Litt then stated that he had terminated all discussions with the consortium members, and had told the consortium members that if they were interested in acquiring BRE, they should approach BRE directly.

Later that day, and again on November 19, 2013, the BRE Committee held telephonic meetings. At those meetings, Wells Fargo Securities reviewed with the BRE Committee the status of discussions with potentially interested parties.

On November 21, 2013, at the direction of the BRE Committee, Wells Fargo Securities sent a letter, on behalf of BRE, to each of Essex, Company A, Company B and Company C, inviting each of them to submit an initial proposal for a transaction with BRE. The letter requested that each party submit to BRE a written, non-binding indication of interest by December 3, 2013. The letter noted that, following the receipt of indicative proposals, BRE intended to quickly select one or more prospective bidders to further discuss the terms of their proposals, and to provide such parties with access to additional due diligence materials and a draft definitive agreement for review and comment. The letter further stated that BRE intended to seek to enter into a definitive agreement by the end of December 2013.

On November 24, 2013, a representative of Company B notified Wells Fargo Securities that Company B would not be submitting a proposal for a transaction with BRE. The principal reasons given were that

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Company B s common stock was trading at a level that would not allow it to make an attractive offer to BRE, and that an acquisition of BRE would not be significantly strategic for Company B in light of Company B s current property portfolio.

On November 26, 2013, the Essex Board held a telephonic meeting. In addition to the directors, present were representatives of senior management and present by telephone was UBS, Essex s financial advisor. The Essex Board reviewed the valuations of BRE prepared by Essex s management and discussed the parameters of the terms of a preliminary non-binding offer letter to be submitted to BRE in response to BRE s process letter requesting proposals for a transaction with BRE. In addition, the Essex Board voted to delegate to the current members of the Essex executive committee (Messrs. Marcus, Guericke, Thomas E. Randlett and Schall), the responsibility of reviewing and evaluating a potential transaction with BRE and managing the day-to-day process with respect to assessment and negotiation of any potential transaction with BRE.

On the morning of December 2, 2013, the BRE Committee held a telephonic meeting. Representatives of Wells Fargo Securities and Latham & Watkins were present. At this meeting, the BRE Committee reviewed the status of discussions with Essex and Companies A and C. Wells Fargo Securities informed the BRE Committee that Company B had indicated it would not be submitting a proposal.

Also on December 2, 2013, the Executive Committee of Essex held a telephonic meeting. In addition to the committee members, present were representatives of senior management. The Executive Committee reviewed with management the parameters of the terms of a preliminary, non-binding offer letter to BRE as recommended by management based on its valuations of BRE and due diligence to date. After discussion, the Executive Committee of Essex authorized management to submit an initial non-binding preliminary offer letter to BRE on the terms presented and discussed at the meeting.

Also on December 2, 2013, representatives of BRE, Essex and BRE s financial advisor met in San Francisco. In attendance were Ms. Moore and Mr. Lyons from BRE, and Messrs. Schall and Guericke from Essex, as well as other members of senior management of each of BRE and Essex. BRE s management answered questions from the Essex representatives regarding, among other matters, BRE s development pipeline. The Essex representatives presented their views as to the long-term value of Essex and its equity securities. The parties also discussed the potential benefits to both companies and their respective stockholders of a potential strategic business combination involving BRE and Essex.

On December 3, 2013, as directed by the Essex Executive Committee, Essex submitted an initial non-binding preliminary proposal for a transaction with BRE. Essex s initial proposal was for a business combination transaction in which BRE s stockholders would receive 0.2971 shares of Essex common stock and $11.50 in cash per share of BRE common stock. The preliminary offer was not subject to any financing condition. Essex indicated that it expected to have committed financing in place at the time of signing of a definitive agreement. Essex s initial proposal indicated that Essex was prepared to move quickly to negotiate a definitive transaction agreement and publicly announce a transaction by the end of December 2013.

Company A did not submit a proposal for a transaction with BRE. The principal reason given by Company A was that many properties in BRE s portfolio did not meet Company A s investment criteria and such properties would need to be sold by Company A after any potential transaction. Company A did not believe that it could present an attractive offer to BRE given the discount it would need to place on the properties that it intended to sell. However, Company A indicated that it was interested in some of the higher growth properties in BRE s portfolio and Company A might be

willing to partner with another party that was interested in BRE s other properties. Although Company A was encouraged to specify which properties Company A wanted and the corresponding values for each such property, Company A ultimately did not to provide any further information.

Company C also did not submit a proposal to BRE. The principal reason given by Company C was that Company C did not believe it could present an attractive offer for BRE, in part because it was primarily

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interested in the higher yielding assets and not the balance of BRE s portfolio. Although Company C was encouraged to provide BRE with more information to understand better Company C s interest, Company C did not provide any further detail.

Beginning on December 3, 2013, each of BRE and Essex became aware of market rumors and speculation that Essex had made an offer to acquire BRE at a price per BRE share that would represent a significant premium to BRE s recent trading prices prior to that date.

On the morning of December 4, 2013, the BRE Committee held a telephonic meeting. Also present at the meeting were Matthew T. Medeiros and Christopher J. McGurk, independent directors of BRE, as well as Ms. Moore, Mr. Schissel and representatives of Wells Fargo Securities and Latham & Watkins. At the meeting, the BRE Committee reviewed the terms and conditions of Essex s initial proposal. The BRE Committee also reviewed the comments received from Companies A and C as to why neither had submitted proposals. The BRE Committee asked Mr. Lyons to contact representatives of Essex to set up a meeting to discuss in greater detail the terms and conditions of the Essex initial non-binding proposal submitted on December 3, 2013.

On December 4, 2013, at the invitation of Mr. Lyons, representatives of Essex met with representatives of BRE in San Francisco, to discuss Essex s initial non-binding proposal. Present from BRE were Ms. Moore, and Messrs. Lyons, Robinson and Schissel, as well as representatives of Wells Fargo Securities and Latham & Watkins. Present from Essex were Messrs. Schall, Guericke and Burkart, and present by telephone were representatives of UBS and Goodwin Procter. At this meeting, Mr. Lyons indicated that based on prior conversations with Ms. Moore and Mr. Schall the BRE Board was expecting that the Essex proposal would be at least $60.00 per share. Based on the one-month volume weighted average price as of December 3, 2013, the value of Essex s proposed merger consideration of 0.2971 shares of Essex common stock was $46.74, which, when added to the proposed $11.50 in cash, totaled $58.24 per share of BRE common stock. Mr. Lyons noted that if Essex were to raise the cash component of its proposal by $1.76 per share of BRE common stock, it would raise the indicated value of Essex s proposal to $60.00 per share of BRE common stock (based on the average price referred to above). At that price level, Mr. Lyons stated that he would be willing to recommend Essex s revised proposal to the BRE Board, as a basis for BRE to enter into further discussions with Essex. In response to an inquiry by Essex s financial advisor, Mr. Lyons said that he thought that the BRE Board would agree to an exclusive negotiating period with Essex if the Essex offer were increased to this level. Mr. Lyons also stated that he expected that it would be important to the BRE Board that some of its members be added to the Essex Board at the closing of a potential transaction, in light of the fact that, after the proposed business combination, BRE s stockholders would own approximately 37% of the common stock of the combined company. Mr. Lyons proposed that three current members of the BRE Board be added to the Essex Board. Mr. Lyons said that the BRE Board had a regularly scheduled board meeting on December 18, 2013, and he thought it was reasonable to expect that a transaction could be negotiated, executed and announced no later than that date.

On December 5, 2013, Messrs. Guericke and Schall called Mr. Lyons and informed him that Essex s valuation could support increasing the cash portion of the merger consideration by $0.83, to a total of $12.33 per share of BRE common stock, which, when added to the 0.2971 share of Essex common stock with an indicated value of $46.74 as calculated above, totaled $59.07 per share of BRE common stock. Messrs. Guericke and Schall noted that Essex would not be willing to increase its offer further and would expect BRE to agree to a period of exclusive negotiations with Essex.

On December 6, 2013, the BRE Board held a telephonic meeting. Members of BRE s senior management, and representatives of Wells Fargo Securities and Latham & Watkins, were present. The BRE Board reviewed the status

of discussions with the seven potentially interested parties (including Essex) that had been contacted. Of those seven, four (Essex and Companies A, B, and C) executed nondisclosure agreements with BRE and conducted due diligence. Of these four, only Essex submitted a proposal to acquire BRE. The BRE Board also discussed the principal reasons given by Companies A, B, and C as to why they did not submit proposals. At the meeting, Mr. Lyons updated the BRE Board on the recent activities of the BRE Committee, including his

contacts with representatives of Essex following the submission of Essex s initial proposal, which had resulted in Essex agreeing to increase the cash portion of the proposed merger consideration from $11.50 per share of BRE common stock, to $12.33 per share. Mr. Lyons noted that Essex would require a period of exclusive negotiations as a condition to further discussions. In light of existing market rumors and speculation, the BRE Board also discussed the advisability of publicly announcing that BRE was in a continuing process to review strategic alternatives, and had entered into exclusive negotiations with Essex. The BRE Board directed Mr. Lyons and the BRE Committee to continue negotiations with Essex, and approved the execution by BRE of an exclusivity agreement with Essex.

On December 6, 2013, the Essex Board held a telephone meeting. In addition to directors, also present were representatives of senior management. Senior management reviewed with the Essex Board the previous conversations with representatives of BRE, including the call with Mr. Lyons on December 5, 2013. After discussion, the Essex Board authorized management to submit a revised offer letter and exclusivity agreement on the terms discussed with Mr. Lyons.

Later that day, as directed by the Essex Board, Essex provided a draft offer letter and exclusivity agreement. Following negotiation by the parties, the letter was finalized. The letter proposed a revised transaction in which BRE stockholders would receive 0.2971 shares of Essex common stock, and $12.33 in cash, for each share of BRE common stock. The letter stated that three current BRE directors would be invited to join the board of the combined company. The letter provided that BRE would negotiate exclusively with Essex until December 31, 2013.

On December 7, 2013, Ms. Moore countersigned Essex s revised offer letter and exclusivity agreement, agreeing on behalf of BRE as to the exclusivity covenant. Later that day, Latham & Watkins sent Goodwin Procter a draft of the merger agreement between the parties for review and comment by Essex.

Commencing on December 8, 2013, BRE made available to Essex in its electronic data room additional non-public business, financial and legal materials. Shortly thereafter, Essex made available to BRE in its electronic data room non-public information regarding Essex s assets, operations, and financial conditions and prospects.

On December 9, 2013, BRE issued a press release announcing that the BRE Board, working with BRE s management team and advisors, had been in an ongoing process of exploring strategic alternatives to enhance stockholder value. The press release stated that the BRE Board had undertaken a comprehensive and thorough review of alternatives that included, among other things, a possible sale or merger of BRE. In connection with a solicitation of indications of interest by BRE, the press release disclosed that BRE had received a non-binding proposal from Essex to acquire BRE in a negotiated merger in which each outstanding share of BRE common stock would be exchanged for 0.2971 shares of Essex common stock and $12.33 in cash. The press release stated that the companies were currently engaged in discussions regarding this proposal and had agreed to an exclusivity period.

On December 10, 2013, Goodwin Procter and Latham & Watkins had a conference call and discussed the structure of the proposed business combination. Among other matters, the parties discussed the possibility of pursuing a third-party joint venture as a way for Essex to effect the proposed business combination in order for Essex to maintain its flexibility with regard to financing the proposed business combination. The proposed Asset Sale and Special Dividend was discussed as a means to provide that flexibility. The parties discussed the potential tax consequences to BRE stockholders if the proposed Asset Sale and Special Distribution were utilized.

Later that day, Goodwin Procter called Latham & Watkins and conveyed their principal comments on the draft merger agreement. After that call, Goodwin Procter delivered written comments. These comments included the following:

(i) a termination fee of $170 million payable by BRE to Essex in the event that the transaction

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were terminated under specified circumstances; (ii) a provision that would require that BRE submit the merger transaction to a vote of BRE s stockholders even if a third party had made a superior proposal to acquire BRE (referred to as a force the vote provision); (iii) a provision that the transaction would terminate if not consummated by August 31, 2014; (iv) a covenant that BRE would reimburse Essex s out-of-pocket expenses in the event that BRE s stockholders did not vote to approve the merger with Essex even in the absence of a superior proposal; and (v) a covenant that BRE would not waive any standstill agreements that it had previously received from other potential bidders. In addition, Essex asked for BRE s assistance in structuring the transaction to facilitate the assumption by Essex of BRE s outstanding debt securities, as well as implementing the proposed asset sale and special dividend structure.

On December 11, 2013, the BRE Board held a telephonic meeting. Members of BRE s senior management and representatives of Wells Fargo Securities and Latham & Watkins were present. Mr. Lyons updated the BRE Board on the status of negotiations with Essex, and BRE s review of Essex s business, financial statements, and management. Representatives from Latham & Watkins also reviewed Essex s financing plan, including a bridge commitment letter to be entered into concurrently with the execution of the merger agreement and the possibility of a third-party joint venture as a possible financing alternative.

Later that day, at the request of Mr. Lyons, Ms. Moore and Messrs. Lyons, Pero, Singleton, and Sullivan, met in person with Mr. Schall and other members of Essex s senior management in Palo Alto, California, to discuss Essex s plans and strategy for the combined company following the merger.

On December 12, 2013, Ms. Moore and other members of senior management of BRE, together with representatives of Wells Fargo Securities, had a teleconference with members of senior management from Essex to discuss Essex s business plan and review the key assumptions used in Essex s corporate financial forecast.

On December 12, 2013, Latham & Watkins transmitted a revised draft of the merger agreement to Goodwin Procter. In response to the principal points previously raised by Goodwin Procter, BRE responded as follows: (i) a termination fee of $135 million payable by BRE to Essex in the event that the transaction terminated under specified circumstances; (ii) no force the vote provision, (iii) Essex s proposal that the transaction would terminate if not consummated by August 31, 2014, was not acceptable; (iv) reimbursement by BRE of up to $10 million of Essex s out-of-pocket expenses related to the transaction in the event that BRE s stockholders did not vote to approve the merger with Essex in absence of a superior proposal; and (v) no restriction on BRE s ability to waive any standstill agreements previously received from other potential bidders. In addition, BRE would agree to assist Essex in facilitating the assumption by Essex of BRE s outstanding debt securities, and agreed to a possible delay in the closing of the transaction to allow for time to obtain certain specified consents, provided that the receipt of such consents would not be a condition to the closing of the proposed merger. BRE also agreed to provide Essex with the option to implement the proposed asset sale and special dividend structure, provided that the implementation of that structure would not delay, or be a condition to, the closing of the proposed merger.

On December 14, 2013, Goodwin Procter sent Latham & Watkins a revised draft of the merger agreement.

On December 15, 2013, a representative of UBS informed a representative from Wells Fargo Securities that two of the outstanding issues on the draft merger agreement were particularly important to Essex: (i) the force the vote provision; and (ii) the requirement that BRE not waive any standstill agreements previously received from other potential bidders.

On December 16, 2013, the BRE Board held a telephonic board meeting. Members of BRE s senior management, as well as representatives of Wells Fargo Securities and Latham & Watkins, were present. Mr. Lyons provided the BRE Board with an update on the status of discussions with Essex. The BRE Board discussed, with the assistance of Wells Fargo Securities, recent trading ranges of Essex common stock, and the implied value of the stock portion of the merger consideration.

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On December 16, 2013, the Essex Board held a board meeting in Palo Alto, California. In addition to directors, present from Essex were members of senior management, as well as representatives of UBS and Goodwin Procter. During this meeting, a representative of Goodwin Procter reviewed with the Essex Board the legal aspects of the proposed transaction, including, among other matters, the structure of the proposed transaction, the potential payments and benefits that senior executives and employees of BRE may be eligible to receive in connection with the proposed transaction, the proposed financing commitment letter and the principal terms and conditions of the draft merger agreement, including the principal open issues in the draft merger agreement. Also, UBS reviewed with the Essex Board the financial terms of the proposed transaction.

Later that day, Latham & Watkins delivered a revised draft of the merger agreement to Goodwin Procter. Also that day, Ms. Moore met with Messrs. Schall and Dance in San Francisco to discuss, among other things, details regarding employee retention during the periods prior to and after the closing of the proposed merger.

On December 17, 2013, Messrs. Lyons and Schall had a telephone call to attempt to resolve the principal outstanding issues in the draft merger agreement. Mr. Schall emphasized the importance to Essex that the merger agreement include the force the vote covenant, but that in exchange for BRE s agreement to accept that covenant, Essex would be willing to: (i) reduce the termination fee payable by BRE from $170 million to $152.5 million; (ii) change the final termination date, from August 31, 2014 to mid-June 2014; and (iii) eliminate the covenant prohibiting BRE from waiving any outstanding standstill agreements with other bidders. Mr. Lyons informed Mr. Schall that it was his belief that the BRE Board would not support a transaction that included a force the vote covenant. Mr. Schall responded that Essex could agree to remove the force the vote covenant, but only if BRE were willing to pay a termination fee of $170 million. Mr. Lyons indicated he would be willing to recommend that the BRE Board accept the $170 million termination fee, in exchange for the removal of the force the vote covenant and the other terms proposed by Mr. Schall.

Later that day, Goodwin Procter and Latham & Watkins exchanged drafts of the merger agreement to provide for a $170 million termination fee payable by BRE in certain circumstances, no force the vote provision, a final termination date of the merger agreement of June 17, 2014, and that the BRE Board would be permitted to waive any outstanding standstill agreements with other bidders if the BRE Board determined in good faith that the failure to do so would be inconsistent with the BRE Board s duties.

On December 18, 2013, the BRE Board held a meeting in San Francisco, California. All members of the BRE Board were present, as well as members of BRE s senior management, representatives of Wells Fargo Securities and Latham & Watkins, and representatives of Ballard Spahr LLP, which we refer to as Ballard Spahr, BRE s Maryland counsel. At the meeting, Mr. Lyons updated the BRE Board on the status of discussions with Essex. Wells Fargo Securities reviewed with the BRE Board its financial analysis of the merger consideration and rendered to the BRE Board an oral opinion, confirmed by delivery of a written opinion dated December 18, 2013, to the effect that, as of such date and based on and subject to various qualifications, limitations and assumptions stated in its opinion, the merger consideration to be received pursuant to the merger agreement by holders of BRE common stock (other than Essex, Merger Sub and their respective affiliates) was fair, from a financial point of view, to such holders. Representatives of Ballard Spahr and Latham & Watkins discussed with the BRE Board the duties applicable to its decisions with respect to its review and consideration of the proposed transaction, and reviewed the material terms of the proposed merger agreement. After discussion, the BRE Board unanimously declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement were advisable and in the best interests of BRE and its stockholders, approved the terms and conditions of the merger agreement, authorized BRE to enter into and perform its obligations under the merger agreement, and recommended to BRE s stockholders that they vote

in favor of the approval of the other transactions contemplated by the merger agreement.

On December 18, 2013, the Essex Board held a meeting in Palo Alto, California. All members of the Essex Board were present, as well as members of senior management, representatives of UBS and Goodwin Procter were present by telephone. At the meeting, Essex s legal and financial advisors updated the Essex Board on the

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status of discussions with BRE. UBS reviewed with the Essex Board its financial analysis of the merger consideration and rendered to the Essex Board an oral opinion, confirmed by delivery of a written opinion dated December 18, 2013, to the effect that, as of such date and based on and subject to various assumptions made, matters considered and limitations described in its opinion, the merger consideration to be paid by Essex in the merger, was fair, from a financial point of view, to Essex. A representative of Goodwin Procter reviewed the material terms of the proposed merger agreement and the material terms of the financing commitment letter and discussed the duties of the Essex directors. After discussion, the Essex Board unanimously determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the issuance of shares of Essex common stock to BRE stockholders in the merger, were fair to, advisable and in the best interests of Essex and its stockholders, approved the terms and conditions of the merger agreement, authorized Essex to enter into and perform its obligations under the merger agreement, and recommended to Essex s stockholders that they vote in favor of the issuance of shares of Essex common stock to BRE stockholders in the merger.

Following the approvals of the BRE Board and the Essex Board, BRE and Essex finalized and executed the merger agreement and other transaction documentation. On December 19, 2013, BRE and Essex issued a joint press release announcing the transaction.

Recommendation of the Essex Board and Its Reasons for the Merger

In evaluating the merger, the Essex Board consulted with its legal and financial advisors and Essex s management and, after consideration, the Essex Board has unanimously determined and declared that the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the issuance of shares of Essex common stock to BRE stockholders in the merger, are fair to, advisable and in the best interests of Essex and its stockholders. The Essex Board has unanimously approved and adopted the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the issuance of Essex common stock to BRE stockholders in the merger.

THE ESSEX BOARD UNANIMOUSLY RECOMMENDS THAT ESSEX STOCKHOLDERS VOTE FOR THE ISSUANCE OF SHARES OF ESSEX COMMON STOCK TO BRE STOCKHOLDERS IN THE MERGER.

In deciding to declare advisable and approve and adopt the merger agreement, the merger and the other transactions contemplated by the merger agreement, including the issuance of Essex common stock to BRE stockholders in the merger, and to recommend that Essex stockholders vote to approve the issuance of shares of Essex common stock to BRE stockholders in the merger, the Essex Board considered various factors that it viewed as supporting its decision, including the following material factors described below:

Strategic Benefits. The Essex Board expects that the merger will provide a number of significant potential strategic opportunities and benefits, including the following:

- the combination of two highly complementary multifamily portfolios to create the largest multifamily REIT on the West Coast will allow Essex stockholders to participate in a stronger Combined Company with the opportunity to leverage both companies strong presence in attractive West Coast markets and

will result in a platform with superior value creation opportunities;

the combined portfolio of approximately 56,000 multifamily units in 239 properties will provide an enhanced competitive advantage across the West Coast and drive opportunistic growth and capital deployment;

by combining two companies with businesses with significant geographic overlap, the Combined Company is expected to have a stronger platform across West Coast markets, which will improve the performance of the portfolio;

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the combination of Essex and BRE will more rapidly advance a number of strategic priorities underway at Essex, including, improving operating efficiencies, enhancing capital market opportunities, increasing exposure to highly complementary markets and lowering capital costs to provide a stronger balance sheet;

the transaction is expected to create operational and general and administrative cost synergies that will drive higher margins primarily from the elimination of duplicative costs associated with supporting a public company platform and the leveraging of state of the art technology and systems which is expected to occur over the 18 month period after closing of the merger;

the Combined Company will be able to better serve the needs of its residents because of its larger geographic footprint and therefore increase its market share in high-growth West Coast markets;

as a result of its larger size, greater access to multiple forms of capital, the Combined Company is expected to result in a lower cost of capital over the long term than Essex on a stand-alone basis;

the Combined Company is expected to provide improved liquidity for Essex stockholders as a result of the increased equity capitalization and the increased stockholder base of the Combined Company;

the increased size and scale of the Combined Company is expected to enhance its ability to attract top talent and strengthen the operating platform through integration of best practices from both companies, thereby allowing the Combined Company to be more competitive in the markets in which it operates; and

the benefits of greater operating efficiencies and lower cost of capital, if realized, will allow the Combined Company to compete more effectively for acquisition and development opportunities, while improving the financial impact of those transactions.

Fixed Exchange Ratio. The Essex Board also considered that the fixed exchange ratio, which will not fluctuate as a result of changes in the market prices of shares of Essex common stock or BRE common stock, provides certainty as to the respective pro forma percentage ownership of the Combined Company.

Opinion of Financial Advisor. The Essex Board considered the financial analyses presented to it by UBS and UBS written opinion to the Essex Board as to the fairness, from a financial point of view and as of the date of the opinion, to Essex of the consideration to be paid in the merger, which opinion was based on and subject to various assumptions made, matters considered and limitations described in UBS opinion, as more fully described below in the section Opinion of Essex s Financial Advisor beginning on page 80.

Familiarity with Businesses. The Essex Board considered its knowledge of the business, operations, financial condition, earnings and prospects of Essex and BRE, taking into account the results of Essex s due diligence review of BRE, as well as its knowledge of the current and prospective environment in which Essex and BRE operate, including economic and market conditions.

High Likelihood of Consummation. The Essex Board considered the commitment on the part of both parties to complete the merger as reflected in their respective obligations under the terms of the merger agreement, and the likelihood that the stockholder approvals needed to complete the merger would be obtained in a timely manner.

The Essex Board also considered a variety of risks and other potentially negative factors concerning the merger agreement, the merger and the other transactions contemplated by the merger agreement. These factors included:

the risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the merger;

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the risk that, notwithstanding the likelihood of the merger being completed, the merger may not be completed, or that completion may be unduly delayed, including the effect of the pendency of the merger and the effect such failure to be completed may have on the trading price of Essex common stock and Essex s operating results, particularly in light of the costs incurred in connection with the transaction;

the risk that the anticipated strategic and financial benefits of the merger may not be realized;

the risk that the cost savings, operational synergies and other benefits to the holders of the Combined Company common stock expected to result from the merger might not be fully realized or not realized at all, including as a result of possible changes in the real estate market or the multifamily industry affecting the markets in which the Combined Company will operate;

the risk of other potential difficulties in integrating the two companies and their respective operations;

the substantial costs to be incurred in connection with the transaction, including the transaction expenses arising from the merger and the costs of integrating the businesses of Essex and BRE;

the restrictions on the conduct of Essex s business prior to the completion of the merger, which could delay or prevent Essex from undertaking business opportunities that may arise or any other action it would otherwise take with respect to the operations of Essex absent the pending completion of the merger;

that BRE and Essex may be obligated to complete the merger without having obtained appropriate consents, approvals or waivers from, or successfully refinanced, the outstanding indebtedness of BRE and Essex that requires lender consent or approval to consummate the merger, and the risk that such consummation could trigger the termination of, and mandatory prepayments of all amounts outstanding under, certain of Essex s and BRE s indebtedness; and

other matters described under the section Risk Factors and Cautionary Statement Concerning Forward-Looking Statements.

This discussion of the foregoing information and material factors considered by the Essex Board in reaching its conclusion and recommendations is not intended to be exhaustive and is not provided in any specific order or ranking. In view of the wide variety of factors considered by the Essex Board in evaluating the merger agreement and the transactions contemplated by it, including the issuance of Essex common stock to BRE stockholders in the merger, and the complexity of these matters, the Essex Board did not find it practicable to, and did not attempt to, quantify, rank or otherwise assign relative weight to those factors. In addition, different members of the Essex Board may have given different weight to different factors. The Essex Board did not reach any specific conclusion with respect to any of the factors considered and instead conducted an overall review of such factors and determined that, in the aggregate, the potential benefits considered outweighed the potential risks or possible negative consequences of approving the merger agreement, the merger and the other transactions contemplated by the merger agreement,

including the issuance of Essex common stock to BRE stockholders in the merger.

This explanation of the reasoning of the Essex Board and all other information presented in this section is forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled Cautionary Statement Concerning Forward-Looking Statements.

Recommendation of the BRE Board and Its Reasons for the Merger

The BRE Board has unanimously approved the merger agreement and determined that the merger and the other transactions contemplated by the merger agreement, are advisable and in the best interests of BRE and its stockholders. The decision of the BRE Board to enter into the merger agreement was the result of careful consideration by the BRE Board of numerous factors, including the following material factors:

- the value of the merger consideration, which, based on the closing price per share of Essex common stock on December 17, 2013 (the last full trading day before the BRE Board approved the proposed merger),

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implied a value of $55.56 per share of BRE common stock, representing a premium of approximately 8.2% over the closing price per share of BRE common stock on December 2, 2013, the last full trading day prior to the start of market rumors regarding a potential transaction between BRE and Essex;

as a result of its increased size and scale, the Combined Company, which will be the largest publicly traded apartment REIT on the West Coast, is expected to have a strategic advantage over its competitors in successfully executing on large acquisition opportunities;

as a result of its larger size, access to multiple forms of capital and investment grade balance sheet, the Combined Company will have lower cost of debt capital than BRE on a stand-alone basis and substantially all of its competitors operating in the apartment real estate market, thereby enabling the Combined Company to fund its external acquisition growth strategy at a lower cost;

the Combined Company will be able to achieve greater economies of scale than BRE on a stand-alone basis by allocating Essex s operating platform over a larger portfolio;

the combination of BRE and Essex is expected to result in the realization of annual general and administrative cost savings;

because the stock consideration in the merger consists of Essex common stock and the exchange ratio is fixed, BRE stockholders will benefit from any increase in the trading price of Essex common stock between the announcement of the merger and the closing of the merger and any increases following the closing of the merger;

the BRE Board s understanding of the information concerning BRE s and Essex s respective businesses, financial performance, condition, operations, management, competitive positions, prospects and stock performance, including the report of BRE s management on the results of BRE s due diligence review of Essex and its assets, liabilities, earnings, financial condition, business and prospects, which confirmed the positive view of Essex s business and supported the BRE Board s determination that the Combined Company would have a strong foundation for growth and improved performance;

in light of the review of potential strategic alternatives conducted by BRE (see the section entitled Background of the Merger beginning on page 61 of this joint proxy statement/prospectus), the BRE Board did not believe that it was likely that another party would make or accept an offer to engage in a transaction with BRE that would be more favorable to BRE and its stockholders than the merger;

the opinion, dated December 18, 2013, of Wells Fargo Securities to the BRE Board as to the fairness, from a financial point of view and as of such date, of the merger consideration to be received pursuant to the merger

agreement by holders of BRE common stock (other than Essex, Merger Sub and their respective affiliates), which opinion was based on and subject to the assumptions made, procedures followed, factors considered and limitations on the review undertaken as further described below in the section entitled Opinion of BRE s Financial Advisor beginning on page 87 of this joint proxy statement/prospectus;

the ability to complete the merger within a reasonable period of time, including the likelihood of receiving the BRE and Essex stockholder approvals necessary to complete the transaction in a timely manner and any other necessary approval in light of the efforts BRE and Essex agreed to use in order to complete the transaction;

the merger agreement provisions permitting BRE to furnish non-public information to, and engage in discussions with, a third party that makes an unsolicited written proposal to engage in a business combination transaction, provided that the BRE Board determines in good faith, (i) after consultation with outside legal counsel and financial advisors, that the proposal is or could reasonably be likely to result in a transaction that, if consummated, would be more favorable to BRE stockholders than the merger, and (ii) after consultation with outside legal counsel, that failure to take such action would be inconsistent with the directors duties under applicable law (see the section entitled The Merger

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Agreement Covenants and Agreements No Solicitation of Transactions by BRE beginning on page 135 of this joint proxy statement/prospectus);

the merger agreement provisions permitting the BRE Board to, under certain circumstances, withdraw, modify or qualify its recommendation with respect to the merger if (i) the BRE Board receives an unsolicited written proposal to engage in a business combination transaction that, in the good faith determination of the BRE Board, after consultation with outside legal counsel and financial advisors, constitutes a transaction that, if consummated, would be more favorable to BRE stockholders than the merger, and (ii) the BRE Board determines in good faith, after consultation with outside legal counsel, that failure to take such action would be inconsistent with the directors duties under applicable law, and, subject to the requirement to pay the termination fee and expense reimbursement referenced below, terminate the merger agreement (see the section entitled The Merger Agreement Covenants and Agreements No Solicitation of Transactions beginning on page 135 of this joint proxy statement/prospectus); and

the structure of the transaction and the terms of the merger agreement, including the fact that the merger is intended to qualify as a reorganization within the meaning of the Code and is, therefore, not expected to be taxable to BRE stockholders, other than with respect to cash consideration received in the merger and any cash received in lieu of fractional Essex common stock or as a Special Distribution, if any.

The BRE Board also identified and considered the following potentially negative factors in its deliberations:

because the merger consideration consists partially of Essex common stock and the exchange ratio is fixed, BRE stockholders will be adversely affected by any decrease in the trading price of Essex common stock between the announcement of the transaction and the completion of the merger, which would not have been the case had the consideration been based solely on a fixed value (that is, a fixed dollar amount of value per share in all cases), and the fact that BRE is not permitted to terminate the merger agreement solely because of changes in the market price of Essex common stock;

the possible disruption to BRE s or Essex s business that may result from the announcement of the transaction;

the risk that the cost savings, operational synergies and other benefits expected to result from the transaction might not be fully realized or not realized at all;

the terms of the merger agreement regarding the restrictions on the operation of BRE s business during the period between the signing of the merger agreement and the completion of the merger;

the $170 million termination fee to be paid to Essex if the merger agreement is terminated under circumstances specified in the merger agreement, may discourage other parties that may otherwise have an

interest in a business combination with, or an acquisition of, BRE (see the section entitled The Merger Agreement Termination of the Merger Agreement beginning on page 142 of this joint proxy statement/prospectus);

the terms of the merger agreement placing limitations on the ability of BRE to solicit, initiate or knowingly facilitate any inquiry, offer or request that could reasonably be expected to result in alternative business combination proposals and to furnish non-public information to, or engage in discussions or negotiations with, a third party interested in pursuing an alternative business combination transaction (see the section entitled The Merger Agreement Covenants and Agreements No Solicitation of Transactions by BRE beginning on page 135 of this joint proxy statement/prospectus);

the possibility that the merger may not be completed or may be unduly delayed because BRE stockholders may not approve the merger and the other transactions contemplated by the merger agreement, the Essex stockholders may not approve the issuance of shares of Essex common stock to BRE stockholders in the merger, or other factors outside of BRE s control;

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the risk that the merger might not be completed and the effect of the resulting public announcement of termination of the merger agreement on:

- the market price of BRE common stock,
- BRE s operating results, particularly in light of the costs incurred in connection with the transaction, and
- BRE s ability to attract and retain personnel;

the substantial costs to be incurred in connection with the transaction, including the costs of integrating the businesses of BRE and Essex and the transaction expenses arising from the merger;

the potential risk of diverting management focus and resources from operational matters and other strategic opportunities while working to implement the merger;

the absence of appraisal rights for BRE stockholders under Maryland law; and

the risks described in the section entitled Risk Factors beginning on page 35 of this joint proxy statement/prospectus.

The BRE Board also considered the interests that certain executive officers and directors of BRE may have with respect to the merger in addition to their interests as stockholders of BRE generally (see the section entitled Interests of BRE s Directors and Executive Officers in the Merger beginning on page 99 of this joint proxy statement/prospectus), which the BRE Board considered as being neutral in its evaluation of the proposed transaction.

Although the foregoing discussion sets forth the material factors considered by the BRE Board in reaching its recommendation, it may not include all of the factors considered by the BRE Board, and each director may have considered different factors or given different weights to different factors. In view of the variety of factors and the amount of information considered, the BRE Board did not find it practicable to, and did not, make specific assessments of, quantify or otherwise assign relative weights to the specific factors considered in reaching its recommendation. The BRE Board realized that there can be no assurance about future results, including results expected or considered in the factors above. However, the BRE Board concluded that the potential positive factors described above significantly outweighed the neutral and negative factors described above. The recommendation was made after consideration of all of the factors as a whole.

THE BRE BOARD HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND DETERMINED THAT THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT ARE ADVISABLE AND IN THE BEST INTERESTS OF BRE AND ITS STOCKHOLDERS. ACCORDINGLY, THE BRE BOARD UNANIMOUSLY RECOMMENDS THAT BRE

STOCKHOLDERS VOTE FOR APPROVAL OF THE MERGER AND THE OTHER TRANSACTIONS CONTEMPLATED BY THE MERGER AGREEMENT.

In considering the recommendation of the BRE Board to approve the merger and the other transactions contemplated by the merger agreement, you should be aware that certain of BRE s directors and officers have arrangements that cause them to have interests in the transaction that are different from, or are in addition to, the interests of BRE stockholders generally. See the section entitled Interests of BRE s Directors and Executive Officers in the Merger beginning on page 99 of this joint proxy statement/prospectus.

The explanation of the reasoning of the BRE Board and all other information presented in this section are forward-looking in nature and, therefore, should be read in light of the factors discussed in the section entitled Cautionary Statement Concerning Forward-Looking Statements beginning on page 45 of this joint proxy statement/prospectus.

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Opinion of Essex s Financial Advisor

UBS was retained as financial advisor to Essex in connection with the merger. As part of that engagement, the Essex Board requested that UBS evaluate the fairness, from a financial point of view, to Essex of the consideration to be paid by Essex in the merger. On December 18, 2013, at a meeting of the Essex Board held to evaluate the proposed merger, UBS delivered to the Essex Board an oral opinion, confirmed by delivery of a written opinion dated December 18, 2013, to the effect that, as of that date and based on and subject to various procedures, assumptions, matters considered and qualifications and limitations described in its opinion, the consideration to be paid by Essex in the merger was fair, from a financial point of view, to Essex.

The full text of UBS opinion describes the procedures followed, assumptions made, matters considered and qualifications and limitations on the review undertaken by UBS. UBS opinion is attached as Annex D to this joint proxy statement/prospectus and is incorporated by reference herein. UBS opinion was provided for the benefit of the Essex Board (in its capacity as such) in connection with, and for the purpose of, its evaluation of the consideration to be paid by Essex in the merger, and does not address any other aspect of the merger or any related transaction. UBS opinion does not address the relative merits of the merger or any related transaction as compared to other business strategies or transactions that might be available to Essex or Essex s underlying business decision to effect the merger or any related transaction. UBS opinion does not constitute a recommendation to any stockholder as to how such stockholder should vote or act with respect to the merger or any related transaction. The following summary of UBS opinion is qualified in its entirety by reference to the full text of UBS opinion.

In arriving at its opinion, UBS, among other things:

reviewed certain publicly available business and financial information relating to BRE and Essex;

reviewed certain internal financial information and other data relating to the business and financial prospects of BRE that were provided to UBS by the managements of BRE and Essex and not publicly available, including (A) financial forecasts and estimates of BRE prepared by the management of BRE and (B) financial forecasts and estimates of BRE prepared by the management of Essex, provided that for purposes of its analysis UBS utilized, at the Essex Board s direction, the financial forecasts and estimates of BRE prepared by the management of Essex;

reviewed certain internal financial information and other data relating to the business and financial prospects of Essex that were provided to UBS by the management of Essex and not publicly available, including financial forecasts and estimates prepared by the management of Essex that the Essex Board directed UBS to utilize for purposes of its analysis;

reviewed certain estimates of synergies prepared by the management of Essex that were provided to UBS by Essex and not publicly available that the Essex Board directed UBS to utilize for purposes of its analysis;

conducted discussions with members of the senior managements of Essex and BRE concerning the businesses and financial prospects of BRE and Essex;

reviewed publicly available financial and stock market data with respect to certain other companies UBS believed to be generally relevant;

compared the financial terms of the merger with the financial terms of certain other transactions UBS believed to be generally relevant, which financial terms were either publicly available or provided to UBS by the management of Essex;

reviewed current and historical market prices of Essex common stock and BRE common stock;

considered certain pro forma effects of the merger on Essex s financial statements;

reviewed a draft dated December 17, 2013 of the merger agreement; and

conducted such other financial studies, analyses and investigations, and considered such other information, as UBS deemed necessary or appropriate.

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In connection with its review, with the consent of the Essex Board, UBS assumed and relied upon, without independent verification, the accuracy and completeness in all material respects of the information provided to or reviewed by UBS for the purpose of its opinion. In addition, with the consent of the Essex Board, UBS did not make any independent evaluation or appraisal of any of the assets or liabilities (contingent or otherwise) of Essex or BRE, and UBS was not furnished with any such evaluation or appraisal (except that BRE management provided to UBS appraisals of four individual properties of BRE). With respect to the financial forecasts, estimates, synergies and pro forma effects referred to above that UBS utilized for its analysis, UBS assumed, at the direction of the Essex Board, that they have been reasonably prepared on a basis reflecting the best currently available estimates and judgments of the management of Essex as to the future financial performance of Essex and BRE and such synergies and pro forma effects. In addition, UBS assumed with the approval of the Essex Board that the financial forecasts and estimates, including synergies, referred to above will be achieved at the times and in the amounts projected. UBS also assumed, with the consent of the Essex Board, that the merger will qualify for U.S. federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. UBS was advised by Essex and BRE that each of Essex and BRE operated in conformity with the requirements for qualification as a REIT for U.S. federal income tax purposes since its formation as a REIT and UBS assumed, at the direction of the Essex Board, that the merger will not adversely affect such status or operations of Essex or BRE. UBS opinion is necessarily based on economic, monetary, market and other conditions as in effect on, and the information available to it as of, the date of its opinion.

At the direction of the Essex Board, UBS was not asked to, and it did not, offer any opinion as to the terms, other than the consideration to the extent expressly specified in its opinion, of the merger agreement or any related documents or the form of the merger or any related transaction, including without limitation (i) any joint venture arrangement that may be entered into in connection with the merger or (ii) any other transfer, sale or other disposition of any assets of BRE or Essex in connection with the consummation of the merger. In addition, UBS expressed no opinion as to the fairness of the amount or nature of any compensation to be received by any officers, directors or employees of any parties to the merger, or any class of such persons, relative to the consideration. UBS expressed no opinion as to what the value of Essex common stock will be when issued pursuant to the merger or the prices at which Essex common stock or BRE common stock will trade at any time. In rendering its opinion, UBS assumed, with the consent of the Essex Board, that (i) the final executed form of the merger agreement would not differ in any material respect from the draft that UBS reviewed, (ii) the parties to the merger agreement would comply with all material terms of the merger agreement and (iii) the merger would be consummated in accordance with the terms of the merger agreement without any adverse waiver or amendment of any material term or condition thereof. UBS also assumed, at the direction of the Essex Board, that all governmental, regulatory or other consents and approvals necessary, proper or advisable for the consummation of the merger (including, without limitation, certain third party consents) would be obtained without any adverse effect on Essex, BRE or the merger in any way meaningful to its analysis. The issuance of UBS opinion was approved by an authorized committee of UBS.

In connection with rendering its opinion to the Essex Board, UBS performed a variety of financial and comparative analyses which are summarized below. The following summary is not a complete description of all analyses performed and factors considered by UBS in connection with its opinion. The preparation of a financial opinion is a complex process involving subjective judgments and is not necessarily susceptible to partial analysis or summary description. With respect to the selected public companies analysis and the selected transactions analysis summarized below, no company or transaction used as a comparison was identical to Essex, BRE or the merger. These analyses necessarily involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or acquisition values of the companies concerned.

UBS believes that its analyses and the summary below must be considered as a whole and that selecting portions of its analyses and factors or focusing on information presented in tabular format, without considering all analyses and factors or the narrative description of the analyses, could create a misleading or incomplete view of the processes underlying UBS analyses and opinion. UBS did not draw, in isolation, conclusions from or with

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regard to any one factor or method of analysis for purposes of its opinion, but rather arrived at its ultimate opinion based on the results of all analyses undertaken by it and assessed as a whole.

The estimates of the future performance of Essex and BRE provided by Essex management in or underlying UBS analyses are not necessarily indicative of future results or values, which may be significantly more or less favorable than those estimates. In performing these analyses, UBS considered industry performance, general business and economic conditions and other matters, many of which were beyond Essex s and BRE s control. Estimates of the financial value of companies do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold or acquired.

The consideration was determined through negotiation between Essex and BRE and the decision by Essex to enter into the transaction was solely that of the Essex Board. UBS opinion and financial analyses were only one of many factors considered by the Essex Board in its evaluation of the merger and should not be viewed as determinative of the views of the Essex Board or management with respect to the merger or the consideration to be paid in the merger.

The following is a brief summary of the material financial analyses performed by UBS and reviewed with the Essex Board on December 18, 2013 in connection with its opinion. **The financial analyses summarized below include information presented in tabular format. In order for UBS financial analyses to be fully understood, the tables must be read together with the text of each summary. The tables alone do not constitute a complete description of the financial analyses. Considering the data below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of UBS financial analyses.**

Selected Public Companies Analysis. UBS reviewed financial information of BRE and Essex and publicly available financial and stock market information of the following eight publicly traded multifamily REITs which, based on its professional judgment and expertise, UBS deemed to be relevant to its analysis:

Apartment Investment and Management Company

AvalonBay Communities, Inc.

Camden Property Trust

Equity Residential

Home Properties, Inc.

Mid-America Apartment Communities Inc.

Post Properties, Inc.

UDR, Inc.

UBS reviewed, among other things:

enterprise values of the selected REITs, calculated as equity market value plus debt at book value (including the pro rata share of any joint venture debt), preferred stock at liquidation value and minority interests at book value, less cash and cash equivalents, as a multiple of calendar year 2014 estimated earnings before interest, taxes, depreciation and amortization, which we refer to as EBITDA. Estimated EBITDA for the selected public companies represented I/B/E/S consensus estimates as of December 17, 2013, including the pro rata share of any joint venture EBITDA. I/B/E/S is a database owned and operated by Thomson Financial, which contains estimated earnings, cash flows, dividends and other data based on published reports by equity research analysts for companies in the U.S. and foreign markets.

UBS also reviewed equity stock prices of the selected REITs as of December 17, 2013, as a multiple of calendar year 2014 estimated funds from operations per share, which we refer to as FFO per share, and calendar year 2015 estimated FFO per share. Estimated FFO per share for the selected companies represented I/B/E/S consensus estimates as of December 17, 2013.

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UBS then compared these multiples for the selected REITs with corresponding data and multiples of Essex and BRE, based on both research analysts consensus estimates and estimates for both companies prepared by Essex management. In the case of BRE, UBS reviewed multiples based on both (1) the unaffected share price of BRE as of December 2, 2013, prior to Essex s submission of a written, non-binding indication of interest and market speculation regarding a potential transaction between Essex and BRE, and (2) the implied per share consideration in the merger of $55.56, utilizing the 0.2971x exchange ratio and the closing price of Essex common stock on December 17, 2013. Financial data of the selected REITs were based on publicly available research analysts estimates, public filings and other publicly available information. This foregoing analysis indicated the following implied high, mean, median and low multiples for the selected REITs, as compared to corresponding multiples for Essex and BRE:

	EV / 2014E EBITDA	Price / FFO per Share 2014E	2015E
Selected REITs			
High	20.0x	17.4x	16.1x
Mean	16.9x	14.4x	13.5x
Median	16.6x	14.6x	13.6x
Low	14.4x	11.8x	11.0x
Essex			
Consensus Estimates	19.7x	17.6x	16.3x
Essex Management Estimates	20.4x	17.7x	15.9x
BRE at Unaffected Share Price			
Consensus Estimates	21.2x	19.4x	18.0x
Essex Management Estimates	20.7x	18.3x	16.3x
BRE at Offer Price			
Consensus Estimates	22.3x	21.0x	19.4x
Essex Management Estimates	21.9x	19.7x	17.6x

Selected Real Estate Asset Transactions. UBS reviewed financial data relating to the following real estate portfolio transactions with a value of over $100 million that closed after June 30, 2011 that included properties located on the West coast:

Date Closed	Buyer Name	Seller Name	Property Count
9/30/2013	Greystar Real Estate Partners / Goldman Sachs / PSP Investments	Ivanhoe Cambridge	5
6/26/2013	UDR, Inc.	MetLife	2
2/27/2013	Equity Residential / AvalonBay Communities, Inc.	Lehman Brothers Holdings Inc. AKA Archstone	152
12/2/2011	Equity Residential	Wells Fargo	50
9/20/2011	Essex	Tishman Speyer / Lehman Brothers Holdings Inc. / Bank of America	2

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In addition, UBS also reviewed financial data for six additional West coast single-asset transactions completed in 2013. For each portfolio and single-asset transaction, UBS reviewed the cap rate, which is calculated as net operating income of the assets sold as a percentage of the purchase price in the transaction. Financial data regarding the real estate portfolio transactions, including the cap rate, was obtained from Real Capital Analytics, a commercial real estate database, and financial data regarding the single asset transactions, including the cap rate, was provided to UBS by Essex management. The results of the foregoing analysis indicated the following high, mean, median and low implied cap rates for the selected real estate transactions:

	Cap Rate
High	5.2%
Mean	4.5%
Median	4.6%
Low	4.0%

Selected Precedent Transactions Analysis. UBS reviewed publicly available information relating to the following seven selected transactions involving publicly traded multifamily REITs:

Announcement Date	**Acquiror**	**Target**
6/3/2013	Mid-America Apartment Communities, Inc.	Colonial Properties Trust Inc.
5/29/2007	Tishman Speyer Real Estate Venture VIII, L.P. / Lehman Brothers Holdings Inc.	Archstone-Smith Trust
12/19/2005	Magazine Acquisition GP LLC (Morgan Stanley Real Estate / Onex Real Estate)	The Town & Country Trust
10/24/2005	Prime Property Fund (Morgan Stanley Real Estate)	AMLI Residential Property Trust
6/7/2005	ING Clarion Partners, LLC	Gables Residential Trust
10/22/2004	Colonial Properties Trust Inc.	Cornerstone Realty Income Trust
10/4/2004	Camden Property Trust	Summit Properties Inc.

UBS reviewed, among other things, purchase price per share of the selected transactions, as multiples of, to the extent publicly available, one-year forward estimated FFO per share and two-year forward estimated FFO per share. UBS then compared these multiples derived for the selected transactions with corresponding multiples implied for BRE (based upon the implied per share consideration in the merger of $55.56, utilizing the 0.2971x exchange ratio and the closing price of Essex common stock on December 17, 2013). Financial data of the selected transactions were based on public filings, research analysts consensus estimates and other publicly available information. This analysis indicated the following implied high, mean, median and low multiples for the selected transactions, as compared to corresponding multiples implied for BRE (calculated separately on the basis of both research analysts consensus estimates and on BRE estimates provided by Essex management):

	Price / CY + 1 FFO per Share	**CY + 2 FFO per Share**

High	26.4x	24.4x
Mean	19.0x	18.6x
Median	18.0x	17.2x
Low	13.2x	15.5x
BRE Consensus Estimates	21.0x	19.4x
BRE Essex Management Estimates	19.7x	17.6x

Net Asset Value Analyses. UBS conducted an analysis of the net asset value of each of BRE and Essex as a standalone company and the net asset value of the pro forma combined company, in each case utilizing publicly available information and financial estimates provided by Essex management.

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BRE. UBS derived the net asset value per share of BRE based on the estimated next twelve months net operating income of BRE (including the pro rata share of any joint venture net operating income), adjusted for the estimated increase in property tax expense that would be incurred in the event of a reassessment of property values as a result of Article 13A of the Constitution of the State of California (Prop 13), as provided to UBS by Essex management, and cap rates ranging from 4.70% to 5.00%. UBS selected the range of cap rates based on its professional judgment and expertise utilizing, among other things, information from research analysts estimates and the selected transactions described above in the selected real estate transactions analyses and the selected precedent transactions analyses. UBS also relied on publicly available information regarding BRE, including balance sheet data at September 30, 2013, and other financial estimates and forecasts prepared by Essex management, taking into account estimated value of construction in progress, land and other tangible non-real estate assets less estimated value of indebtedness and other tangible liabilities. This analysis resulted in a range of implied values of $56.08 to $60.70 per outstanding share of BRE common stock, as compared to the implied per share consideration in the merger of $55.56, utilizing the 0.2971x exchange ratio and the closing price of Essex common stock on December 17, 2013.

Essex. UBS derived the net asset value per share of Essex based on the estimated next twelve months net operating income of Essex (including the pro rata share of any joint venture net operating income), adjusted for the estimated increase in property tax expense that would be incurred in the event of a reassessment of property values as a result of Prop 13, as provided to UBS by Essex management, and cap rates ranging from 4.70% to 5.00%. UBS selected the range of cap rates based on its professional judgment and expertise utilizing, among other things, information from research analysts estimates and the selected transactions described above in the selected real estate transactions analyses and the selected precedent transactions analyses. UBS also relied on publicly available information regarding Essex, including balance sheet data at September 30, 2013, and other financial estimates and forecasts prepared by Essex management, taking into account estimated value of construction in progress, land and other tangible non-real estate assets less estimated value of indebtedness and other tangible liabilities. This analysis resulted in a range of implied values of $142.64 to $155.78 per outstanding share of Essex common stock.

Pro Forma Combined Company. UBS derived the net asset value of the pro forma combined company by adding together the net asset value of each of BRE and Essex calculated by UBS, and assuming cap rates ranging from 4.70% to 5.00%. UBS selected the range of cap rates based on its professional judgment and expertise utilizing, among other things, information from research analysts estimates and the selected transactions described above in the selected real estate transactions analyses and the selected precedent transactions analyses. The resulting amount was adjusted to reflect transaction adjustments, including $1,062 million of incremental debt and operating synergies as provided by Essex management and assuming a portion of the consideration is funded by a $1 billion joint venture which is NAV neutral, and divided by the estimated pro forma diluted shares outstanding, after taking into account the shares to be issued to BRE stockholders in the merger. This analysis resulted in a range of implied values of $146.28 to $160.53 per outstanding share of the pro forma combined company.

Discounted Cash Flow Analyses. For each of the discounted cash flow analyses described below, UBS utilized financial forecasts and estimates relating to BRE, Essex and the pro forma combined company prepared by Essex management.

BRE. UBS calculated a range of implied present values (as of December 31, 2013) of the standalone unlevered free cash flows that BRE was forecasted to generate from calendar year 2014 through calendar year 2018 and of terminal values for BRE. Implied terminal values were derived by applying to BRE s estimated forward EBITDA a range of forward EBITDA multiples of 19.0x to 21.0x. UBS selected the range of forward EBITDA multiples based on its professional judgment and expertise utilizing, among other things, information regarding the selected companies listed

above in the selected publicly traded companies analyses and the historical EBITDA multiples for such companies as well as Essex and BRE. Present values of cash flows and terminal values were calculated using discount rates ranging from 7.5% to 8.5%, based on

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an estimated range of BRE s weighted average cost of capital. The discounted cash flow analysis resulted in a range of implied present values of $53.74 to $64.04 per outstanding share of BRE common stock.

Essex. UBS calculated a range of implied present values (as of December 31, 2013) of the standalone unlevered free cash flows that Essex was forecasted to generate from calendar year 2014 through calendar year 2018 and of terminal values for Essex. Implied terminal values were derived by applying to Essex s estimated forward EBITDA a range of forward EBITDA multiples of 19.0x to 21.0x. UBS selected the range of forward EBITDA multiples based on its professional judgment and expertise utilizing, among other things, information regarding the selected companies listed above in the selected publicly traded companies analyses and the historical EBITDA multiples for such companies as well as Essex and BRE. Present values of cash flows and terminal values were calculated using discount rates ranging from 7.5% to 8.5%, based on an estimated range of Essex s weighted average cost of capital. The discounted cash flow analysis resulted in a range of implied present values of $139.43 to $168.64 per outstanding share of Essex common stock.

Pro Forma Combined Company. UBS calculated a range of implied present values (as of December 31, 2013) of the unlevered free cash flows that the pro forma combined company was forecasted to generate from calendar year 2014 to calendar year 2018 and of terminal values for the pro forma combined company. Implied terminal values were derived by applying to the pro forma combined company s estimated forward EBITDA a range of forward EBITDA multiples of 19.0x to 21.0x. UBS selected the range of forward EBITDA multiples based on its professional judgment and expertise utilizing, among other things, information regarding the selected companies listed above in the selected publicly traded companies analyses and the historical EBITDA multiples for such companies as well as Essex and BRE. Present values of cash flows and terminal values were calculated using discount rates ranging from 7.25% to 8.25%, based on an estimated range of the pro forma combined company s weighted average cost of capital. The discounted cash flow analysis resulted in a range of implied present values of $140.89 to $171.56 per outstanding share of the pro forma combined company.

Pro Forma Accretion/Dilution Analysis. UBS reviewed the potential pro forma effect of the merger on Essex s calendar years 2014 through 2016 estimated per share FFO. Estimated financial data for Essex, BRE and the combined company were based on financial forecasts and estimates prepared by Essex management. Based on an assumed merger consideration allocation of 77.8% stock and 22.2% cash, this analysis indicated that the merger could be between approximately 0.9% to 1.1% accretive to holders of Essex common stock. Actual results may vary from projected results and the variations may be material.

Other Factors.

In rendering its opinion, UBS also reviewed, for informational purposes, certain other factors, including comparisons of:

- the historical closing prices of BRE common stock and Essex common stock over the three-year period ending December 17, 2013 to those of Multifamily Index (comprised of the multifamily REITs described in the selected public companies analysis) and the MSCI US REIT Index (RMZ) over the same period; and

the exchange ratio to the trading ratios of BRE common stock to Essex common stock over the ten-year period ending December 17, 2013, adjusted for the cash portion of the consideration.

Miscellaneous

Under the terms of UBS engagement, Essex agreed to pay UBS a fee for its financial advisory services in connection with the merger, a portion of which was payable in connection with the delivery of UBS opinion and the remainder of which is contingent upon consummation of the merger. In addition, Essex agreed to reimburse UBS for its reasonable expenses, including fees, disbursements and other charges of counsel, and to indemnify

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UBS and related parties against liabilities, including liabilities under federal securities laws, relating to, or arising out of, its engagement. Essex also requested that UBS provide financing to Essex in connection with the merger and UBS will receive compensation in connection therewith. In the past, UBS and its affiliates have provided investment banking services to Essex and BRE unrelated to the merger, for which UBS and its affiliates have received compensation, including having acted as a joint book-running manager in BRE s offering of $300 million 3.375% Senior Notes due 2023 completed in 2012. In addition, UBS or an affiliate is a participant in a credit facility of BRE for which it has received and continues to receive fees and interest payments. In the ordinary course of business, UBS and its affiliates may hold or trade, for their own accounts and the accounts of their customers, securities of Essex and BRE and, accordingly, may at any time hold a long or short position in such securities.

Essex selected UBS as its financial advisor in connection with the merger because UBS is an internationally recognized investment banking firm with substantial experience in similar transactions. UBS is regularly engaged in the valuation of businesses and their securities in connection with mergers and acquisitions, leveraged buyouts, negotiated underwritings, competitive bids, secondary distributions of listed and unlisted securities and private placements.

Opinion of BRE s Financial Advisor

BRE retained Wells Fargo Securities to act as BRE s financial advisor in connection with the potential merger. As part of Wells Fargo Securities engagement, the BRE Board requested that Wells Fargo Securities evaluate the fairness, from a financial point of view, of the consideration to be received pursuant to the merger agreement by holders of BRE common stock (other than Essex, Merger Sub and their respective affiliates). On December 18, 2013, at a meeting of the BRE Board held to evaluate the merger, Wells Fargo Securities rendered to the BRE Board an oral opinion, confirmed by delivery of a written opinion dated December 18, 2013, to the effect that, as of such date and based on and subject to various qualifications, limitations and assumptions stated in its opinion, the merger consideration to be received pursuant to the merger agreement by holders of BRE common stock (other than Essex, Merger Sub and their respective affiliates) was fair, from a financial point of view, to such holders.

The full text of Wells Fargo Securities written opinion, dated December 18, 2013, to the BRE Board is attached as Annex E to this joint proxy statement/prospectus and is incorporated by reference. The written opinion sets forth, among other things, the assumptions made, procedures followed, factors considered and limitations on the review undertaken by Wells Fargo Securities in rendering its opinion. The following summary is qualified in its entirety by reference to the full text of the opinion. The opinion was addressed to the BRE Board (in its capacity as such) for its information and use in connection with its evaluation of the merger consideration from a financial point of view and did not address any other terms, aspects or implications of the merger or any related transactions. Wells Fargo Securities opinion did not address the merits of the underlying decision by BRE to enter into the merger agreement or the relative merits of the merger or any related transactions compared with other business strategies or transactions available or that have been or might be considered by BRE s management or the BRE Board or in which BRE might engage. Under the terms of its engagement, Wells Fargo Securities has acted as an independent contractor, not as an agent or fiduciary. Wells Fargo Securities opinion does not constitute a recommendation to the BRE Board or any other person or entity in respect of the merger or any related transactions, including as to how any stockholder should vote or act in connection with the merger, any related transactions or any other matters.

The terms of the merger and related transactions were determined through negotiations between BRE and Essex, rather than by any financial advisor, and the decision to enter into the merger agreement was solely that of the BRE

Board. Wells Fargo Securities did not recommend any specific form of consideration to the BRE Board or that any specific form of consideration constituted the only appropriate consideration for the merger. The opinion was only one of many factors considered by the BRE Board in its evaluation of the merger and should not be viewed as determinative of the views of the BRE Board, management or any other party with respect to the merger or the consideration payable in the merger.

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In arriving at its opinion, Wells Fargo Securities, among other things:

- reviewed an execution version, provided to Wells Fargo Securities on December 18, 2013, of the merger agreement, including the financial terms thereof;
- reviewed certain publicly available business, financial and other information regarding BRE and Essex, including information set forth in their respective annual reports to stockholders and annual reports on Form 10-K for the fiscal years ended December 31, 2010, 2011 and 2012 and quarterly reports on Form 10-Q for the period ended September 30, 2013;
- reviewed certain other business and financial information regarding BRE and Essex furnished to Wells Fargo Securities by and discussed with the managements of BRE and Essex, including financial forecasts relating to BRE for the fiscal years ending December 31, 2013 through December 31, 2016 and certain estimates and other data for the fiscal year ending December 31, 2017 prepared by BRE s management and financial forecasts relating to Essex for the fiscal years ending December 31, 2013 through December 31, 2016 and certain estimates and other data for the fiscal year ending December 31, 2017 prepared by Essex s management;
- discussed with the managements of BRE and Essex the operations and prospects of BRE and Essex, including the historical financial performance and trends in the results of operations of BRE and Essex;
- participated in discussions and negotiations among representatives of BRE, Essex and their respective advisors regarding the proposed merger;
- reviewed reported prices and trading activity for BRE common stock and Essex common stock;
- analyzed the estimated net asset value of each of BRE s and Essex s real estate portfolios and other assets based upon the financial forecasts and estimates referred to above and related assumptions discussed with and confirmed as reasonable by the managements of BRE and Essex;
- compared certain financial data of BRE and Essex with similar data of certain publicly traded companies that Wells Fargo Securities deemed relevant in evaluating BRE and Essex;
- analyzed the estimated present value of the future dividends per share of BRE and Essex based upon the financial forecasts and estimates referred to above and related assumptions discussed with and confirmed as reasonable by the managements of BRE and Essex; and

considered such other information, such as financial studies and analyses, as well as financial, economic and market criteria, and made such other inquiries, as Wells Fargo Securities deemed relevant.

In connection with its review, Wells Fargo Securities assumed and relied upon the accuracy and completeness of the financial and other information provided, discussed with or otherwise made available to Wells Fargo Securities, including all accounting, tax, regulatory and legal information, and Wells Fargo Securities did not make (and assumed no responsibility for) any independent verification of such information. Wells Fargo Securities relied upon assurances of the managements of BRE and Essex that they were not aware of any facts or circumstances that would make such information inaccurate or misleading. With respect to the financial forecasts, estimates and other information relating to BRE and Essex utilized in Wells Fargo Securities analyses, Wells Fargo Securities was advised by the respective managements of BRE and Essex, and, at the direction of the BRE Board, Wells Fargo Securities assumed that they were reasonably prepared and reflected the best currently available estimates, judgments and assumptions as to the future financial performance of BRE and Essex, as the case may be, the potential pro forma financial effects of, and potential synergies that may result from, the merger and the other matters covered thereby. Wells Fargo Securities assumed no responsibility for, and expressed no view as to, such forecasts, estimates or other information or the judgments or assumptions upon which they were based. Wells Fargo Securities also assumed that there were no meaningful changes in the condition (financial or otherwise), results of operations, businesses or prospects of BRE or Essex since the respective dates of the most recent financial statements and other information provided to Wells Fargo Securities.

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Wells Fargo Securities relied, at the direction of the BRE Board, upon the assessments of the managements of BRE and Essex as to (i) the potential impact on BRE and Essex of certain trends and recent developments in, and prospects for, the commercial real estate market and related credit and financial markets and (ii) the ability to integrate the businesses of BRE and Essex. Wells Fargo Securities assumed, with the consent of the BRE Board, that there would be no developments with respect to any such matters that would have an adverse effect on BRE, Essex or the merger (including the contemplated benefits thereof) or that would otherwise be meaningful in any respect to its analyses or opinion. Wells Fargo Securities also assumed, with the consent of the BRE Board, that there would not be any adjustments to the merger consideration that would be meaningful in any respect to its analyses or opinion.

In arriving at its opinion, Wells Fargo Securities did not conduct physical inspections of the properties or assets of BRE, Essex or any other entity and it did not make, and was not provided with, any evaluations or appraisals of the properties, assets or liabilities (contingent or otherwise) of BRE, Essex or any other entity. Wells Fargo Securities also did not evaluate the solvency or fair value of BRE, Essex or any other entity under any state, federal or other laws relating to bankruptcy, insolvency or similar matters.

In rendering its opinion, Wells Fargo Securities assumed, at the direction of the BRE Board, that the final form of the merger agreement, when signed by the parties thereto, would not differ from the execution version of the merger agreement reviewed by Wells Fargo Securities in any respect meaningful to its analyses or opinion, that the merger and related transactions would be consummated in accordance with the terms described in the merger agreement and in compliance with all applicable laws and other requirements without amendment or waiver of any material terms or conditions and that, in the course of obtaining any necessary legal, regulatory or third party consents, approvals or agreements for the merger and related transactions, no delay, limitation or restriction would be imposed or action would be taken that would have an adverse effect on BRE, Essex, the merger or related transactions. Wells Fargo Securities also assumed, at the direction of the BRE Board, that the merger would qualify for federal income tax purposes as a reorganization within the meaning of Section 368(a) of the Code. Wells Fargo Securities was advised that each of BRE and Essex has operated in conformity with the requirements for qualification as a REIT for U.S. federal income tax purposes since its formation as a REIT and further assumed, at the direction of the BRE Board, that the merger and related transactions would not adversely affect such status or operations.

Wells Fargo Securities did not express any opinion as to what the value of Essex common stock actually would be when issued pursuant to the merger or the prices at which BRE common stock or Essex common stock would trade at any time. Wells Fargo Securities opinion was necessarily based on economic, market, financial and other conditions existing, and information made available to Wells Fargo Securities, as of the date of its opinion. Wells Fargo Securities noted for the BRE Board that the credit, financial and stock markets have experienced significant volatility and Wells Fargo Securities expressed no opinion or view as to any potential effects of such volatility on BRE, Essex, the merger or related transactions. Although subsequent developments may affect the matters set forth in its opinion, Wells Fargo Securities does not have any obligation to update, revise, reaffirm or withdraw Wells Fargo Securities opinion or otherwise comment on or consider any such events occurring or coming to its attention after the date of its opinion.

Wells Fargo Securities opinion only addressed the fairness, from a financial point of view and as of the date of its opinion, of the merger consideration to be received by holders of BRE common stock (other than Essex, Merger Sub and their respective affiliates) pursuant to the merger agreement to the extent expressly specified in its opinion, and did not address any other terms, aspects or implications of the merger or any related transactions, including, without limitation, the form or structure of the merger consideration or the merger, any adjustments to the merger consideration, any asset sale, transfer or other disposition by BRE prior to consummation of the merger or any voting

agreement or other agreement, arrangement or understanding entered into in connection with or contemplated by the merger, any related transactions or otherwise. In addition, Wells Fargo Securities opinion did not address the fairness of the amount or nature of, or any other aspects relating to, any compensation to be received by any officers, directors or employees of any parties to the merger or related

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transactions, or class of such persons, relative to the merger consideration or otherwise. Wells Fargo Securities did not express any view or opinion with respect to, and with the consent of the BRE Board relied upon the assessments of BRE s representatives regarding, accounting, tax, regulatory, legal or similar matters as to which Wells Fargo Securities understood that BRE obtained such advice as it deemed necessary from qualified professionals. Except as described in this summary, BRE imposed no other instructions or limitations on Wells Fargo Securities with respect to the investigations made or procedures followed by Wells Fargo Securities in rendering its opinion.

In connection with rendering its opinion, Wells Fargo Securities performed certain financial, comparative and other analyses as summarized below. This summary is not a complete description of the financial analyses performed and factors considered in connection with such opinion. In arriving at its opinion, Wells Fargo Securities did not ascribe a specific value to BRE common stock but rather made its determinations as to the fairness, from a financial point of view, of the merger consideration on the basis of various financial and comparative analyses taken as a whole. The preparation of a financial opinion is a complex process and involves various determinations as to the most appropriate and relevant methods of financial and comparative analyses and the application of those methods to the particular circumstances. Therefore, a financial opinion is not readily susceptible to summary description.

In arriving at its opinion, Wells Fargo Securities did not attribute any particular weight to any single analysis or factor considered but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered and in the context of the circumstances of this particular transaction. Accordingly, the analyses must be considered as a whole, as considering any portion of such analyses and factors, without considering all analyses and factors as a whole, could create a misleading or incomplete view of the process underlying such opinion. The fact that any specific analysis has been referred to in the summary below is not meant to indicate that such analysis was given greater weight than any other analysis referred to in the summary. No company or transaction is identical to BRE or the merger and an evaluation of Wells Fargo Securities analyses is not entirely mathematical; rather, such analyses involve complex considerations and judgments concerning financial and operating characteristics and other factors that could affect the public trading or other values of the companies reviewed.

In performing its analyses, Wells Fargo Securities considered industry performance, general business and economic conditions and other matters existing as of the date of its opinion, many of which are beyond the control of BRE or any other parties to the merger. None of BRE, Wells Fargo Securities or any other person assumes responsibility if future results are different from those discussed whether or not any such difference is material. Any estimates contained in these analyses and the ranges of valuations resulting from any particular analysis are not necessarily indicative of actual values or predictive of future results or values, which may be significantly more or less favorable than as set forth below. In addition, analyses relating to the value of properties, businesses or securities do not purport to be appraisals or necessarily reflect the prices at which properties, businesses or securities may actually be sold or acquired. Accordingly, the assumptions and estimates used in, and the results derived from, the following analyses are inherently subject to substantial uncertainty.

The following is a summary of the material financial analyses provided on December 18, 2013 to the BRE Board by Wells Fargo Securities in connection with its opinion. **Certain financial analyses summarized below include information presented in tabular format. In order to fully understand the financial analyses, the tables must be read together with the text of each summary, as the tables alone do not constitute a complete description of the financial analyses. Considering the data in the tables below without considering the full narrative description of the financial analyses, including the methodologies and assumptions underlying the analyses, could create a misleading or incomplete view of such financial analyses.** For purposes of Wells Fargo Securities analyses

described below, the term implied per share merger consideration refers to $55.56 per share in respect of each outstanding share of BRE common stock calculated as (i) the cash consideration of $12.33 per share and (ii) the implied value of the stock consideration based on the 0.2971 exchange ratio and closing price of Essex common stock of $145.51 per share on December 17, 2013.

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BRE Financial Analyses

Net Asset Value Analysis. Wells Fargo Securities performed a net asset value analysis of BRE as of September 30, 2013 based on BRE s balance sheet as of that date. Wells Fargo Securities calculated the estimated net asset value of BRE s income-producing properties on an asset-by-asset basis by applying to the calendar year 2014 estimated cash net operating income of such properties, assuming no potential impact of Proposition 13 on such income, blended implied nominal capitalization rates ranging from 5.14% to 5.47% depending on, among other factors, asset quality, location, current occupancy levels and supply/demand dynamics and, in the case of BRE s redevelopment and lease-up projects, taking into account remaining redevelopment funding, execution risks and/or timing. An estimated net asset value range for BRE s in-process development pipeline was derived based on a discounted cash flow analysis of project-level cash flows and stabilized yield estimates per BRE s management. An estimated net asset value range for BRE s future development pipeline was assumed to be equal to the amount of capital expenditures for such development pipeline as of September 30, 2013. The net asset value analysis also took into account, based on internal estimates of, and other information and data provided by, BRE s management, (i) BRE s outstanding preferred stock at its liquidation preference, (ii) BRE s cash and liabilities as reflected on its balance sheet as of September 30, 2013, including BRE s indebtedness, which was marked to market utilizing estimated market rates for similar types of indebtedness and, in the case of BRE s line of credit, was assumed to be reduced by the net proceeds from BRE s recent sale of its Mission Grove properties, and (iii) the estimated value of BRE s other assets. An implied per share equity value reference range for BRE was then calculated based on BRE s implied net asset value derived from such analysis divided by the number of fully diluted shares of BRE common stock per BRE s management. This analysis indicated the following approximate implied per share equity value reference range for BRE common stock, as compared to the implied per share merger consideration:

Implied Per Share Equity Value Reference Range	Implied Per Share Merger Consideration
$52.98 - $59.17	$55.56

Selected Publicly Traded Companies Analysis. Wells Fargo Securities reviewed and compared financial and operating data relating to BRE and the following six selected publicly traded multifamily REITs, referred to as the BRE selected REITs:

AvalonBay Communities, Inc.

Camden Property Trust

Equity Residential

Essex

Post Properties, Inc.

UDR, Inc.

Wells Fargo Securities reviewed fully diluted equity values (including operating partnership units), based on closing stock prices on December 17, 2013, as multiples of calendar year 2014 and calendar year 2015 estimated funds from operations, referred to as FFO per share, and estimated FFO as adjusted for certain items, including primarily straight-line rent revenues, recurring capital expenditures, above market and below market lease amortization and non-cash employee compensation, referred to as AFFO per share. The overall low to high calendar year 2014 estimated FFO per share and AFFO per share multiples observed for the BRE selected REITs were 13.4x to 17.6x (with a mean of 16.2x and a median of 16.5x) and 15.6x to 19.7x (with a mean of 18.2x and a median of 18.5x), respectively, and overall low to high calendar year 2015 estimated FFO per share and AFFO per share multiples observed for the BRE selected REITs were 12.6x to 16.4x (with a mean of 15.1x and a median of 15.5x) and 14.6x to 17.9x (with a mean of 16.9x and a median of 17.3x), respectively. Wells Fargo Securities then applied selected ranges of calendar year 2014 estimated FFO per share and AFFO per share

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multiples of 16.0x to 19.0x and 18.0x to 22.0x, respectively, and selected ranges of calendar year 2015 estimated FFO per share and AFFO per share multiples of 15.0x to 18.0x and 17.0x to 21.0x, respectively, derived from the BRE selected REITs to corresponding data of BRE. Estimated financial data of the BRE selected REITs were based on publicly available research analysts estimates, public filings and other publicly available information. Estimated financial data of BRE was based on internal estimates of the management of BRE. This analysis indicated the following approximate implied per share equity value reference ranges for BRE, as compared to the implied per share merger consideration:

Implied Per Share Equity Value Reference Range Based on:		Implied Per Share
CY2014E FFO/AFFO	CY2015E FFO/AFFO	Merger Consideration
$40.69 - $49.73	$42.25 - $52.19	$55.56

Dividend Discount Analysis. Wells Fargo Securities performed a dividend discount analysis of BRE to calculate a range of implied present values of the distributable cash flows that BRE was forecasted to generate during the fiscal years ending December 31, 2014 through December 31, 2016 utilizing internal estimates of BRE s management. Wells Fargo Securities derived implied terminal values by applying to BRE s estimated forward-year FFO for the fiscal year ending December 31, 2017 a range of terminal FFO multiples of 16.0x to 19.0x based on Wells Fargo Securities professional judgment and taking into account, among other things, FFO multiples of the BRE selected REITs. Present values (as of September 30, 2013) of distributable cash flows and terminal values were then calculated by Wells Fargo Securities using a discount rate range of 8.5% to 9.5% derived from a cost of equity calculation utilizing a capital asset pricing model. This analysis indicated the following approximate implied per share equity value reference range for BRE, as compared to the implied per share merger consideration:

Implied Per Share Equity Value Reference Range	Implied Per Share Merger Consideration
$43.99 - $52.62	$55.56

Essex Financial Analyses

Net Asset Value Analysis. Wells Fargo Securities performed a net asset value analysis of Essex as of September 30, 2013 based on Essex s balance sheet as of that date (pro forma for Essex s acquisition of two assets in the fourth quarter of calendar year 2013). Wells Fargo Securities calculated the estimated net asset value of Essex s income-producing properties on an asset-by-asset basis by applying to the calendar year 2014 estimated cash net operating income of such properties, assuming no potential impact of Proposition 13 on such income, blended implied nominal capitalization rates ranging from 4.98% to 5.28% depending on, among other factors, asset quality, location, current occupancy levels and supply/demand dynamics. An estimated net asset value range for Essex s in-process development pipeline was derived based on a discounted cash flow analysis of project-level cash flows and stabilized yield estimates per Essex s management. The net asset value analysis also took into account, based on internal estimates of, and other information and data provided by, Essex s management, (i) Essex s outstanding preferred stock at its liquidation preference, (ii) management fee income payable to Essex, (iii) Essex s cash and liabilities as reflected on its balance sheet as of September 30, 2013, including Essex s indebtedness, which was marked to market utilizing

estimated market rates for similar types of indebtedness, and (iv) the estimated value of Essex s other assets and investments. An implied per share equity value reference range for Essex was then calculated based on Essex s implied net asset value derived from such analysis divided by the number of fully diluted shares of Essex common stock (including operating partnership units) per Essex s management. This analysis indicated the following approximate implied per share equity value reference range for Essex common stock, as compared to the per share closing price of Essex common stock on December 17, 2013:

Implied Per Share Equity Value Reference Range	Essex Per Share Closing Stock Price on December 17, 2013
$147.83 - $163.91	$145.51

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Selected Publicly Traded Companies Analysis. Wells Fargo Securities reviewed and compared financial and operating data relating to Essex, BRE and the following five selected publicly traded multifamily REITs, referred to as the Essex selected REITs:

AvalonBay Communities, Inc.

Camden Property Trust

Equity Residential

Post Properties, Inc.

UDR, Inc.

Wells Fargo Securities reviewed fully diluted equity values (including operating partnership units), based on closing stock prices on December 17, 2013, as multiples of calendar year 2014 and calendar year 2015 estimated FFO per share and AFFO per share. The overall low to high calendar year 2014 estimated FFO per share and AFFO per share multiples observed for the Essex selected REITs were 13.4x to 17.4x (with a mean of 15.9x and a median of 16.3x) and 15.6x to 18.9x (with a mean of 17.9x and a median of 18.4x), respectively, and overall low to high calendar year 2015 estimated FFO per share and AFFO per share multiples observed for the Essex selected REITs were 12.6x to 16.1x (with a mean of 14.9x and a median of 15.4x) and 14.6x to 17.6x (with a mean of 16.6x and a median of 17.1x), respectively. Given that BRE s trading multiples have been impacted by public statements of stockholder activists and news reports concerning a possible sale transaction, Wells Fargo Securities separately reviewed certain financial and operating data relating to BRE for comparison relative to Essex and the Essex selected REITs. The estimated FFO per share and AFFO per share multiples observed for BRE were 20.9x and 23.7x, respectively, for calendar year 2014 and 19.2x and 22.3x, respectively, for calendar year 2015 (based on the closing price of BRE common stock on December 17, 2013) and 19.2x and 21.9x, respectively, for calendar year 2014 and 17.7x and 20.5x, respectively, for calendar year 2015 (based on the closing price of BRE common stock on December 2, 2013, the last trading day prior to news reports regarding a potential merger involving BRE and Essex). Wells Fargo Securities then applied selected ranges of calendar year 2014 estimated FFO per share and AFFO per share multiples of 16.0x to 19.0x and 18.0x to 22.0x, respectively, and selected ranges of calendar year 2015 estimated FFO per share and AFFO per share multiples of 15.0x to 18.0x and 17.0x to 21.0x, respectively, derived from the Essex selected REITs to corresponding data of Essex. Estimated financial data of the Essex selected REITs and BRE were based on publicly available research analysts estimates, public filings and other publicly available information. Estimated financial data of Essex was based on internal estimates of the management of Essex. This analysis indicated the following approximate implied per share equity value reference ranges for Essex, as compared to the per share closing price of Essex common stock on December 17, 2013:

Implied Per Share

Equity Value Reference Range Based on:		Essex Per Share Closing Stock Price
CY2014E FFO/AFFO	CY2015E FFO/AFFO	on December 17, 2013
$131.05 - $160.17	$137.64 - 172.80	$145.51

Dividend Discount Analysis. Wells Fargo Securities performed a dividend discount analysis of Essex to calculate a range of implied present values of the distributable cash flows that Essex was forecasted to generate during the fiscal years ending December 31, 2014 through December 31, 2016 utilizing internal estimates of Essex s management. Wells Fargo Securities derived implied terminal values by applying to Essex s estimated forward-year FFO for the fiscal year ending December 31, 2017 a range of terminal FFO multiples of 16.0x to 19.0x based on Wells Fargo Securities professional judgment and taking into account, among other things, FFO multiples of the Essex selected REITs. Present values (as of September 30, 2013) of distributable cash flows and terminal values were then calculated by Wells Fargo Securities using a discount rate range of 8.5% to 9.5% derived from a cost of equity calculation utilizing a capital asset pricing model.

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This analysis indicated the following approximate implied per share equity value reference range for Essex, as compared to the per share closing price of Essex common stock on December 17, 2013:

Implied Per Share Equity Value Reference Range	Essex Per Share Closing Stock Price on December 17, 2013
$139.83 - $167.90	$145.51

Other Information. Wells Fargo Securities observed certain additional factors that were not considered part of Wells Fargo Securities financial analyses with respect to its opinion but were referenced for informational purposes, including the following:

- implied historical exchange ratios for BRE common stock and Essex common stock, which reflected average implied historical exchange ratios over the six-month, one-year, three-year and five-year periods ended December 17, 2013 of 0.3337x, 0.3297x, 0.3325x and 0.3583x, respectively, as compared to the implied exchange ratio in the merger (calculated as if the merger consideration consisted of all stock) of 0.3818x;

- historical trading prices of BRE common stock and Essex common stock, which reflected six-month and 12-month volume weighted average prices of approximately $50.95 and $50.44, respectively, for BRE common stock (as of December 2, 2013, the last trading day prior to news reports regarding a potential merger involving BRE and Essex) and approximately $154.76 and $154.44, respectively, for Essex common stock (as of December 17, 2013);

- publicly available Wall Street research analysts reports relating to BRE and Essex, which indicated stock price targets ranging from $52.00 to $59.00 per share for BRE common stock and $150.50 to $189.00 per share for Essex common stock; and

- the potential pro forma financial impact of the merger after giving effect to, among other things, estimated synergies anticipated by the managements of BRE and Essex to result from the merger on Essex s calendar years 2014 and 2015 estimated FFO per share and AFFO per share based on internal estimates of the managements of BRE and Essex, which indicated that the merger could be (i) neutral or accretive to Essex s calendar years 2014 and 2015 estimated FFO per share and (ii) dilutive to Essex s calendar years 2014 and 2015 estimated AFFO per share. The actual results achieved by the combined company may vary from forecasted results and the variations may be material.

Miscellaneous

Wells Fargo Securities is the trade name for certain capital markets and investment banking services of Wells Fargo & Company and its subsidiaries, including Wells Fargo Securities, LLC. Wells Fargo Securities is an internationally recognized investment banking firm which is regularly engaged in providing financial advisory services in connection with mergers and acquisitions. BRE selected Wells Fargo Securities to act as its financial advisor because of its

qualifications, reputation and experience generally and particularly in the real estate industry and its familiarity with BRE and its business. The issuance of Wells Fargo Securities opinion was approved by an authorized committee of Wells Fargo Securities.

In connection with its engagement, BRE has agreed to pay Wells Fargo Securities an aggregate fee currently estimated to be approximately $17.1 million, a portion of which was payable upon delivery of its opinion and approximately $15.1 million of which is contingent upon consummation of the merger. BRE has agreed to consider, at the discretion of the BRE Board, the payment to Wells Fargo Securities of an additional fee of up to approximately $1.3 million for its services in connection with the merger. BRE also has agreed to reimburse certain of Wells Fargo Securities expenses, including fees and disbursements of Wells Fargo Securities counsel, and to indemnify Wells Fargo Securities and certain related parties against certain liabilities, including liabilities under the U.S. federal securities laws, that may arise out of Wells Fargo Securities engagement. Wells Fargo Securities and its affiliates provide a full range of investment banking and financial advisory, securities trading, brokerage and lending services in the ordinary course of business, for which Wells Fargo Securities and such

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affiliates receive customary fees. Wells Fargo Securities and its affiliates in the past have provided, currently are providing, and in the future may provide banking and other financial services to BRE, Essex and their respective affiliates, for which Wells Fargo Securities and its affiliates have received and expect to receive fees, including (i) having acted as a placement agent or joint bookrunner for certain equity or debt offerings of BRE, (ii) acting as a lender under, and as administrative agent or co-lead arranger for, certain credit facilities of BRE, (iii) acting or having acted as a joint book-running manager and/or in other capacities for certain debt offerings of Essex and Essex LP and (iv) acting as a lender under, and as co-lead arranger, joint bookrunner or co-documentation agent for, certain credit facilities of Essex and Essex LP. During the two-year period beginning January 1, 2011 through the third quarter of 2013, the corporate banking and investment banking divisions of Wells Fargo Securities received aggregate fees of approximately $1.5 million from BRE and approximately $3.9 million from Essex and certain of its affiliates for such services unrelated to the merger. In the ordinary course of business, Wells Fargo Securities and its affiliates may actively trade, hold or otherwise effect transactions in the securities or financial instruments (including bank loans or other obligations) of BRE, Essex and their respective affiliates for Wells Fargo Securities and its affiliates own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities or financial instruments.

Certain Essex Unaudited Prospective Financial Information

Essex does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, Essex is including these projections that were made available to the Essex Board and management in connection with the evaluation of the merger. This information also was provided to Essex s financial advisor to the extent noted below. Certain portions of the information were also made available to the BRE Board and management as well as to BRE s financial advisor. The inclusion of this information should not be regarded as an indication that any of Essex, BRE, their respective advisors or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results.

The unaudited prospective financial information was, in general, prepared solely for internal use and is subjective in many respects. As a result, there can be no assurance that the prospective results will be realized or that the actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial results cover multiple years, such information by its nature becomes less predictive with each successive year. Essex stockholders and BRE stockholders are urged to review the SEC filings of Essex for a description of the risk factors with respect to the business of Essex. See Cautionary Statement Concerning Forward-Looking Statements beginning on page 45 and Where You Can Find More Information beginning on page 199. The unaudited prospective financial results were not prepared with a view toward public disclosure, nor were they prepared with a view toward compliance with GAAP, published guidelines of the SEC or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information.

Neither the independent registered public accounting firm of Essex, nor any other independent accountants, have compiled, examined or performed any audit or other procedures with respect to the unaudited prospective financial results contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of the independent registered public accounting firm of Essex contained in Essex s Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference into this joint proxy statement/prospectus, relates to the historical consolidated financial statements of Essex. It does not extend to the unaudited prospective financial results and should not be read to do so. Furthermore, the unaudited prospective financial results do not take into account any circumstances or events occurring after the respective dates on which

they were prepared.

These unaudited prospective financial results were provided to UBS and used by UBS in connection with the preparation of its financial analyses described above under The Merger Opinion of Essex s Financial Advisor.

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The following table presents selected unaudited prospective financial information for the fiscal years ending 2013 through 2018 for Essex that was prepared on a standalone basis:

	Year Ending December 31,					
	2013	2014	2015	2016	2017	2018
	($ in millions)					
Net Operating Income (NOI)	$ 430.4	$ 473.0	$ 523.5	$ 553.6	$ 577.4	$ 602.1
Earnings Before Interest Taxes Depreciation and Amortization (EBITDA)	$ 410.8	$ 451.7	$ 501.3	$ 530.7	$ 553.6	$ 577.5
Core FFO	$ 299.7	$ 332.0	$ 370.7	$ 395.2	$ 422.0	$ 453.6

For purposes of the unaudited prospective financial information presented herein, NOI is a non-GAAP financial performance measure that represents revenue less operating expenses, including property taxes. For purposes of the unaudited prospective financial information presented herein, EBITDA is calculated as net income before interest expense, income taxes, depreciation and amortization. In calculating funds from operations, which we refer to as FFO, Essex follows the definition for this measure published by NAREIT. FFO is defined by NAREIT as net income or loss (computed in accordance with GAAP) excluding extraordinary items as defined under GAAP and gains or losses from sales of previously depreciated real estate assets and depreciation and amortization of real estate assets. Core FFO excludes merger and acquisition costs and items that are not related to Essex s core business activities.

BRE and Essex calculate certain non-GAAP financial metrics including EBITDA, NOI and Core FFO using different methodologies. Consequently, the financial metrics presented in each company s prospective financial information disclosures and in the sections of this joint proxy statement/prospectus with respect to the opinions of the financial advisors to Essex and BRE may not be directly comparable to one another.

In preparing the foregoing unaudited prospective financial results, Essex made a number of assumptions and estimates regarding, among other things, future interest rates, Essex s future stock price, the level of future investments by Essex and the yield to be achieved on such investments, financing of future investments, including leverage ratios, future property sales by Essex, future mortgage and receivable loan payoffs to Essex, the ability to refinance certain of Essex s outstanding secured and unsecured debt and the terms of any such refinancing, and future capital expenditures and dividend rates. Essex management believes these assumptions and estimates were reasonably prepared, but these assumptions and estimates may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, the risks and uncertainties described under Risk Factors and Cautionary Statement Concerning Forward-Looking Statements beginning on pages 35 and 45, respectively, and in Essex s Annual Report on Form 10-K for the year ended December 31, 2012, and subsequent quarterly reports on Form 10-Q, which are incorporated by reference into this joint proxy statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of Essex and/or BRE and will be beyond the control of the Combined Company.

Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the unaudited prospective financial results set forth above. The inclusion of the above unaudited prospective financial results in this joint proxy statement/prospectus should not be regarded as an indication that Essex, BRE, or their respective officers, directors, affiliates, advisors or other representatives consider such information to be necessarily predictive of actual future events. There can be no assurance that projected results or underlying assumptions will be realized, and actual results likely will differ, and may differ materially, from those reflected in the unaudited prospective financial results,

whether or not the merger is completed. In addition, the above unaudited prospective financial results do not give effect to the merger. None of Essex, BRE, or their respective officers, directors, affiliates, advisors or other representatives has made any representations regarding the ultimate performance of Essex compared to the information included in the above unaudited prospective financial results.

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Essex stockholders and BRE stockholders are urged to review Essex s most recent SEC filings for a description of Essex s results of operations and financial condition and capital resources during 2012, including Management s Discussion and Analysis of Financial Condition and Results of Operations in Essex s Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference into this joint proxy statement/prospectus.

See Where You Can Find More Information beginning on page 199.

ESSEX DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE UNAUDITED PROSPECTIVE FINANCIAL RESULTS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH UNAUDITED PROSPECTIVE FINANCIAL RESULTS ARE NO LONGER APPROPRIATE, EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.

Certain BRE Unaudited Prospective Financial Information

BRE does not as a matter of course make public long-term projections as to future revenues, earnings or other results due to, among other reasons, the uncertainty of the underlying assumptions and estimates. However, BRE is including these projections that were made available to the BRE Board and management in connection with the evaluation of the merger. This information also was provided to BRE s financial advisor to the extent noted below. Certain portions of the information were also made available to the Essex Board and management as well as to Essex s financial advisor. The inclusion of this information should not be regarded as an indication that any of BRE, Essex, their respective advisors or any other recipient of this information considered, or now considers, it to be necessarily predictive of actual future results.

The unaudited prospective financial information was, in general, prepared solely for internal use and is subjective in many respects. As a result, there can be no assurance that the prospective results will be realized or that actual results will not be significantly higher or lower than estimated. Since the unaudited prospective financial information covers multiple years, such information by its nature becomes less predictive with each successive year. BRE stockholders and Essex stockholders are urged to review the SEC filings of BRE for a description of risk factors with respect to the business of BRE. See Cautionary Statement Concerning Forward-Looking Statements beginning on page 45 and Where You Can Find More Information beginning on page 199. The unaudited prospective financial information was not prepared with a view toward public disclosure, nor was it prepared with a view toward compliance with GAAP, published guidelines of the SEC or the published guidelines established by the American Institute of Certificate Public Accountants for preparation and presentation of prospective financial information. In addition, the unaudited prospective financial information requires significant estimates and assumptions.

Neither the independent registered public accounting firm of BRE nor any other independent accountants have compiled, examined, or performed any audit or other procedures with respect to the unaudited prospective financial information contained herein, nor have they expressed any opinion or any other form of assurance on such information or its achievability. The report of the independent registered public accounting firm of BRE contained in BRE s Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference into this joint proxy statement/prospectus, relates to the consolidated historical financial statements of BRE and it does not extend to the unaudited prospective financial information and should not be read to do so. Furthermore, the unaudited prospective financial information does not take into account any circumstances or events occurring after the respective dates on which they were prepared.

In preparing the unaudited prospective financial results, BRE s management assumed external growth and debt recapitalization plans. The external growth and debt recapitalization assumptions include assumptions about BRE s access to debt and equity capital markets and the future issuance of senior unsecured debt and BRE common stock. The issuance of BRE common stock is dilutive to BRE s unaudited prospective financial results

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on a per share basis. These unaudited prospective financial information was provided to Wells Fargo Securities for use in connection with its financial analyses described above in the section entitled The Merger Opinion of BRE s Financial Advisor. The following table presents selected unaudited prospective financial information for the fiscal years ending 2013 through 2016:

	2013	2014	2015	2016
		($ in millions)		
Revenue	$ 403.6	$ 426.7	$ 461.8	$ 478.6
Funds From Operations (FFO)	$ 195.2	$ 200.7	$ 219.5	$ 233.5
Adjusted Funds from Operations (AFFO)	$ 166.7	$ 175.3	$ 193.1	$ 206.1

FFO and AFFO are non-GAAP measures that BRE believes are important to understanding BRE s operations. BRE believes FFO is an important supplemental measure of operating performance because it excludes the effects of depreciation and amortization (which is based on historical costs and which may be of limited relevance in evaluating current performance). BRE believes AFFO is an important supplemental measure of operating performance because, it is a measure of residual cash flow available for stockholders and a measure that can be analyzed in conjunction with BRE s ability to pay dividends. AFFO is calculated by reducing FFO for recurring capital expenditures. BRE believes that net income is the most directly comparable GAAP measure to FFO and AFFO.

In preparing the foregoing unaudited prospective financial results, BRE made a number of assumptions and estimates regarding, among other things, future interest rates, BRE s future stock price, the level of future investments by BRE and the yield to be achieved on such investments, financing of future investments, including leverage ratios, future property sales by BRE, future mortgage and receivable loan payoffs to BRE, the ability to refinance certain of BRE s outstanding secured and unsecured debt and the terms of any such refinancing, and future capital expenditures and dividend rates. BRE management believes these assumptions and estimates were reasonably prepared, but these assumptions and estimates may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties and contingencies, including, among others, the risks and uncertainties described under Risk Factors and Cautionary Statement Concerning Forward-Looking Statements beginning on pages 35 and 45, respectively, and in BRE s Annual Report on Form 10-K for the year ended December 31, 2012, which is incorporated by reference into this joint proxy statement/prospectus. All of these uncertainties and contingencies are difficult to predict and many are beyond the control of BRE and/or Essex and will be beyond the control of the Combined Company.

Readers of this joint proxy statement/prospectus are cautioned not to place undue reliance on the unaudited prospective financial results set forth above. The inclusion of the above unaudited prospective financial results in this joint proxy statement/prospectus should not be regarded as an indication that BRE, Essex, or their respective officers, directors, affiliates, advisors or other representatives consider such information to be necessarily predictive of actual future events. There can be no assurance that the projected results or underlying assumptions will be realized, and actual results likely will differ, and may differ materially, from those reflected in the unaudited prospective financial results, whether or not the merger is completed. In addition, the above unaudited prospective financial results do not give effect to the merger. None of BRE, Essex, or their respective officers, directors, affiliates, advisors or other representatives has made any representations regarding the ultimate performance of BRE compared to the information included in the above unaudited prospective financial results.

BRE stockholders and Essex stockholders are urged to review BRE s most recent SEC filings for a description of BRE s results of operations and financial condition and capital resources during 2012, including Management s Discussion and Analysis of Financial Condition and Results of Operations in BRE s Annual Report on Form 10-K for the year ended December 31, 2012, and subsequent quarterly reports on Form 10-Q, which are incorporated by reference into this joint proxy statement/prospectus.

See Where You Can Find More Information beginning on page 199.

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BRE DOES NOT INTEND TO UPDATE OR OTHERWISE REVISE THE ABOVE UNAUDITED PROSPECTIVE FINANCIAL RESULTS TO REFLECT CIRCUMSTANCES EXISTING AFTER THE DATE WHEN MADE OR TO REFLECT THE OCCURRENCE OF FUTURE EVENTS, EVEN IN THE EVENT THAT ANY OR ALL OF THE ASSUMPTIONS UNDERLYING SUCH UNAUDITED PROSPECTIVE FINANCIAL RESULTS ARE NO LONGER APPROPRIATE, EXCEPT AS MAY BE REQUIRED BY APPLICABLE LAW.

Interests of Essex s Directors and Executive Officers in the Merger

Essex has adopted a merger bonus program for key Essex personnel pursuant to which certain Essex personnel, including senior executive officers, will be eligible to receive a cash bonus if both the merger closes and the eligible executive remains employed at the applicable payment date. Pursuant to this program, Essex is authorized to pay up to $8,000,000 in aggregate cash bonuses. Employees at the senior vice president level or higher will receive 2/3rds of their bonus if they remain employed at the 12 month anniversary of the merger closing and the remaining 1/3rd at the 18 month anniversary of the merger closing.

The information set forth in the table below is intended to comply with Item 402(t) of Regulation S-K, which requires disclosure of information about certain compensation for each of Essex s named executive officers, that is based on or otherwise relates to the transactions contemplated under the merger agreement.

Named Executive Officers	Other ($)(1)	Total ($)
Michael Schall	550,000	550,000
Michael Dance	500,000	500,000
John D. Eudy	500,000	500,000
Craig K. Zimmerman	500,000	500,000
John F. Burkart	550,000	550,000

(1) In connection with the proposed acquisition of BRE and in light of the additional management time and effort necessary to close the merger and integrate the two companies operations, Essex has adopted a merger retention bonus program for key Essex personnel pursuant to which certain Essex personnel, including its named executive officers, Messrs. Schall, Dance, Eudy, Zimmerman and Burkart, will be eligible to receive a cash retention bonus if both the merger closes and the eligible named executive officer remains employed at the applicable payment date. A named executive officer will receive two-thirds of his bonus if he remains employed through the 12 month anniversary of the closing of the merger and the remaining one-third if he remains employed through the 18 month anniversary of the closing of the merger.

Other than as described above, none of Essex s executive officers or members of the Essex Board is party to an arrangement with Essex, or participates in any Essex plan, program or arrangement that provides such executive officer or board member with financial incentives that are contingent upon consummation of the merger.

Interests of BRE s Directors and Executive Officers in the Merger

In considering the recommendation of the BRE Board to approve the merger and the other transactions contemplated by the merger agreement, BRE stockholders should be aware that executive officers and directors of BRE have certain interests in the merger that may be different from, or in addition to, the interests of BRE stockholders generally. These interests may create potential conflicts of interest. The BRE Board was aware of those interests and considered them, among other matters, in reaching its decision to approve the merger agreement. These interests include the following:

Conversion of Outstanding Shares Pursuant to the Merger

Shares of BRE common stock owned by executive officers and directors of BRE will be converted into the right to receive the merger consideration on the same terms and conditions as the other stockholders of BRE. As

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of February 10, 2014 the executive officers and directors of BRE beneficially owned, in the aggregate, 571,670 shares of BRE common stock, excluding shares of BRE common stock issuable upon (i) exercise of stock options to acquire shares of BRE common stock, which we refer to as BRE stock options, granted under the Amended and Restated 1999 BRE Stock Incentive Plan, which we refer to as the 1999 Plan, and the Fifth Amended and Restated Non-Employee Director Stock Option and Restricted Stock Plan, which we refer to as the Non-Employee Director Plan, and (ii) settlement of certain rights to receive additional shares of BRE common stock upon the achievement of BRE performance goals which are associated with certain BRE restricted stock awards granted under the 1999 Plan and the Non-Employee Director Plan. If all of the shares of BRE common stock beneficially owned by the executive officers and directors as of February 10, 2014 (other than shares of BRE common stock issuable with respect to BRE stock options and BRE restricted stock) were converted to shares of Essex common stock in the merger, then the executive officers and directors would receive an aggregate of $7,048,691, representing the cash consideration portion of the merger consideration, and 169,843 shares of Essex common stock pursuant to the merger, which based on the closing price of Essex common stock on February 10, 2014 would have an aggregate value of $28,328,114.

Treatment of BRE Stock Options

Under the merger agreement, at the effective time of the merger, each BRE stock option that is outstanding and unexercised immediately prior to the effective time of the merger, whether or not then vested or exercisable, will be assumed by Essex and converted into a stock option to acquire the number of whole shares of Essex common stock equal to the product of (i) the number of shares of BRE common stock subject to the BRE stock option and (ii) the sum of 0.2971 and the quotient obtained by dividing (x) the per share cash consideration portion of the merger consideration by (y) the volume weighted average of Essex common stock over a ten-day trading period starting with the opening of trading on the first trading day to the closing of the second to last trading day prior to the closing date of the transactions contemplated by the merger agreement, the sum of which we refer to as the Stock Award Exchange Ratio. The exercise price per share of Essex common stock subject to each such assumed option will be equal to the quotient obtained by dividing (a) the exercise price per share of BRE common stock of such BRE stock option by (b) the Stock Award Exchange Ratio. Except as described above, each such assumed stock option will continue to have, and will be subject to, the same terms and conditions as applied to the BRE stock option immediately prior to the effective time of the merger (but taking into account any changes provided for in the applicable Company Equity Plan (as defined in the merger agreement), in any award agreement, or in such BRE stock option by reason of the merger or the merger agreement).

Treatment of BRE Restricted Stock

Under the merger agreement, at the effective time of the merger, each outstanding and unvested share of BRE restricted stock (including any associated right to the issuance of additional shares of BRE common stock upon the achievement of BRE performance goals) will be assumed by Essex and will be converted into an award of Essex restricted stock for that number of shares of Essex common stock equal to product of (i) the number of shares of BRE common stock underlying the BRE restricted stock award, and (ii) the Stock Award Exchange Ratio. To the extent any such BRE restricted stock is subject to performance vesting and, following the effective time of the merger, the performance metrics applicable to such BRE restricted stock otherwise cease to be measurable on substantially similar terms as immediately prior to the effective time of the merger, then the Essex restricted stock will vest based on target performance at the time and, subject to any applicable payment conditions, prescribed by the terms in effect for such BRE restricted stock immediately prior to the effective time of the merger. Except as described above, each such assumed award of restricted stock will continue to have, and will be subject to, the same terms and conditions as applied to the BRE restricted stock immediately prior to the effective time of the merger (but taking into account any

changes provided for in the applicable Company Equity Plan or in any award agreement by reason of the merger or the merger agreement).

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Directors of the Combined Company after the Merger

Under the terms of the merger agreement, BRE will designate three members of the existing BRE Board reasonably acceptable to the Essex Board to be appointed to the Combined Company board of directors as of the effective time of the merger. Under the terms of the merger agreement, each BRE designee will serve until the next annual meeting of the Combined Company stockholders (and until their successors have been duly elected and qualified) and are entitled to be nominated by the Essex Board for reelection at the next subsequent annual meeting of the Combined Company stockholders. The BRE designees will be entitled to receive fees and other compensation and participation in options, share or other benefit plans in the same manner as other non-employee directors of the Combined Company.

Indemnification and Insurance

For a period of six years after the effective time of the merger, the surviving entity will honor and fulfill the obligations of BRE under BRE s charter, bylaws, or the Indemnification Agreements (as defined below). Without limiting the foregoing, for a period of six years after the effective time of the merger, pursuant to the terms of the merger agreement and subject to certain limitations, the Combined Company will indemnify and hold harmless, among others, each officer and director of BRE, for actions at or prior to the effective time of the merger, including with respect to the transactions contemplated by the merger agreement. In addition, pursuant to the terms of the merger agreement and subject to certain limitations, prior to the effective time of the merger, BRE may purchase for a period of six years after the effective time of the merger, a tail prepaid insurance policy or policies of up to the same coverage and amounts and containing comparable terms and conditions as BRE s existing policies with respect to directors and officers liability insurance with respect to wrongful acts and/or omissions committed or allegedly committed at or prior to the effective time of the merger, provided that such tail insurance policy may not exceed 250% of the annual premiums paid as of the date of the merger agreement for directors and officers liability insurance, or the Base Premium, and further provided that if such insurance cannot be obtained, BRE may purchase the most advantageous tail insurance policy obtainable for a cost equal to the Base Premium . These interests are described in detail below at The Merger Agreement Covenants and Agreements Indemnification of Directors and Officers; Insurance.

The BRE Board was aware of the interests described in this section and considered them, among other matters, in approving the merger agreement and making its recommendation that BRE stockholders approve the merger and the other transactions contemplated by the merger agreement. See The Merger Recommendation of the BRE Board and Its Reasons for the Merger.

Employment Agreements and Severance Policy

Employment Agreements. BRE is party to the Employment Agreements with each of its NEOs. The Employment Agreements provide that, upon certain terminations of employment during the twelve-month period following a change in control, the NEOs will become entitled to receive certain severance payments and benefits, as described below.

Voluntary Termination without Good Reason. Upon an NEO s voluntary termination without good reason within twelve months following a change in control, the NEO will be entitled to receive a lump sum payment equal to the sum of: (i) the estimated annual bonus that the NEO would have earned for the year of

termination, pro-rated through the date of termination; (ii) 100% of his or her then annual base salary; plus (iii) the average of the annual bonus awarded in the prior two years. The NEO would only become entitled to receive the amounts described in the foregoing clauses (ii) and (iii) if the NEO provided ninety days written notice of termination and assisted with the transition during that period.

Voluntary Termination with Good Reason or Termination Other than for Cause. Upon an NEO s voluntary termination with good reason or an NEO s termination by BRE other than for good cause, in either case, within twelve months following a change in control, the NEO will be entitled to receive a

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lump sum equal to: (i) the estimated annual bonus that the NEO would have earned for the year of termination, pro-rated through the date of termination; plus (ii) two times the sum of (a) his or her then annual base salary and (b) the average of the annual bonuses earned for the preceding two years. In addition, the performance/service share awards, restricted stock and all then-outstanding, unvested options held by the NEO will vest (at target levels with respect to performance share awards for which the performance period has not ended prior to the date of termination) in connection with such termination of employment. The foregoing payments and benefits are subject to and conditioned upon the NEO s execution and non-revocation of a release of claims against BRE and its representatives.

If any severance payments or benefits would constitute a parachute payment, and would be subject to the excise tax imposed by Section 4999 of the Code, the aggregate benefits will either be delivered in full or delivered in a lesser amount that would result in no portion of the aggregate benefits being subject to the excise tax, whichever results in the receipt by the NEO of the greatest amount of aggregate benefits on an after-tax basis.

Severance Policy. BRE also maintains a severance policy covering each NEO. Pursuant to BRE s severance policy, upon a qualifying termination of employment within twelve months following a change in control, each NEO will be entitled to receive an amount in cash equal to the cost of six months of BRE-subsidized health care coverage plus six months of BRE-paid outplacement services.

It is currently contemplated that at or following the effective time of the merger, Ms. Moore s employment will terminate. As disclosed in BRE s Current Report on Form 8-K dated April 3, 2013, Mr. Fanwick gave notice of his intent to retire from BRE on March 31, 2014.

Section 16 Matters

Pursuant to the merger agreement, prior to the effective time of the merger, BRE may take all steps as may be required or advisable to cause to be exempt under Rule 16b-3 under the Exchange Act any dispositions of shares of BRE common stock (including derivative securities with respect to such shares) that are treated as dispositions under Rule 16b-3 and result from the transactions contemplated under the merger agreement by each officer or director of BRE who is or will be subject to the reporting requirements of Section 16(a) of the Exchange Act with respect to BRE.

Security Ownership of BRE s Directors and Executive Officers and Current Beneficial Owners

The following table sets forth information regarding the beneficial ownership of BRE common stock as of February 10, 2014 by:

each person known by BRE to be the beneficial owner of more than 5% of the outstanding shares of BRE based solely upon the amounts and percentages contained in the public filings of such persons;

each of BRE s officers and directors; and

all of BRE s officers and directors as a group.

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Name and address (1)	Number of shares owned directly	Unvested RSU Shares	Number of Common Shares (2)	Shares Upon Exercise of Options (3)	Total Shares Beneficially owned (2)	Percentage Beneficially owned (2)(4)
The Vanguard Group, Inc. (5)	9,998,561		9,998,561		9,998,561	12.9%
Cohen & Steers Capital Management, Inc. (6)	6,343,140		6,343,140		6,343,140	8.2%
BlackRock, Inc. (7)	5,556,884		5,556,884		5,556,884	7.2%
CBRE Clarion Securities, LLC (8)	4,753,410		4,753,410		4,753,410	6.1%
Constance B. Moore (D,O)	308,348	118,344	426,692	73,775	500,467	
Stephen C. Dominiak (O)	44,897	46,477	91,374	34,979	126,353	
Jeanne R. Myerson (D)	29,850	1,820	31,670	10,481	42,151	
Kerry Fanwick (O)	29,816	29,709	59,525	25,623	85,148	
John A. Schissel (O)	22,708	38,671	61,379	26,022	87,401	
Matthew T. Medeiros (D)	15,442	2,030	17,472	20,428	37,900	
Irving F. Lyons, III (D)	18,670	2,520	21,190	11,332	32,522	
Christopher J. McGurk (D)	13,254	1,820	15,074	11,332	26,406	
Scott A. Reinert (O)	8,548	28,285	36,833	4,260	41,093	
Thomas E. Robinson (D)	16,342	2,030	18,372		18,372	
Thomas P. Sullivan (D)	15,924	2,030	17,954		17,954	
Dennis E. Singleton (D)	12,912	1,820	14,732		14,732	
Paula F. Downey (D)	11,864	1,820	13,684		13,684	
Jeffrey T. Pero (D)	10,032	2,030	12,062		12,062	
All Directors and executive officers as a group	571,670	299,709	871,379	224,657	1,096,036	1.4%

(1) Unless otherwise indicated, the address for each of the persons listed is c/o BRE Properties, Inc., 525 Market Street, 4th Floor, San Francisco, CA 94105.
(2) The amounts and percentages of common stock beneficially owned are reported on the basis of regulations of the SEC governing the determination of beneficial ownership of securities and are based on 77,704,500 common shares entitled to a vote outstanding as of February 10, 2014. Except as otherwise indicated, each individual has sole voting and sole investment power with regard to the shares owned.
(3) Reflects shares of common stock that may be purchased upon the exercise of stock options that were exercisable as of February 10, 2014.
(4) Except where otherwise indicated, does not exceed 1%.
(5) The entity has a business address of 100 Vanguard Blvd., Malvern, PA 19355.
(6) The entity has a business address of 280 Park Ave., New York, NY 10017.
(7) The entity has a business address of 40 East 52nd Street, New York, NY 10022.
(8) The entity has a business address of 201 King of Prussia Road, Suite 600, Radnor, PA 19087.

Regulatory Approvals Required for the Merger

Essex and BRE are not aware of any material federal or state regulatory requirements that must be complied with, or regulatory approvals that must be obtained, in connection with the merger or the other transactions contemplated by the merger agreement.

Material U.S. Federal Income Tax Consequences of the Merger

The following is a discussion of the material U.S. federal income tax consequences of the merger to U.S. holders and non-U.S. holders (each as defined below) of shares of BRE common stock and of the ownership and disposition of Combined Company common stock received in the merger.

This discussion assumes that holders of BRE common stock and holders of Combined Company common stock hold such common stock as a capital asset within the meaning of Section 1221 of the Code. This discussion is based

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upon the Code, Treasury regulations promulgated under the Code, which we refer to as the Treasury Regulations, judicial decisions and published administrative rulings, all as currently in effect and all of which are subject to change, possibly with retroactive effect. This discussion does not address (i) U.S. federal taxes other than income taxes, (ii) state, local or non-U.S. taxes or (iii) tax reporting requirements, in each case, as applicable to the merger. In addition, this discussion does not address U.S. federal income tax considerations applicable to holders of shares of BRE common stock that are subject to special treatment under U.S. federal income tax law, including, for example:

- financial institutions;
- pass-through entities (such as entities treated as partnerships for U.S. federal income tax purposes);
- insurance companies;
- broker-dealers;
- tax-exempt organizations;
- dealers in securities or currencies;
- traders in securities that elect to use a mark to market method of accounting;
- persons that hold shares of BRE common stock (or, following the effective time of the merger, Combined Company common stock) as part of a straddle, hedge, constructive sale, conversion transaction, or other integrated transaction for U.S. federal income tax purposes;
- regulated investment companies;
- real estate investment trusts;
- certain U.S. expatriates;
- U.S. holders whose functional currency is not the U.S. dollar; and

persons who acquired their shares of BRE common stock (or, following the effective time of the merger, Combined Company common stock) through the exercise of an employee stock option or otherwise as compensation.

For purposes of this discussion, a holder means a beneficial owner of shares of BRE common stock (or, following the effective time of the merger, of the Combined Company common stock), and a U.S. holder means a holder that is:

an individual who is a citizen or resident of the United States for U.S. federal income tax purposes;

a corporation (or other entity taxable as a corporation for U.S. federal income tax purposes) created or organized in or under the laws of the United States or any political subdivision thereof;

an estate the income of which is subject to U.S. federal income taxation regardless of its source; or

a trust that (A) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (B) has a valid election in place under the Treasury Regulations to be treated as a U.S. person.

For purposes of this discussion, a non-U.S. holder means a beneficial owner of shares of BRE common stock (or, following the effective time of the merger, Combined Company common stock) other than a U.S. holder.

If a partnership (or other entity or arrangement treated as a partnership for U.S. federal income tax purposes) holds shares of BRE common stock (or, following the merger, Combined Company common stock), the tax treatment of a partner in the partnership generally will depend on the status of the partner and the activities of the partnership. Any partnership or other entity or arrangement treated as a partnership for U.S. federal income tax purposes that holds shares of BRE common stock (or, following the merger, the Combined Company common stock), and the partners in such partnership (as determined for U.S. federal income tax purposes), should consult their tax advisors.

In addition, holders who also own BRE preferred stock should consult their tax advisors regarding any special tax consequences of the merger to them.

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This discussion of material U.S. federal income tax consequences of the merger is not binding on the IRS. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any described herein.

THE U.S. FEDERAL INCOME TAX RULES APPLICABLE TO THE MERGER AND TO REITS GENERALLY ARE HIGHLY TECHNICAL AND COMPLEX. HOLDERS OF SHARES OF BRE COMMON STOCK ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES TO THEM OF THE MERGER, THE OWNERSHIP OF COMMON STOCK OF THE COMBINED COMPANY, AND THE COMBINED COMPANY S QUALIFICATION AS A REIT, INCLUDING THE APPLICABILITY AND EFFECT OF U.S. FEDERAL, STATE, LOCAL AND NON-U.S. INCOME AND OTHER TAX LAWS, AND POTENTIAL CHANGES IN APPLICABLE TAX LAWS, IN LIGHT OF THEIR PARTICULAR CIRCUMSTANCES.

Tax Opinions from Counsel Regarding the Merger

It is a condition to the completion of the merger that Latham & Watkins LLP and Goodwin Procter LLP each renders a tax opinion to its client to the effect that the merger will constitute a reorganization within the meaning of Section 368(a) of the Code. Latham & Watkins LLP and Goodwin Procter LLP counsel are providing opinions to BRE and Essex, respectively, to similar effect in connection with the filing of this Registration Statement. Such opinions will be subject to customary exceptions, assumptions and qualifications, and will be based on representations made by BRE and Essex regarding factual matters (including those contained in tax representation letters provided by BRE and Essex), and covenants undertaken by BRE and Essex. If any assumption or representation is inaccurate in any way, or any covenant is not complied with, the tax consequences of the merger could differ from those described in the tax opinions and in this discussion. These tax opinions represent the legal judgment of counsel rendering the opinion and are not binding on the IRS or the courts. No ruling from the IRS has been or will be requested in connection with the merger, and there can be no assurance that the IRS would not assert, or that a court would not sustain, a position contrary to the conclusions set forth in the tax opinions. If the condition relating to either tax opinion to be delivered at closing is waived, this joint proxy statement/prospectus will be amended and recirculated.

As noted and subject to the qualifications above, in the opinion of Latham & Watkins LLP and Goodwin Procter LLP, the merger of BRE with and into Essex will qualify as a reorganization within the meaning of Section 368(a) of the Code. Accordingly:

- BRE will not recognize any gain or loss as a result of the merger.

- A holder will recognize gain, to the extent of the lesser of (1) the total amount of cash received by such stockholder in the merger (other than cash received in lieu of a fractional share of Combined Company common stock); and (2) the difference between (a) the sum of the fair market value of the Combined Company common stock received in the merger plus the amount of cash received in the merger (other than cash received in lieu of a fractional share of Combined Company common stock), and (b) the stockholder s tax basis in the shares of BRE common stock surrendered in exchange therefor.

No loss will be recognized, except for loss resulting from the receipt of cash in lieu of a fractional share of Combined Company common stock.

If a holder acquired different blocks of shares of BRE common stock at different times or different prices, Treasury Regulations provide guidance on how such holder may allocate its tax basis to shares of the Combined Company common stock received in the merger. Holders that hold multiple blocks of shares of BRE common stock should consult their tax advisors regarding the proper allocation of their basis among shares of Combined Company common stock received in the merger under these Treasury Regulations.

Any gain recognized generally will be capital gain, provided that the cash consideration received does not have the effect of the distribution of a dividend within the meaning of Section 356(a)(2) of the

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Code (including through the application of Section 302 of the Code). Such capital gain will be long-term capital gain if the shares of BRE common stock exchanged were held for more than one year. Whether or not the cash consideration received by any stockholder could be considered essentially equivalent to, or having the effect of, a dividend will depend on the stockholder s particular situation. Each holder of shares of BRE common stock should consult its own tax advisor as to the applicability of these rules to them.

The aggregate tax basis of the Combined Company common stock received (including any fractional share interests deemed received and redeemed for cash as described below) by a holder will be the same as the aggregate tax basis of the shares of BRE common stock surrendered in exchange therefor, reduced by the amount of cash received in the merger (excluding cash received in lieu of a fractional share of Combined Company common stock) and increased by the amount of any gain or dividend income recognized in the merger (excluding any gain recognized as a result of any cash received in lieu of a fractional share of Combined Company common stock). Holders of shares of BRE common stock who hold multiple blocks of shares of BRE common stock should consult their tax advisors regarding the proper allocation of their basis among Combined Company common stock received.

The holding period of the Combined Company common stock received by a holder in connection with the merger will include the holding period of the shares of BRE common stock surrendered in the merger.

Cash received by a holder in lieu of a fractional share of Combined Company common stock in the merger will be treated as if such fractional share had been issued in the merger and then redeemed by the Combined Company, and such holder generally will recognize capital gain or loss with respect to such cash payment, measured by the difference, if any, between the amount of cash received and the holder s tax basis in such fractional share. Such capital gain or loss will be long-term capital gain or loss if the holder s holding period in respect of such fractional share is greater than one year. Certain non-corporate holders are generally subject to tax on long-term capital gains at reduced rates under current law. The deductibility of capital losses is subject to certain limitations.

Non-U.S. holders of shares of BRE common stock generally will not be subject to U.S. federal income tax on amounts described above (other than dividends) if (1) such non-U.S. holder has owned, actually or constructively, 5% or less of BRE s outstanding common stock during the five-year period ending on the date of the merger (or, if shorter, the period during which the non-U.S. holder held the stock) or (2) BRE is a domestically controlled qualified investment entity. A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its outstanding shares are held directly or indirectly by non-U.S. holders. Because BRE is publicly traded, it cannot be certain that it is domestically controlled. If BRE is not domestically controlled, a non-U.S. holder that owns more than 5% in value of BRE s common stock will be subject to U.S. federal income tax on that holder s gain in their BRE common stock unless (A) the Combined Company is not domestically-controlled, (B) either the Combined Company common stock is not regularly traded on an established securities market or the non-U.S. holder receives more than 5% in value of the Combined Company common stock if such common stock is regularly traded on an established securities market, and (C) the non-U.S. holder complies with certain U.S. return filing requirements, in which case only the gain attributable to fractional shares

exchanged for cash shall be subject to U.S. federal income tax. If a non-U.S. holder is subject to tax on its exchange of BRE common stock in the merger, its gain will be measured by the excess of (i) the sum of the fair market value of the Combined Company stock received in the exchange plus any cash received over (ii) the non-U.S. holder s adjusted tax basis in its BRE common stock.

If the cash consideration received by a non-U.S. holder could be considered to be essentially equivalent to, or having the effect of, a dividend, as discussed above, such dividend generally will be treated as ordinary income and will be subject to withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty.

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Asset Sale and Special Distribution

For U.S. federal income tax purposes, it is intended that (a) the Asset Sale be treated as a taxable sale by BRE of the assets subject to the Asset Sale, and (b) the Special Distribution be treated as a dividend distribution to U.S. holders of shares of BRE common stock to the extent of BRE s current and accumulated earnings and profits. BRE intends to designate the Special Distribution as a capital gain dividend to the extent permitted by the Code, and that the tax consequences described below under the applicable sections under U.S. Federal Income Tax Considerations for Holders of the Combined Company Common Stock, replacing all references to Combined Company common stock with BRE common stock, will apply to U.S. holders and non U.S. holders who receive the Special Distribution.

Notwithstanding the intended U.S. federal income tax treatment described above, the proper federal income tax treatment of the Asset Sale and Special Distribution is not entirely clear. It is possible that the IRS could treat the Special Distribution as additional cash consideration in the merger. The consequences upon a recharacterization of the Special Distribution as additional merger consideration would generally be as described under Tax Opinions from Counsel Regarding the Merger treating the amount of the Special Distribution as additional cash received in the merger and not as a distribution by BRE.

Backup Withholding

Certain holders of shares of BRE common stock may be subject to backup withholding with respect to any cash received in the merger or the Special Distribution. Backup withholding generally will not apply, however, to a holder of shares of BRE common stock that furnishes a correct taxpayer identification number and certifies that it is not subject to backup withholding on IRS Form W-9, or provides a properly completed IRS Form W-8BEN, or is otherwise exempt from backup withholding and provides appropriate proof of the applicable exemption. Backup withholding is not an additional tax and any amounts withheld will be allowed as a refund or credit against the holder s U.S. federal income tax liability, if any, provided that the holder timely furnishes the required information to the IRS.

Tax Opinions from Counsel Regarding REIT Qualification of BRE and Essex

It is a condition to the obligation of Essex to complete the merger that Essex receive an opinion from Latham & Watkins LLP to the effect that, for all taxable years commencing with BRE s taxable year ended December 31, 1997 through its taxable year which ends with the merger, BRE has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code. The opinion of Latham & Watkins LLP will be subject to customary exceptions, assumptions and qualifications, and be based on representations made by BRE regarding factual matters (including those contained in a tax representation letter provided by BRE) relating to the organization and operation of BRE and its subsidiaries.

It is a condition to the obligation of BRE to complete the merger that BRE receive an opinion from Goodwin Procter LLP (or other counsel to Essex reasonably acceptable to BRE) to the effect that, for all taxable years commencing with Essex s taxable year ended December 31, 2009, Essex has been organized and operated in conformity with the requirements for qualification and taxation as a REIT under the Code, and its past, current, and intended future organization and operations will permit Essex (as the Combined Company) to continue to qualify for taxation as a REIT under the Code for its taxable year that includes the merger and subsequent taxable years. The opinion of Goodwin Procter LLP (or such other counsel) will be subject to customary exceptions, assumptions and qualifications, and be based on representations made by BRE and Essex regarding factual matters (including those contained in tax representation letters provided by BRE and Essex), and covenants undertaken by Essex, relating to the organization

and operation of the Combined Company and its subsidiaries.

Neither of the opinions described above will be binding on the IRS or the courts. The Combined Company intends to continue to operate in a manner to qualify as a REIT following the merger, but there is no guarantee that it will qualify or remain qualified as a REIT. Qualification and taxation as a REIT depends upon the ability

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of the Combined Company to meet, through actual annual (or, in some cases, quarterly) operating results, requirements relating to income, asset ownership, distribution levels and diversity of share ownership, and the various REIT qualification requirements imposed under the Code. Given the complex nature of the REIT qualification requirements, the ongoing importance of factual determinations and the possibility of future changes in the circumstances of the Combined Company, there can be no assurance that the actual operating results of the Combined Company will satisfy the requirements for taxation as a REIT under the Code for any particular tax year.

Tax Liabilities and Attributes Inherited from BRE

If BRE failed to qualify as a REIT for any of its taxable years for which the applicable period for assessment had not expired, BRE would be liable for (and the Combined Company would be obligated to pay) U.S. federal income tax on its taxable income for such years at regular corporate rates, and, assuming the merger qualified as a reorganization within the meaning of Section 368(a) of the Code, the Combined Company would be subject to tax on the built-in gain on each BRE asset existing at the time of the merger if the Combined Company were to dispose of the BRE asset within a statutory period, which could extend for up to ten years following the merger. Such tax would be imposed at the highest regular corporate rate in effect at the date of the sale. Furthermore, after the merger, the asset and income tests will apply to all of the assets of the Combined Company, including the assets the Combined Company acquires from BRE, and to all of the income of the Combined Company, including the income derived from the assets the Combined Company acquires from BRE. As a result, the nature of the assets that the Combined Company acquires from BRE and the income the Combined Company derives from those assets may have an effect on the tax status of the Combined Company as a REIT.

Qualification as a REIT requires BRE to satisfy numerous requirements, some on an annual and others on a quarterly basis, as described below with respect to BRE. There are only limited judicial and administrative interpretations of these requirements, and qualification as a REIT involves the determination of various factual matters and circumstances which were not entirely within the control of BRE.

Tax Liabilities and Attributes of Essex

If Essex failed to qualify as a REIT for any of its taxable years for which the applicable period for assessment had not expired, Essex would be liable for (and the Combined Company would be obligated to pay) U.S. federal income tax on its taxable income at regular corporate rates. Furthermore, Essex (and the Combined Company) would not be able to re-elect REIT status until the fifth taxable year after the first taxable year in which such failure occurred.

Material U.S. Federal Income Tax Considerations Applicable to Holders of the Combined Company Common Stock

This section summarizes the material U.S. federal income tax consequences generally resulting from the election of Essex to be taxed as a REIT and the ownership of common stock of the Combined Company. The sections of the Code and the corresponding Treasury Regulations that relate to qualification and operation as a REIT are highly technical and complex. The following sets forth the material aspects of the sections of the Code that govern the U.S. federal income tax treatment of a REIT and the holders of certain of its common stock under current law. This summary is qualified in its entirety by the applicable Code provisions, relevant rules and regulations promulgated under the Code, and administrative and judicial interpretations of the Code and these rules and regulations.

Taxation of REITs in General

BRE and Essex have each elected to be taxed as a REIT. Essex elected to be taxed as a REIT under Sections 856 through 860 of the Code commencing with its taxable year ended December 31, 1994. Essex believes that it has been organized and operated in a manner which allows Essex and the Combined Company to qualify for taxation as a REIT under the Code commencing with the taxable year ended December 31, 1994.

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Essex currently intends to continue to be organized and operate in this manner. However, qualification and taxation as a REIT depend upon the ability of the Combined Company to meet the various qualification tests imposed under the Code, including through actual annual operating results, asset composition, distribution levels and diversity of stock ownership. Accordingly, no assurance can be given that Essex has been organized and has operated, or that the Combined Company will continue to be organized and operate, in a manner so as to qualify or remain qualified as a REIT.

Provided the Combined Company qualifies for taxation as a REIT, the Combined Company generally will be allowed to deduct dividends paid to its stockholders, and, as a result, the Combined Company generally will not be subject to U.S. federal income tax on that portion of its ordinary income and net capital gain that it currently distributes to its stockholders. The Combined Company expects to make distributions to its stockholders on a regular basis as necessary to avoid material U.S. federal income tax and to comply with the REIT requirements. See Annual Distribution Requirements below.

Notwithstanding the foregoing, even if the Combined Company qualifies for taxation as a REIT, it nonetheless may be subject to U.S. federal income tax in certain circumstances, including the following:

- The Combined Company will be required to pay U.S. federal income tax on its undistributed REIT taxable income, including net capital gain;

- The Combined Company may be subject to the alternative minimum tax;

- The Combined Company may be subject to tax at the highest corporate rate on certain income from foreclosure property (generally, property acquired by reason of default on a lease or indebtedness held by it);

- The Combined Company will be subject to a 100% U.S. federal income tax on net income from prohibited transactions (generally, certain sales or other dispositions of property, sometimes referred to as dealer property, held primarily for sale to customers in the ordinary course of business) unless the gain is realized in a taxable REIT subsidiary, or TRS, or such property has been held by the Combined Company for at least two years and certain other requirements are satisfied;

- If the Combined Company fails to satisfy the 75% gross income test or the 95% gross income test (discussed below), but nonetheless maintains its qualification as a REIT pursuant to certain relief provisions, the Combined Company will be subject to a 100% U.S. federal income tax on the greater of (i) the amount by which it fails the 75% gross income test or (ii) the amount by which it fails the 95% gross income test, in either case, multiplied by a fraction intended to reflect its profitability;

- If the Combined Company fails to satisfy any of the asset tests, other than a failure of the 5% or the 10% asset tests that qualifies under the De Minimis Exception, and the failure qualifies under the General

Exception, as described below under Qualification as a REIT Asset Tests, then the Combined Company will have to pay an excise tax equal to the greater of (i) $50,000 and (ii) an amount determined by multiplying the net income generated during a specified period by the assets that caused the failure by the highest U.S. federal income tax applicable to corporations;

If the Combined Company fails to satisfy any REIT requirements other than the income test or asset test requirements, described below under Qualification as a REIT Income Tests and Qualification as a REIT Ass Tests, respectively, and the Combined Company qualifies for a reasonable cause exception, then the Combined Company will have to pay a penalty equal to $50,000 for each such failure;

The Combined Company will be subject to a 4% nondeductible excise tax if certain distribution requirements are not satisfied;

The Combined Company may be required to pay monetary penalties to the IRS in certain circumstances, including if the Combined Company fails to meet record-keeping requirements intended to monitor its compliance with rules relating to the composition of a REIT s stockholders, as described below in Recordkeeping Requirements ;

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If the Combined Company acquires any asset from a corporation which is or has been a C corporation in a transaction in which the basis of the asset in the Combined Company s hands is less than the fair market value of the asset, in each case determined at the time it acquired the asset, and it subsequently recognizes gain on the disposition of the asset during the ten-year period beginning on the date on which it acquired the asset, then it will be required to pay tax at the highest regular corporate tax rate on this gain to the extent of the excess of (a) the fair market value of the asset over (b) its adjusted basis in the asset, in each case determined as of the date on which it acquired the asset. The results described in this paragraph with respect to the recognition of gain assume that the C corporation will refrain from making an election to receive different treatment under applicable Treasury Regulations on its tax return for the year in which the Combined Company acquires the asset from the C corporation. Treasury Regulations exclude from the application of this built-in gains tax any gain from the sale of property acquired by a REIT in an exchange under Section 1031 (a like kind exchange) or Section 1033 (an involuntary conversion) of the Code;

The Combined Company will be required to pay a 100% tax on any redetermined rents, redetermined deductions, and excess interest. In general, redetermined rents are rents from real property that are overstated as a result of services furnished to any of its non-TRS tenants by one of its TRSs. Redetermined deductions and excess interest generally represent amounts that are deducted by a TRS for amounts paid to the Combined Company that are in excess of the amounts that would have been deducted based on arm s-length negotiations; and

Income earned by the Combined Company s TRSs or any other subsidiaries that are C corporations will be subject to tax at regular corporate rates.

No assurance can be given that the amount of any such U.S. federal income taxes will not be substantial. In addition, the Combined Company and its subsidiaries may be subject to a variety of taxes, including payroll taxes and state, local and foreign income, property and other taxes on assets and operations. The Combined Company could also be subject to tax in situations and on transactions not presently contemplated.

Qualification as a REIT

In General. The REIT provisions of the Code apply to a domestic corporation, trust, or association (i) that is managed by one or more trustees or directors, (ii) the beneficial ownership of which is evidenced by transferable shares or by transferable certificates of beneficial interest, (iii) that properly elects to be taxed as a REIT and such election has not been terminated or revoked, (iv) that is neither a financial institution nor an insurance company, (v) that uses a calendar year for U.S. federal income tax purposes, (vi) that would be taxable as a domestic corporation but for the special Code provisions applicable to REITs and (vii) that meets the additional requirements discussed below.

Ownership Tests. Commencing with the Combined Company s second REIT taxable year, (i) the beneficial ownership of the Combined Company common stock must be held by 100 or more persons during at least 335 days of a 12-month taxable year (or during a proportionate part of a taxable year of less than 12 months) for each of its taxable years and (ii) during the last half of each taxable year, no more than 50% in value of the Combined Company s shares may be owned, directly or indirectly, by or for five or fewer individuals, which we refer to as the 5/50 Test. Share ownership for purposes of the 5/50 Test is determined by applying the constructive ownership provisions of Section 544(a) of the Code, subject to certain modifications. The term individual for purposes of the 5/50 Test includes a private foundation, a trust providing for the payment of supplemental unemployment compensation

benefits, and a portion of a trust permanently set aside or to be used exclusively for charitable purposes. A qualified trust described in Section 401(a) of the Code and exempt from tax under Section 501(a) of the Code generally is not treated as an individual for purposes of the 5/50 Test; rather, shares held by it are treated as owned proportionately by its beneficiaries.

The Combined Company s charter restricts ownership and transfers of its shares that would violate these requirements, although these restrictions may not be effective in all circumstances to prevent a violation. In

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addition, the Combined Company will be deemed to have satisfied the 5/50 Test for a particular taxable year if it has complied with all the requirements for ascertaining the ownership of its outstanding shares in that taxable year and has no reason to know that it has violated the 5/50 Test.

Ownership of Interests in Entities Treated as Partnerships for U.S. Federal Income Tax Purposes. A REIT that is a partner in an entity treated as a partnership for U.S. federal income tax purposes (generally including any domestic unincorporated entity that has not elected to be taxed as a corporation and is not a publicly traded partnership or a taxable mortgage pool) will be deemed to own its proportionate share of the assets of the partnership and will be deemed to earn its proportionate share of the partnership s income, based on its interest in partnership capital. In addition, the assets and gross income of the partnership retain the same character in the hands of the REIT for purposes of the gross income and asset tests applicable to REITs as described below. Thus, so long as Essex LP qualifies as a partnership for U.S. federal income tax purposes, the Combined Company s proportionate share of the assets and items of income of Essex LP, including Essex LP s share of assets and items of income of any subsidiaries that are partnerships for U.S. federal income tax purposes, are treated as assets and items of income of the Combined Company for purposes of applying the REIT income and asset tests described below. Unless otherwise noted, references to partnership in this discussion include any entity that is treated as a partnership for U.S. federal income tax purposes.

Ownership of Interests in Disregarded Subsidiaries. If a REIT owns a corporate subsidiary (including an entity which is treated as an association taxable as a corporation for U.S. federal income tax purposes) that is a qualified REIT subsidiary, the separate existence of that subsidiary is disregarded for U.S. federal income tax purposes. Generally, a qualified REIT subsidiary is a corporation, other than a TRS (discussed below), all of the capital stock of which is owned by the REIT (either directly or through other disregarded subsidiaries). For U.S. federal income tax purposes, all assets, liabilities and items of income, deduction and credit of the qualified REIT subsidiary will be treated as assets, liabilities and items of income, deduction and credit of the REIT itself. A qualified REIT subsidiary of the Combined Company will not be subject to federal corporate income taxation, although it may be subject to state and local taxation in some states. Certain other entities also may be treated as disregarded entities for U.S. federal income tax purposes, generally including any domestic unincorporated entity that would be treated as a partnership if it had more than one owner. For U.S. federal income tax purposes, all assets, liabilities and items of income, deduction and credit of any such disregarded entity will be treated as assets, liabilities and items of income, deduction and credit of the owner of the disregarded entity.

Income Tests. In order to maintain qualification as a REIT, the Combined Company must annually satisfy two gross income requirements. First, at least 75% of its gross income (excluding gross income from prohibited transactions and certain other income and gains as described below) for each taxable year must be derived, directly or indirectly, from investments relating to real property or mortgages on real property or from certain types of temporary investments (or any combination thereof). Qualifying income for purposes of this 75% gross income test generally includes: (a) rents from real property, (b) interest on debt secured by mortgages on real property or on interests in real property, (c) dividends or other distributions on, and gain from the sale of, shares in other REITs, (d) gain from the sale of real estate assets (other than gain from prohibited transactions), (e) income and gain derived from foreclosure property, and (f) income from certain types of temporary investments.

Second, in general, at least 95% of the Combined Company s gross income (excluding gross income from prohibited transactions and certain other income and gains as described below) for each taxable year must be derived from the real property investments described above and from other types of dividends and interest, gain from the sale or disposition of shares or securities that are not dealer property, or any combination of the above.

Rents the Combined Company receives will qualify as rents from real property in satisfying the gross income requirements for a REIT described above only if several conditions are met. First, the amount of rent must not be based in whole or in part on the income or profits of any person. However, an amount received or accrued generally will not be excluded from the term rents from real property solely by reason of being based on a fixed percentage or percentages of receipts or sales. Second, rents received from a related party tenant will

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not qualify as rents from real property in satisfying the gross income tests unless the tenant is a TRS and either (i) at least 90% of the property is leased to unrelated tenants and the rent paid by the TRS is substantially comparable to the rent paid by the unrelated tenants for comparable space, or (ii) the property leased is a qualified lodging facility, as defined in Section 856(d)(9)(D) of the Code, or a qualified health care property, as defined in Section 856(e)(6)(D)(i), and certain other conditions are satisfied. A tenant is a related party tenant if the REIT, or an actual or constructive owner of 10% or more of the REIT s stock, actually or constructively owns 10% or more of the interests in the assets or net profits of the tenant if the tenant is not a corporation, or, if the tenant is a corporation, 10% or more of the total combined voting power of all classes of stock entitled to vote or 10% or more of the total value of all classes of stock of the tenant. Third, if rent attributable to personal property, leased in connection with a lease of real property, is greater than 15% of the total rent received under the lease, then the portion of rent attributable to the personal property will not qualify as rents from real property.

Generally, for rents to qualify as rents from real property for the purpose of satisfying the gross income tests, the REIT may provide directly only a de minimis amount of services, unless those services are usually or customarily rendered in connection with the rental of real property and not otherwise considered rendered to the occupant under the applicable tax rules. Accordingly, the Combined Company may not provide impermissible services to tenants (except through an independent contractor from whom it derives no revenue and that meets other requirements or through a TRS) without giving rise to impermissible tenant service income. Impermissible tenant service income is deemed to be at least 150% of the direct cost to the REIT of providing the service. If the impermissible tenant service income exceeds 1% of the REIT s total income from a property, then all of the income from that property will fail to qualify as rents from real property. If the total amount of impermissible tenant service income from a property does not exceed 1% of the Combined Company s total income from the property, the services will not disqualify any other income from the property that qualifies as rents from real property, but the impermissible tenant service income will not qualify as rents from real property.

The Combined Company does not intend to charge rent that is based in whole or in part on the income or profits of any person or to derive rent from related party tenants, or rent attributable to personal property leased in connection with real property that exceeds 15% of the total rents from the real property if the treatment of any such amounts as non-qualified rent would jeopardize its status as a REIT. The Combined Company also does not intend to derive impermissible tenant service income that exceeds 1% of its total income from any property if the treatment of the rents from such property as nonqualified rents could cause it to fail to qualify as a REIT.

If the Combined Company fails to satisfy one or both of the 75% or the 95% gross income tests, it may nevertheless qualify as a REIT for a particular year if it is entitled to relief under certain provisions of the Code. Those relief provisions generally will be available if the failure to meet such tests is due to reasonable cause and not due to willful neglect and a schedule is filed describing each item of gross income for such year(s) in accordance with the applicable Treasury Regulations. It is not possible, however, to state whether in all circumstances these relief provisions could apply. As discussed above in Taxation of REITs in General, even if these relief provisions were to apply, the Combined Company would be subject to U.S. federal income tax to the extent it fails to meet the 75% or 95% gross income tests or otherwise fails to distribute 100% of its net capital gain and taxable income.

Asset Tests. At the close of each quarter of its taxable year, the Combined Company must also satisfy four tests relating to the nature of its assets. First, real estate assets, cash and cash items, and government securities must represent at least 75% of the value of its total assets. Second, not more than 25% of its total assets may be represented by securities other than those in the 75% asset class. Third, of the investments that are not included in the 75% asset class and that are not securities of its TRSs, (i) the value of any one issuer s securities owned by the Combined

Company may not exceed 5% of the value of its total assets and (ii) the Combined Company may not own more than 10% by vote or by value of any one issuer s outstanding securities. For purposes of the 10% value test, debt instruments issued by a partnership are not classified as securities to the extent of the Combined Company s interest as a partner in such partnership (based on its proportionate share of the partnership s equity interests and certain debt securities) or if at least 75% of the partnership s gross income,

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excluding income from prohibited transactions, is qualifying income for purposes of the 75% gross income test. For purposes of the 10% value test, the term securities also does not include debt securities issued by another REIT, certain straight debt securities (for example, qualifying debt securities of a corporation of which the Combined Company owns no more than a de minimis amount of equity interest), loans to individuals or estates, and accrued obligations to pay rent. Fourth, securities of TRSs cannot represent more than 25% of a REIT s total assets. Real estate assets for purposes of the REIT rules include stock in other REITs, but do not include stock in non-REIT companies. Also, for purposes of these asset tests, the term real estate assets includes any property that is attributable to the temporary investment of new capital, but only if such property is comprised of stock or debt instruments, and only for the one-year period beginning on the date the REIT receives such capital.

The Combined Company will monitor the status of its assets for purposes of the various asset tests and will endeavor to manage its portfolio in order to comply at all times with such tests. If the Combined Company fails to satisfy the asset tests at the end of a calendar quarter, the Combined Company will not lose its REIT status if one of the following exceptions applies:

- the Combined Company satisfied the asset tests at the end of the preceding calendar quarter, and the discrepancy between the value of its assets and the asset test requirements arose from changes in the market values of its assets and was not wholly or partly caused by the acquisition of one or more non-qualifying assets; or

- the Combined Company eliminates any discrepancy within 30 days after the close of the calendar quarter in which it arose.

Moreover, if the Combined Company fails to satisfy the asset tests at the end of a calendar quarter during a taxable year, it will not lose its REIT status if one of the following additional exceptions applies:

- De Minimis Exception: The failure is due to a violation of the 5% or 10% asset tests referenced above and is de minimis (meaning that the failure is one that arises from ownership of assets the total value of which does not exceed the lesser of 1% of the total value of the Combined Company s assets at the end of the quarter in which the failure occurred and $10 million), and the Combined Company either disposes of the assets that caused the failure or otherwise satisfies the asset tests within six months after the last day of the quarter in which the Combined Company s identification of the failure occurred; or

- General Exception: All of the following requirements are satisfied: (i) the failure is not due to a de minimis violation of the 5% or 10% asset tests (as defined above), (ii) the failure is due to reasonable cause and not willful neglect, (iii) the Combined Company files a schedule in accordance with Treasury Regulations providing a description of each asset that caused the failure, (iv) the Combined Company either disposes of the assets that caused the failure or otherwise satisfies the asset tests within six months after the last day of the quarter in which its identification of the failure occurred, and (v) the Combined Company pays an excise tax as described above in Taxation of REITs in General.

Foreclosure Property. Foreclosure property is real property (including interests in real property) and any personal property incident to such real property (1) that is acquired by a REIT as a result of the REIT having bid in the property at foreclosure, or having otherwise reduced the property to ownership or possession by agreement or process of law, after there was a default (or default was imminent) on a lease of the property or a mortgage loan held by the REIT and secured by the property, (2) for which the related loan or lease was made, entered into or acquired by the REIT at a time when default was not imminent or anticipated and (3) for which such REIT makes an election to treat the property as foreclosure property. Income and gain derived from foreclosure property is treated as qualifying income for both the 95% and 75% gross income tests. REITs generally are subject to tax at the maximum corporate rate (currently 35%) on any net income from foreclosure property, including any gain from the disposition of the foreclosure property, other than income that would otherwise be qualifying income for purposes of the 75% gross income test. Any gain from the sale of property for which a foreclosure property election has been made will not be subject to the 100% tax on gains from prohibited transactions described below under Prohibited Transactions Tax, even if the property is held primarily for sale to customers in the ordinary course of a trade or business.

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Debt Instruments. The Combined Company may hold or acquire mortgage, mezzanine, bridge loans and other debt investments. Interest income constitutes qualifying mortgage interest for purposes of the 75% gross income test (as described above) to the extent that the obligation upon which such interest is paid is secured by a mortgage on real property. If a REIT receives interest income with respect to a mortgage loan that is secured by both real property and other property, and the highest principal amount of the loan outstanding during a taxable year exceeds the fair market value of the real property on the date that it acquired or originated the mortgage loan, the interest income will be apportioned between the real property and the other collateral, and income from the arrangement will qualify for purposes of the 75% gross income test only to the extent that the interest is allocable to the real property. Loans that are modified generally will have to be retested using the fair market value of the collateral real property securing the loan as of the date the modification, unless the modification does not result in a deemed exchange of the unmodified note for the modified note for tax purposes, or the mortgage loan was in default or is reasonably likely to default and the modified loan substantially reduces the risk of default, in which case no re-testing in connection with the loan modification is necessary. Under IRS guidance, a loan may be treated as a qualifying real estate asset in an amount equal to the lesser of the fair market value of the loan or the fair market value of the real property securing the loan on the date the REIT acquired the loan. Although the guidance is not entirely clear, it appears that the non-qualifying portion of the mortgage loan will be equal to the portion of the loan s fair market value that exceeds the value on the date of acquisition of the associated real property that is security for that loan.

The application of the REIT provisions of the Code to certain mezzanine loans, which are loans secured by equity interests in an entity that directly or indirectly owns real property rather than by a direct mortgage of the real property, is not entirely clear. A safe harbor in Revenue Procedure 2003-65 provides that if a mezzanine loan meets certain requirements then (i) the mezzanine loan will be treated as a qualifying real estate asset for purposes of the REIT asset tests and (ii) interest in respect of such mezzanine loan will be treated as qualifying mortgage interest for purposes of the 75% income test. To the extent the Combined Company acquires mezzanine loans that do not comply with this safe harbor, all or a portion of such mezzanine loans may not qualify as real estate assets or generate qualifying income and REIT status may be adversely affected. As such, the REIT provisions of the Code may limit the Combined Company s ability to acquire mezzanine loans that it might otherwise desire to acquire.

Interests in a REMIC generally will be treated as real estate assets for purposes of the asset tests, and income derived from REMIC interests generally will be treated as qualifying income for purposes of the 75% and 95% gross income tests, except that if less than 95% of the assets of the REMIC are real estate assets, then the Combined Company will be treated as owning and receiving its proportionate share of the assets and income of the REMIC, with the result that only a proportionate part of the Combined Company s interest in the REMIC and income derived from the interest will qualify for purposes of the assets and the 75% gross income test. Even if a loan is not secured by real property, or is undersecured, the income that it generates may nonetheless qualify for purposes of the 95% gross income test.

To the extent that a REIT derives interest income from a mortgage loan where all or a portion of the amount of interest payable is contingent, such income generally will qualify for purposes of the gross income tests only if it is based upon the gross receipts or sales, and not the net income or profits, of the borrower. This limitation does not apply, however, (i) where the borrower leases substantially all of its interest in the property to tenants or subtenants, to the extent that the rental income derived by the borrower would qualify as rents from real property had the REIT earned the income directly, or (ii) if contingent interest is payable pursuant to a shared appreciation mortgage provision. A shared appreciation mortgage provision is any provision which is in connection with an obligation held by a REIT that is secured by an interest in real property, which entitles the REIT to a portion of the gain or appreciation in value of the collateral real property at a specified time. Any contingent interest earned pursuant to a shared appreciation mortgage provision shall be treated as gain from the sale of the underlying real property collateral

for purposes of the REIT income tests.

Hedging Transactions. The Combined Company may enter into hedging transactions with respect to one or more of its assets or liabilities. Hedging transactions could take a variety of forms, including interest rate swaps

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or cap agreements, options, futures contracts, forward rate agreements or similar financial instruments. Except to the extent as may be provided by future Treasury Regulations, any income from a hedging transaction entered into after July 30, 2008 which is clearly and properly identified as such before the close of the day on which it was acquired, originated or entered into, including gain from the disposition or termination of such a transaction, will not constitute gross income for purposes of the 95% and 75% gross income tests, provided that the hedging transaction is entered into (i) in the normal course of business primarily to manage risk of interest rate or price changes or currency fluctuations with respect to indebtedness incurred or to be incurred to acquire or carry real estate assets or (ii) primarily to manage the risk of currency fluctuations with respect to any item of income or gain that would be qualifying income under the 75% or 95% income tests (or any property which generates such income or gain). To the extent the Combined Company enters into other types of hedging transactions, the income from those transactions is likely to be treated as non-qualifying income for purposes of both the 75% and 95% gross income tests.

Foreign Investments. To the extent that the Combined Company holds or acquires any investments and, accordingly, pays taxes in other countries, taxes paid in non-U.S. jurisdictions may not be passed through to, or used by, the Combined Company s stockholders as a foreign tax credit or otherwise. In addition, certain passive income earned by a non-U.S. taxable REIT subsidiary must be taken in account currently (whether or not distributed by the taxable REIT subsidiary) and may not be qualifying income under the 95% and 75% gross income tests.

Qualified Temporary Investment Income. Income derived by the Combined Company from certain types of temporary share and debt investments made with the proceeds of sales of the Combined Company s stock or certain public debt offerings, not otherwise treated as qualifying income for the 75% gross income test, generally will nonetheless constitute qualifying income for purposes of the 75% gross income test for the year following the sale of such stock or debt. More specifically, qualifying income for purposes of the 75% gross income test includes qualified temporary investment income, which generally means any income that is attributable to shares of stock or a debt instrument, is attributable to the temporary investment of new equity capital and certain debt capital, and is received or accrued during the one-year period beginning on the date on which the REIT receives such new capital. After such one year period, income from such investments will be qualifying income for purposes of the 75% income test only if derived from one of the other qualifying sources enumerated above.

Annual Distribution Requirements

In order to qualify as a REIT, the Combined Company must distribute dividends (other than capital gain dividends) to its stockholders in an amount at least equal to (A) the sum of (i) 90% of its REIT taxable income, determined without regard to the dividends paid deduction and by excluding any net capital gain, and (ii) 90% of the net income (after tax), if any, from foreclosure property, minus (B) the sum of certain items of non-cash income. The Combined Company generally must pay such distributions in the taxable year to which they relate, or in the following taxable year if declared before the Combined Company timely files its tax return for such year and if paid on or before the first regular dividend payment after such declaration.

To the extent that the Combined Company does not distribute all of its net capital gain and taxable income, it will be subject to U.S. federal, state and local tax on the undistributed amount at regular corporate income tax rates. Furthermore, if the Combined Company should fail to distribute during each calendar year at least the sum of (i) 85% of its ordinary income for such year, (ii) 95% of its capital gain net income for such year, and (iii) 100% of any corresponding undistributed amounts from prior periods, it will be subject to a 4% nondeductible excise tax on the excess of such required distribution over the amounts actually distributed.

Under certain circumstances, the Combined Company may be able to rectify a failure to meet the distribution requirement for a year by paying deficiency dividends to its stockholders in a later year that may be included in its deduction for dividends paid for the earlier year. Thus, the Combined Company may be able to avoid being taxed on amounts distributed as deficiency dividends; however, the Combined Company will be required to pay interest based upon the amount of any deduction taken for deficiency dividends.

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In addition, dividends the Combined Company pays must not be preferential. If a dividend is preferential, it will not qualify for the dividends paid deduction. To avoid paying preferential dividends, the Combined Company must treat every stockholder of the class of shares with respect to which it makes a distribution the same as every other stockholder of that class, and the Combined Company must not treat any class of shares other than according to its dividend rights as a class. Under certain technical rules governing deficiency dividends, the Combined Company could lose its ability to cure an under-distribution in a year with a subsequent year deficiency dividend if it pays preferential dividends. Accordingly, the Combined Company intends to pay dividends pro rata within each class, and to abide by the rights and preferences of each class.

The Combined Company may retain and pay income tax on net long-term capital gains received during the tax year. To the extent the Combined Company so elects, (i) each stockholder must include in its income (as long-term capital gain) its proportionate share of the Combined Company s undistributed long-term capital gains, (ii) each stockholder is deemed to have paid, and receives a credit for, its proportionate share of the tax paid by the Combined Company on the undistributed long-term capital gains, and (iii) each stockholder s basis in its shares of the Combined Company s stock is increased by the included amount of the undistributed long-term capital gains less their share of the tax paid.

To qualify as a REIT, the Combined Company may not have, at the end of any taxable year, any undistributed earnings and profits accumulated in any non-REIT taxable year. In the event the Combined Company accumulates any non-REIT earnings and profits, the Combined Company intends to distribute its non-REIT earnings and profits before the end of its first REIT taxable year to comply with this requirement.

Failure to Qualify

If the Combined Company fails to qualify as a REIT and such failure is not an asset test or income test failure subject to the cure provisions described above, or the result of preferential dividends, the Combined Company generally will be eligible for a relief provision if the failure is due to reasonable cause and not willful neglect and the Combined Company pays a penalty of $50,000 with respect to such failure.

If the Combined Company fails to qualify for taxation as a REIT in any taxable year and no relief provisions apply, the Combined Company generally will be subject to tax (including any applicable alternative minimum tax) on its taxable income at regular corporate rates. Distributions to the Combined Company s stockholders in any year in which the Combined Company fails to qualify as a REIT will not be deductible by the Combined Company nor will they be required to be made. In such event, to the extent of the Combined Company s current or accumulated earnings and profits, all distributions to its stockholders will be taxable as dividend income. Subject to certain limitations in the Code, corporate stockholders may be eligible for the dividends received deduction, and individual, trust and estate stockholders may be eligible to treat the dividends received from the Combined Company as qualified dividend income taxable as net capital gains, under the provisions of Section 1(h)(11) of the Code. Unless entitled to relief under specific statutory provisions, the Combined Company also will be ineligible to elect to be taxed as a REIT again prior to the fifth taxable year following the first year in which it failed to qualify as a REIT under the Code.

The Combined Company s qualification as a REIT for U.S. federal income tax purposes will depend on it continuing to meet the various requirements summarized above governing the ownership of its outstanding shares, the nature of its assets, the sources of its income, and the amount of its distributions to its stockholders. Although the Combined Company intends to operate in a manner that will enable it to comply with such requirements, there can be no certainty that such intention will be realized. In addition, because the relevant laws may change, compliance with one or more of the REIT requirements may become impossible or impracticable.

Prohibited Transactions Tax

Except as discussed above under Foreclosure Property, gain realized by the Combined Company on the sale of any property held as inventory or other property held primarily for sale to customers in the ordinary course of business, including its share of any such gain realized by Essex LP or any other subsidiary partnership,

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taking into account any related foreign currency gains or losses, will be treated as income from a prohibited transaction that is subject to a 100% penalty tax. Whether property is held as inventory or primarily for sale to customers in the ordinary course of a trade or business depends upon all the facts and circumstances with respect to the particular transaction. However, the Code provides a safe harbor pursuant to which sales of properties held for at least two years and meeting certain other requirements will not give rise to prohibited transaction income.

The Combined Company may make sales that do not satisfy the safe harbor requirements described above and there can be no assurance that the IRS will not contend that one or more of these sales are subject to the 100% penalty tax. The 100% tax will not apply to gains from the sale of property realized through a TRS or other taxable corporation, although such income will be subject to tax at regular corporate income tax rates.

Recordkeeping Requirements

To avoid a monetary penalty, the Combined Company must request on an annual basis information from its stockholders designed to disclose the actual ownership of its outstanding shares.

Investments in TRSs

The Combined Company will own (indirectly) subsidiaries that are intended to be treated as TRSs for federal income tax purposes. A TRS is a corporation in which a REIT directly or indirectly own shares and that jointly elects with the REIT to be treated as a TRS under Section 856(l) of the Code. In addition, if a TRS owns, directly or indirectly, securities representing 35% or more of the vote or value of a subsidiary corporation, that subsidiary will also be treated as a TRS of the REIT. A domestic TRS pays U.S. federal, state, and local income taxes at the full applicable corporate rates on its taxable income prior to payment of any dividends. A non-U.S. TRS with income from a U.S. trade or business or certain U.S. sourced income also may be subject to U.S. income taxes. A TRS owning property outside of the U.S. may pay foreign taxes. The taxes owed by a TRS could be substantial. To the extent that the Combined Company s TRSs are required to pay U.S. federal, state, local, or foreign taxes, the cash available for distribution by the Combined Company will be reduced accordingly.

A TRS is permitted to engage in certain kinds of activities that cannot be performed directly by the Combined Company without jeopardizing the Combined Company s qualification as a REIT. Certain payments made by any of the Combined Company s TRSs to the Combined Company may not be deductible by the TRS (which could materially increase the TRS s taxable income), and certain direct or indirect payments made by any of the Combined Company s TRS to the Combined Company may be subject to 100% tax. In addition, subject to certain safe harbors, the Combined Company generally will be subject to a 100% tax on the amounts of any rents from real property, deductions, or excess interest received from a TRS that would be reduced through reapportionment under Section 482 of the Code in order to more clearly reflect the income of the TRS (and amounts protected from the 100% tax by reason of such safe harbor may nonetheless be reapportioned under Section 482).

Distributions that the Combined Company receives from a domestic TRS will be classified as dividend income to the extent of the current or accumulated earnings and profits of the TRS. Such distributions will generally constitute qualifying income for purposes of the 95% gross income test, but not under the 75% gross income test unless attributable to investments of certain new capital during the one-year period beginning on the date of receipt of the new capital.

REIT Subsidiaries

Essex indirectly holds interests in one or more subsidiaries intended to qualify as REITs. Any such subsidiary REITs would need to satisfy the various REIT requirements discussed above on a stand-alone basis. Stock of any subsidiary qualifying as REIT will be a qualifying real estate asset for purposes of the assets tests, and any dividends received by the Combined Company from a subsidiary qualifying as a REIT and gains from sales of such subsidiary s stock will be qualifying income for purposes of both the 95% and 75% gross income tests. If a subsidiary intended to qualify as a REIT failed to so qualify, the Combined Company would be treated

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as holding stock of a non-REIT, non-TRS corporate subsidiary, which could jeopardize the Combined Company s status as a REIT.

Tax Aspects of Essex LP and Merger Sub

In General. The Combined Company will own all or substantially all of its assets through Essex LP and Merger Sub, which will in turn own a substantial portion of their assets through interests in various partnerships and limited liability companies.

Merger Sub is intended to qualify as a qualified REIT subsidiary immediately following the merger. See Ownership of Interests in Disregarded Subsidiaries above.

Except in the case of subsidiaries that have elected REIT or TRS status, the Combined Company expects that Essex LP, Merger Sub, and their partnership and limited liability company subsidiaries will be treated as partnerships or disregarded entities for U.S. federal income tax purposes. In general, entities that are classified as partnerships for U.S. federal income tax purposes are treated as pass-through entities which are not required to pay U.S. federal income tax. Rather, partners or members of such entities are allocated their share of the items of income, gain, loss, deduction and credit of the entity, and are potentially required to pay tax on that income without regard to whether the partners or members receive a distribution of cash from the entity. The Combined Company includes in its income its allocable share of the foregoing items for purposes of computing its REIT taxable income, based on the applicable partnership agreement. For purposes of applying the REIT income and asset tests, the Combined Company includes its pro rata share of the income generated by and the assets held by the partnerships and limited liability companies treated as partnerships for U.S. federal income tax purposes in which it owns an interest, including their shares of the income and assets of any subsidiary partnerships and limited liability companies treated as partnerships for U.S. federal income tax purposes based on its capital interests. See Taxation of REITs in General.

The Combined Company s ownership interests in such partnerships and other disregarded entities involve special tax considerations, including the possibility that the IRS might challenge the status of these entities as partnerships or disregarded entities, as opposed to associations taxable as corporations, for U.S. federal income tax purposes. If any such entity were treated as an association, it would be taxable as a corporation and would be required to pay an entity-level tax on its income. In this situation, the character of its assets and items of gross income would change, and could prevent the Combined Company from satisfying the REIT asset tests and/or the REIT income tests. See Qualification as a REIT Asset Tests and Qualification as a REIT Income Tests. This, in turn, could prevent it from qualifying as a REIT. See Failure to Qualify for a discussion of the effect of its failure to meet these tests for a taxable year.

Essex believes that the partnerships and other disregarded entities will be classified as partnerships or disregarded entities for U.S. federal income tax purposes, and the remainder of the discussion under this section Tax Aspects of Essex LP and Merger Sub is based on such classification.

Although a domestic unincorporated entity is generally treated as a partnership (if it has more than one owner) or a disregarded entity (if it has a single owner) for U.S. federal income tax purposes, in certain situations such an entity may be treated as a corporation for U.S. federal income tax purposes, including if the entity is a publicly traded partnership that does not qualify for an exemption based on the character of its income. A partnership is a publicly traded partnership under Section 7704 of the Code if:

(1) interests in the partnership are traded on an established securities market; or

(2) interests in the partnership are readily tradable on a secondary market or the substantial equivalent of a secondary market.

Essex LP currently takes the reporting position for U.S. federal income tax purposes that it is not a publicly traded partnership. There is a risk, however, that the right of a holder of operating partnership units to redeem the units for common stock could cause operating partnership units to be considered readily tradable on the

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substantial equivalent of a secondary market. Under the relevant Treasury regulations, interests in a partnership will not be considered readily tradable on a secondary market or on the substantial equivalent of a secondary market if the partnership qualifies for specified safe harbors, which are based on the specific facts and circumstances relating to the partnership. Essex and Essex LP believe that Essex LP will qualify for at least one of these safe harbors at all times in the foreseeable future, but cannot provide any assurance that Essex LP will continue to qualify for one of the safe harbors mentioned above.

If Essex LP is a publicly traded partnership, it will be taxed as a corporation unless at least 90% of its gross income has consisted and will consists of qualifying income under Section 7704 of the Code. Qualifying income is generally real property rents and other types of passive income. Essex and Essex LP believe that Essex LP will have sufficient qualifying income so that it would be taxed as a partnership, even if it were a publicly traded partnership. The income requirements applicable to REITs under the Code and the definition of qualifying income under the publicly traded partnership rules are very similar. Although differences exist between these two income tests, Essex and Essex LP do not believe that these differences have caused or will cause Essex LP not to satisfy the 90% gross income test applicable to publicly traded partnerships.

Allocations of Income, Gain, Loss and Deduction. A partnership or limited liability company agreement will generally determine the allocation of income and losses among partners or members. These allocations, however, will be disregarded for tax purposes if they do not comply with the provisions of Section 704(b) of the Code and the related Treasury Regulations. Generally, Section 704(b) of the Code and the related Treasury Regulations require that partnership and limited liability company allocations respect the economic arrangement of their partners or members. If an allocation is not recognized by the IRS for U.S. federal income tax purposes, the item subject to the allocation will be reallocated according to the partners or members interests in the partnership or limited liability company, as the case may be. This reallocation will be determined by taking into account all of the facts and circumstances relating to the economic arrangement of the partners or members with respect to such item. The allocations of taxable income and loss in each of the partnerships and limited liability companies in which the Combined Company owns an interest are intended to comply with the requirements of Section 704(b) of the Code and the Treasury Regulations promulgated thereunder.

Tax Allocations With Respect to Contributed Properties. In general, when property is contributed to a partnership in exchange for a partnership interest, the partnership inherits the carryover tax basis of the contributing partner in the contributed property. Any difference between the fair market value and the adjusted tax basis of contributed property at the time of contribution is referred to as a Book-Tax Difference. Under Section 704(c) of the Code, income, gain, loss and deduction attributable to property with a Book-Tax Difference that is contributed to a partnership in exchange for an interest in the partnership must be allocated in a manner so that the contributing partner is charged with the unrealized gain or benefits from the unrealized loss associated with the property at the time of the contribution, as adjusted from time to time, so that, to the extent possible under the applicable method elected under Section 704(c) of the Code, the non-contributing partners receive allocations of depreciation and gain or loss for tax purposes comparable to the allocations they would have received in the absence of Book-Tax Differences. These allocations are solely for U.S. federal income tax purposes and do not affect the book capital accounts or other economic or legal arrangements among the partners or members. Similar tax allocations are required with respect to the Book-Tax Differences in the assets owned by a partnership when additional assets are contributed in exchange for a new partnership interest.

U.S. Federal Income Tax Considerations for Holders of the Combined Company Common Stock

Distributions. Distributions by the Combined Company, other than capital gain dividends, will constitute ordinary dividends to the extent of its current and accumulated earnings and profits as determined for U.S. federal income tax purposes. In general, these dividends will be taxable as ordinary income and will not be eligible for the dividends-received deduction for corporate U.S. holders. The Combined Company s ordinary dividends generally will not qualify as qualified dividend income taxed as net capital gain for U.S. holders that are individuals, trusts, or estates. However, distributions to U.S. holders that are individuals, trusts, or estates generally will constitute qualified dividend income taxed as net capital gains to the extent the U.S. holder

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satisfies certain holding period requirements and to the extent the dividends are attributable to (i) qualified dividend income the Combined Company receives from C corporations, including its TRSs, (ii) the Combined Company s undistributed earnings or built-in gains taxed at the corporate level during the immediately preceding year or (iii) any earnings and profits inherited from a C corporation in a tax-deferred reorganization or similar transaction, and provided the Combined Company properly designates the distributions as qualified dividend income. The Combined Company does not anticipate distributing a significant amount of qualified dividend income.

To the extent that the Combined Company makes a distribution in excess of its current and accumulated earnings and profits, the distribution will be treated first as a tax-free return of capital, reducing the tax basis in a U.S. holder s shares, and thereafter as capital gain realized from the sale of such shares to the extent the distribution exceeds the U.S. holder s tax basis in the shares.

Dividends declared by the Combined Company in October, November or December and payable to a U.S. holder of record on a specified date in any such month shall be treated both as paid by the Combined Company and as received by the U.S. holder on December 31 of the year, provided that the dividend is actually paid during January of the following calendar year.

Distributions that are properly designated as capital gain dividends will be taxed as long-term capital gains (to the extent they do not exceed the Combined Company s actual net capital gain for the taxable year) without regard to the period for which the U.S. holder has held its shares. However, corporate U.S. holders may be required to treat up to 20% of certain capital gain dividends as ordinary income. In addition, U.S. holders may be required to treat a portion of any capital gain dividend as unrecaptured Section 1250 gain, taxable at a maximum rate of 25% for individuals, if the Combined Company incurs such gain. Capital gain dividends are not eligible for the dividends-received deduction for corporations.

The REIT provisions of the Code do not require the Combined Company to distribute its long-term capital gain, and the Combined Company may elect to retain and pay income tax on its net long-term capital gains received during the taxable year. If the Combined Company so elects for a taxable year, its U.S. holders would include in income as long-term capital gains their proportionate share of retained net long-term capital gains for the taxable year as the Combined Company may designate. A U.S. holder would be deemed to have paid its share of the tax paid by the Combined Company on such undistributed capital gains, which would be credited or refunded to the U.S. holder. The U.S. holder s basis in its shares would be increased by the amount of undistributed long-term capital gains (less the capital gains tax paid by the Combined Company) included in the U.S. holder s long-term capital gains.

Passive Activity Loss and Investment Interest Limitations. The Combined Company s distributions and gain from the disposition of its shares will not be treated as passive activity income and, therefore, U.S. holders will not be able to apply any passive losses against such income. With respect to non-corporate U.S. holders, the Combined Company s dividends (to the extent they do not constitute a return of capital) that are taxed at ordinary income rates will generally be treated as investment income for purposes of the investment interest limitation; however, net capital gain from the disposition of shares of the Combined Company common stock (or distributions treated as such), capital gain dividends, and dividends taxed at net capital gains rates generally will be excluded from investment income except to the extent the U.S. holder elects to treat such amounts as ordinary income for U.S. federal income tax purposes. U.S. holders may not include in their own U.S. federal income tax returns any of the Combined Company s net operating or net capital losses.

Sale or Disposition of Common Stock. In general, any gain or loss realized upon a taxable disposition of shares of the Combined Company common stock by a U.S. holder will be a long-term capital gain or loss if the shares have been held for more than one year and otherwise as a short-term capital gain or loss. However, any loss upon a sale or exchange of the shares by a U.S. holder who has held such shares for six months or less (after applying certain holding period rules) will be treated as a long-term capital loss to the extent of undistributed capital gains or distributions received by the U.S. holder from the Combined Company, each as required to be

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treated by such U.S. holder as long-term capital gain. All or a portion of any loss realized upon a taxable disposition of shares of the Combined Company common stock may be disallowed if other shares of its common stock (or stocks or securities which are substantially identical to its common stock) are purchased within 30 days before or after the disposition.

Medicare Tax on Unearned Income. A U.S. holder that is an individual is subject to a 3.8% tax on the lesser of (1) the U.S. holder s net investment income for the relevant taxable year and (2) the excess of the U.S. holder s modified adjusted gross income for the taxable year over a certain threshold (which in the case of individuals will be between $125,000 and $250,000, depending on the individual s circumstances). A U.S. holder that is an estate or trust that does not fall into a special class of trusts that is exempt from such tax is subject to the same 3.8% tax on the lesser of its undistributed net investment income and the excess of its adjusted gross income over a certain threshold. A U.S. holder s net investment income will include, among other things, dividends on and capital gains from the sale or other disposition of shares of the Combined Company. Prospective U.S. holders that are individuals, estates or trusts should consult their tax advisors regarding the effect, if any, of this Medicare tax on their ownership and disposition of the Combined Company common stock.

Taxation of U.S. Tax-Exempt Holders

In general, a tax-exempt organization is exempt from U.S. federal income tax on its income, except to the extent of its unrelated business taxable income or UBTI, which is defined by the Code as the gross income derived from any trade or business which is regularly carried on by a tax-exempt entity and unrelated to its exempt purposes, less any directly connected deductions and subject to certain modifications. For this purpose, the Code generally excludes from UBTI any gain or loss from the sale or other disposition of property (other than stock in trade or property held primarily for sale in the ordinary course of a trade or business), dividends, interest, rents from real property, and certain other items. However, a portion of any such gains, dividends, interest, rents, and other items generally is UBTI to the extent derived from debt-financed property, based on the amount of acquisition indebtedness with respect to such debt-financed property. Distributions that the Combined Company makes to a tax-exempt employee pension trust or other domestic tax-exempt holder or gains from the disposition of the Combined Company s shares held as capital assets generally will not constitute UBTI unless the exempt organization s shares are debt-financed property (e.g., the holder has borrowed to acquire or carry its shares). However, if the Combined Company is a pension-held REIT, this general rule will not apply to distributions to certain pension trusts that hold more than 10% (by value) of the Combined Company s shares. The Combined Company will be treated as a pension-held REIT if (i) treating qualified trusts as individuals would cause the Combined Company to fail the 5/50 Test (as defined above) and (ii) the Combined Company is predominantly held by certain pension trusts. The Combined Company will be predominantly held if either (i) a single such pension trust holds more than 25% by value of the Combined Company s shares or (ii) one or more such pension trusts, each owning more than 10% by value of the Combined Company s shares, hold in the aggregate more than 50% by value of the Combined Company s shares. In the event the Combined Company is a pension-held REIT, the percentage of any dividend received from it treated as UBTI would be equal to the ratio of (a) the gross UBTI (less certain associated expenses) earned by it (treating it as if it were a qualified trust and, therefore, subject to tax on UBTI) to (b) its total gross income (less certain associated expenses). A de minimis exception applies where the ratio set forth in the preceding sentence is less than 5% for any year; in that case, no dividends are treated as UBTI. There can be no assurance that the Combined Company will not be treated as a pension-held REIT. Before making an investment in shares of the Combined Company common stock, a tax-exempt holder should consult its tax advisors with regard to UBTI and the suitability of the investment in shares of the Combined Company s common stock.

Social clubs, voluntary employee benefit associations, supplemental unemployment benefit trusts, and qualified group legal services plans that are exempt from taxation under paragraphs (7), (9), (17), and (20), respectively, of Section 501(c) of the Code are subject to different UBTI rules, which generally will require them to characterize distributions from the Combined Company as UBTI. Before making an investment in shares of the Combined Company common stock, a tax-exempt holder should consult its tax advisors with regard to UBTI and the suitability of the investment in the Combined Company s shares.

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Taxation of Non-U.S. Holders.

The following is a summary of certain U.S. federal income tax consequences of the ownership and disposition of common stock of the Combined Company applicable to non-U.S. holders. The discussion addresses only selective and not all aspects of U.S. federal income taxation that may be material for non-U.S. holders and is for general information only.

Ordinary Dividends. The portion of dividends received by non-U.S. holders payable out of the Combined Company s earnings and profits that are not attributable to gains from sales or exchanges of U.S. real property interests and which are not effectively connected with a U.S. trade or business of the non-U.S. holder generally will be treated as ordinary income and will be subject to withholding tax at the rate of 30%, unless reduced or eliminated by an applicable income tax treaty. Under some treaties, lower withholding rates may not apply to dividends from REITs, or may only apply if certain additional conditions are satisfied.

In cases where the dividend income from a non-U.S. holder s investment in the Combined Company common stock is, or is treated as, effectively connected with the non-U.S. holder s conduct of a U.S. trade or business, the non-U.S. holder generally will be subject to U.S. federal income tax at graduated rates, in the same manner as U.S. holders are taxed with respect to such dividends, and may also be subject to the 30% branch profits tax (or a lower rate of tax under the applicable income tax treaty) on the income after the application of the income tax in the case of a non-U.S. holder that is a corporation. The Combined Company plans to withhold U.S. income tax at the rate of 30% on the gross amount of any distribution paid to a non-U.S. holder (including any portion of any dividend that is payable in stock) that is neither a capital gain dividend nor a distribution that is attributable to gain from the sale or exchange of United States real property interests under the Foreign Investment in Real Property Tax Act of 1980, or FIRPTA, rules described below under Dispositions of Common Stock unless either (i) a lower treaty rate applies and the non-U.S. holder files with the Combined Company any required IRS Form W-8 (for example, an IRS Form W-8BEN) evidencing eligibility for that reduced rate or (ii) the non-U.S. holder files with the Combined Company an IRS Form W-8ECI claiming that the distribution is effectively connected income. The balance of this discussion assumes that dividends that the Combined Company distributes to non-U.S. holders and gains non-U.S. holders recognize with respect to Combined Company shares are not effectively connected with the non-U.S. holder s conduct of a U.S. trade or business unless deemed to be effectively connected under FIRPTA as described below under Dispositions of Common Stock.

Non-Dividend Distributions. Distributions by the Combined Company to non-U.S. holders that are not attributable to gains from sales or exchanges of U.S. real property interests and that exceed the Combined Company s earnings and profits will be a non-taxable return of the non-U.S. holder s basis in its shares and, to the extent in excess of the non-U.S. holder s basis, gain from the disposition of such shares, the tax treatment of which is described below. If it cannot be determined at the time at which a distribution is made whether or not the distribution will exceed the Combined Company s earnings and profits, the distribution may be subject to withholding at the rate applicable to dividends. A non-U.S. holder, however, may seek a refund from the IRS of any amounts withheld that exceed the non-U.S. holder s actual U.S. federal income tax liability. If the Combined Company s stock constitutes a U.S. real property interest, distributions in excess of the sum of the Combined Company s earnings and profits plus the non-U.S. holder s adjusted tax basis in the stock will be taxed under FIRPTA at the rate of tax, including any applicable capital gain rates, that would apply to a U.S. holder of the same type (e.g., an individual or a corporation, as the case may be), and the collection of the tax will be enforced by a withholding at a rate of 10% of the amount by which the distribution exceeds the non-U.S. holder s share of the Combined Company s earnings and profits. The amount withheld generally would be creditable against the non-U.S. holder s U.S. federal income tax liability.

Capital Gain Dividends. Under FIRPTA, subject to the discussion below for 5% or smaller holders of regularly traded classes of stock, a distribution made by the Combined Company to a non-U.S. holder attributable to gains from dispositions of U.S. real property interests held by the Combined Company (directly or through pass-through subsidiaries) must be reported in U.S. federal income tax returns filed by, and are treated as effectively connected with a U.S. trade or business of, the non-U.S. holder. The term U.S. real property

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interests includes interests in U.S. real property and shares in U.S. corporations at least 50% of whose real estate and business assets consist of U.S. real property interests. Such gains are subject to federal income tax at the rates applicable to U.S. holders and, in the case of a non-U.S. holder that is a corporation, a 30% branch profits tax (or a lower rate of tax under the applicable income tax treaty). The Combined Company is required to withhold tax at a 35% rate from distributions that are attributable to gains from the sale or exchange of U.S. real property interests. The amount withheld generally would be creditable against the non-U.S. holder s U.S. federal income tax liability.

Notwithstanding the foregoing discussion, capital gain dividends distributed to a non-U.S. holder who did not at any time during the one year period ending on the date of the distribution own more than 5% of a class of shares that is regularly traded on an established securities market located in the U.S. will not be subject to FIRPTA, but will be treated as ordinary dividends subject to the rules discussed above under Ordinary Dividends.

Capital gain dividends that are not attributable to sales or exchanges of U.S. real property interests, generally are not subject to U.S. federal income tax unless (i) such distribution is effectively connected with a U.S. trade or business of the non-U.S. holder and, if certain treaties apply, is attributable to a U.S. permanent establishment of the non-U.S. holder, in which case the non-U.S. holder will be subject to net-basis U.S. federal income tax on the dividend as if the non-U.S. holder were a U.S. holder and, in the case of a non-U.S. holder that is a corporation, a 30% branch profits tax (or a lower rate of tax under the applicable income tax treaty), or (ii) such non-U.S. holder was present in the U.S. for 183 days or more during the taxable year and has a tax home in the U.S., in which case a 30% withholding tax would apply to the dividend.

However, notwithstanding that such dividends should only be subject to U.S. federal income taxation in those two instances, existing Treasury Regulations might be construed to require the Combined Company to withhold on such dividends in the same manner as capital gain dividends that are attributable to gain from the disposition of U.S. real property interests, generally at the rate of 35% of the dividend (although any amounts withheld generally would be creditable against the non-U.S. holder s U.S. federal income tax liability).

Dispositions of Common Stock. Unless FIRPTA applies, or as otherwise set forth below, a sale or exchange of Combined Company shares by a non-U.S. holder generally will not be subject to U.S. federal income taxation. FIRPTA applies only if shares of the Combined Company common stock constitute a U.S. real property interest.

The Combined Company common stock will not constitute a U.S. real property interest if the Combined Company is a domestically controlled qualified investment entity. A domestically controlled qualified investment entity includes a REIT in which, at all times during a specified testing period, less than 50% in value of its outstanding shares are held directly or indirectly by non-U.S. holders. Because the Combined Company common stock will be publicly traded, no assurance can be given that the Combined Company will be, or that if it is it will remain, a domestically controlled qualified investment entity.

In the event that the Combined Company does not constitute a domestically controlled qualified investment entity, a non-U.S. holder s sale of the Combined Company common stock nonetheless will generally not be subject to tax under FIRPTA as a sale of a U.S. real property interest, provided that (1) shares of the Combined Company common stock are regularly traded, as defined by applicable Treasury Regulations, on an established securities market and (2) the selling non-U.S. holder owned, actually or constructively, 5% or less of the Combined Company s outstanding common stock during the five-year period ending on the date of the sale or exchange (or, if shorter, the period during which the non-U.S. holder held the stock).

In addition, even if the Combined Company is a domestically controlled qualified investment entity, upon disposition of shares of the Combined Company, a non-U.S. holder may be treated as having gain from the sale or exchange of a U.S. real property interest if the non-U.S. holder (1) disposes of an interest in the Combined Company s shares during the 30-day period preceding the ex-dividend date of a distribution, any portion of which, but for the disposition, would have been treated as gain from sale or exchange of a U.S. real property

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interest and (2) acquires, enters into a contract or option to acquire, or is deemed to acquire, other shares of the Combined Company common stock within 30 days after such ex-dividend date. The foregoing rules do not apply to a transaction if the 5% regularly traded test described above is satisfied with respect to the non-U.S. holder.

If gain on the sale of shares of the Combined Company common stock were subject to taxation under FIRPTA, the non-U.S. holder would be subject to the same treatment as a U.S. holder with respect to such gain, subject to applicable alternative minimum tax and a special alternative minimum tax in the case of nonresident alien individuals, and the purchaser of the shares could be required to withhold 10% of the purchase price and remit such amount to the IRS.

Gain from the sale of shares of the Combined Company common stock that would not otherwise be subject to FIRPTA will nonetheless be taxable in the U.S. to a non-U.S. holder if (i) such gain is effectively connected to a U.S. trade or business of the non-U.S. holder and, if certain treaties apply, is attributable to a U.S. permanent establishment of the non-U.S. holder, in which case the gain will be subject to net-basis U.S. federal income tax as if the non-U.S. holder were a U.S. holder and, in the case of a non-U.S. holder that is a corporation, a 30% branch profits tax (or a lower rate of tax under the applicable income tax treaty), or (ii) the non-U.S. holder is a nonresident alien individual who was present in the U.S. for 183 days or more during the taxable year and has a tax home in the U.S., in which case the nonresident alien individual will be subject to a 30% tax on the individual s capital gain.

Information Reporting Requirements and Backup Withholding Tax

The Combined Company will report to its U.S. holders and to the IRS the amount of distributions paid during each calendar year, and the amount of tax withheld, if any. Under the backup withholding rules, a U.S. holder may be subject to backup withholding at a rate of 28% with respect to distributions paid, unless such U.S. holder (i) is a corporation or other exempt entity and, when required, proves its status or (ii) certifies under penalties of perjury that the taxpayer identification number the U.S. holder has furnished is correct and the U.S. holder is not subject to backup withholding and otherwise complies with the applicable requirements of the backup withholding rules. A U.S. holder that does not provide its correct taxpayer identification number also may be subject to penalties imposed by the IRS.

The Combined Company will also report annually to the IRS and to each non-U.S. holder the amount of dividends paid to such holder and the tax withheld with respect to such dividends, regardless of whether withholding was required. Copies of the information returns reporting such dividends and withholding may also be made available to the tax authorities in the country in which the non-U.S. holder resides under the provisions of an applicable income tax treaty. A non-U.S. holder may be subject to back-up withholding unless applicable certification requirements are met.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules may be allowed as a refund or a credit against such holder s U.S. federal income tax liability, provided the required information is furnished to the IRS.

Other Withholding and Reporting Requirements under FATCA

The Foreign Account Tax Compliance Act provisions of the Code, enacted in 2010, which we refer to as FATCA, impose withholding taxes on certain types of payments to (i) foreign financial institutions that do not agree to comply with certain diligence, reporting and withholding obligations with respect to their U.S. accounts and (ii) non-financial foreign entities that do not identify (or confirm the absence of) substantial U.S. owners. The withholding tax of 30%

would apply to dividends and the gross proceeds of a disposition of Combined Company stock paid to certain foreign entities unless various information reporting requirements are satisfied. Because the Combined Company may not know the extent to which a distribution is a dividend for U.S. federal income tax purposes at the time it is made, for purposes of these withholding rules the Combined Company may treat the entire distribution as a dividend. Foreign financial institutions located in jurisdictions that have an intergovernmental agreement with the United States governing these withholding provisions may be subject to different rules.

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For these purposes, a foreign financial institution generally is defined as any non-U.S. entity that (i) accepts deposits in the ordinary course of a banking or similar business, (ii) is engaged in the business of holding financial assets for the account of others, or (iii) is engaged or holds itself out as being engaged primarily in the business of investing, reinvesting, or trading in securities, partnership interests, commodities, or any interest in such assets. Withholding under this legislation (as modified pursuant to subsequent guidance) on withholdable payments to foreign financial institutions and non-financial foreign entities would apply after December 31, 2016 with respect to gross proceeds of a disposition of property that can produce U.S. source interest or dividends and would apply after June 30, 2014 with respect to other withholdable payments.

Legislative or Other Actions Affecting REITs

The rules dealing with U.S. federal income taxation are constantly under review by persons involved in the legislative process and by the IRS and the U.S. Treasury Department. No assurance can be given as to whether, when, or in what form, the U.S. federal income tax laws applicable to the Combined Company and its stockholders may be enacted. Changes to the U.S. federal tax laws and interpretations of federal tax laws could adversely affect an investment in the Combined Company common stock.

State, Local and Foreign Tax

The Combined Company may be subject to state, local and foreign tax in states, localities and foreign countries in which it does business or owns property. The tax treatment applicable to the Combined Company and its stockholders in such jurisdictions may differ from the U.S. federal income tax treatment described above.

Accounting Treatment

Essex prepares its financial statements in accordance with GAAP. The merger will be accounted for by applying the acquisition method, which requires the identification of the acquirer, the determination of the acquisition date, the recognition and measurement, at fair value, of the identifiable assets acquired, liabilities assumed and any noncontrolling interest in the consolidated subsidiaries of the acquiree and recognition and measurement of goodwill or a gain from a bargain purchase. Essex will be considered the accounting acquirer and will therefore, recognize and measure, at fair value, the identifiable assets acquired, liabilities assumed and any noncontrolling interests in the consolidated subsidiaries of BRE, and Essex will recognize and measure any goodwill and any gain from a bargain purchase, in each case, upon completion of the merger.

Exchange of Shares in the Merger

Essex has appointed Computershare Trust Company, N.A., or the exchange agent and payment agent, to act as the exchange agent and payment agent for the exchange of shares of BRE common stock for shares of Essex common stock and the payment of the cash consideration and cash in lieu of any fractional shares of Essex common stock. As promptly as practicable after the effective time of the merger, the exchange agent will send to each holder of record of shares of BRE common stock at the effective time of the merger who holds shares of BRE common stock in certificated or book-entry form a letter of transmittal and instructions for effecting the exchange of BRE common stock certificates or book-entry shares for the merger consideration the holder is entitled to receive under the merger agreement. Upon surrender of stock certificates or book-entry shares for cancellation along with the executed letter of transmittal and other documents described in the instructions, a BRE stockholder will receive any whole shares of Essex common stock such holder is entitled to receive and the cash consideration and cash in lieu of any fractional

shares of Essex common stock such holder is entitled to receive. After the effective time of the merger, BRE will not register any transfers of shares of BRE common stock.

Essex stockholders need not take any action with respect to their stock certificates or book-entry shares.

Dividends

The merger agreement permits Essex to continue to pay a regular quarterly distribution, in accordance with past practice at a rate not to exceed (i) $1.21 per share of Essex common stock, (ii) $0.30469 per share of Essex

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Series G Preferred Stock and (iii) $0.44531 per share of Essex Series H Preferred Stock per quarter, and any distribution that is reasonably necessary to maintain its REIT qualification and/or to avoid the imposition of U.S. federal income or excise tax. The merger agreement permits BRE to pay a regular quarterly distribution, in accordance with past practice at a rate not to exceed $0.395 per share of BRE common stock and $0.421875 per share of the BRE preferred stock per quarter, and any distribution that is reasonably necessary to maintain its REIT qualification and/or to avoid the imposition of U.S. federal income or excise tax. The timing of quarterly dividends will be coordinated by Essex and BRE so that if either Essex common stockholders or BRE common stockholders receive a dividend for any particular quarter prior to the closing of the merger, the common stockholders of the other entity will also receive a dividend for that quarter prior to the closing of the merger. Following the closing of the merger, Essex expects to continue its current dividend policy for common stockholders of the Combined Company, subject to the discretion of the Combined Company s board of directors, which reserves the right to change the Combined Company s dividend policy at any time and for any reason. See Risk Factors Risks Related to an Investment in the Combined Company s Common Stock The Combined Company cannot assure you that it will be able to continue paying dividends at or above the rate currently paid by Essex and BRE on page 41.

The Merger Agreement permits BRE to make the Special Distribution to BRE stockholders in the event that the Asset Sale occurs. Any amounts distributed as a Special Distribution will reduce the cash consideration by the per share amount of the Special Distribution authorized and declared on the BRE common stock to BRE stockholders of record as of the close of business on the business day preceding the effective time of the merger. See The Merger Agreement Financing Relating to the Merger Asset Sale and Special Distribution beginning on page 145.

Listing of Essex Common Stock

It is a condition to each party s obligation to complete the merger that the shares of Essex common stock issuable to BRE stockholders in the merger be approved for listing on the NYSE, subject to official notice of issuance. Essex has agreed to use its reasonable best efforts to cause the shares of Essex common stock to be issued to BRE stockholders in the merger to be approved for listing on the NYSE prior to the effective time of the merger, subject to official notice of issuance.

Delisting and Deregistration of BRE Common Stock and BRE Preferred Stock

After the merger is completed, the shares of BRE common stock currently listed on the NYSE will cease to be listed on the NYSE and will be deregistered under the Exchange Act. The BRE preferred stock will be redeemed on February 20, 2014.

Litigation Relating to the Merger

Since the announcement of the merger agreement on December 19, 2013, three putative class action and shareholder derivative actions have been filed on behalf of alleged BRE stockholders and/or BRE itself in the Circuit Court for Baltimore City, Maryland, under the following captions: *Sutton v. BRE Properties, Inc., et al.,* No. 24-C-13-008425, filed December 23, 2013; *Applegate v. BRE Properties, Inc., et al.,* No. 24-C-14-00002, filed December 30, 2013; and *Lee v. BRE Properties, Inc., et al.,* No. 24-C-14-00046, filed January 3, 2014.

All of these complaints name as defendants BRE, the BRE Board, Essex, and Merger Sub, and allege that the BRE Board breached its fiduciary duties to BRE s stockholders and/or to BRE itself, and that the merger involves an unfair price, an inadequate sales process, and unreasonable deal protection devices that purportedly preclude competing

offers. The complaints further allege that Essex, Merger Sub, and, in some cases, BRE aided and abetted those alleged breaches of duty. The complaints seek injunctive relief, including enjoining or rescinding the merger, and an award of other unspecified attorneys and other fees and costs, in addition to other relief. On February 7, 2014, Plaintiffs filed identical amended complaints in the three pending actions. The amended complaints add allegations that disclosures relating to the proposed merger in the joint proxy statement/prospectus filed with the SEC on January 29, 2014 are inadequate.

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THE MERGER AGREEMENT

This section of this joint proxy statement/prospectus summarizes the material provisions of the merger agreement, which is attached as Annex A to this joint proxy statement/prospectus and is incorporated herein by reference. As a stockholder, you are not a third party beneficiary of the merger agreement and therefore you may not directly enforce any of its terms and conditions.

This summary may not contain all of the information about the merger agreement that is important to you. Essex and BRE urge you to carefully read the full text of the merger agreement because it is the legal document that governs the merger. The merger agreement is not intended to provide you with any factual information about Essex or BRE. In particular, the assertions embodied in the representations and warranties contained in the merger agreement (and summarized below) are qualified by information each of Essex and BRE filed with the SEC prior to the effective date of the merger agreement, as well as by certain disclosure letters each of the parties delivered to the other in connection with the signing of the merger agreement, which modify, qualify and create exceptions to the representations and warranties set forth in the merger agreement. Moreover, some of those representations and warranties may not be accurate or complete as of any specified date, may apply contractual standards of materiality in a way that is different from what may be viewed as material by investors or that is different from standards of materiality generally applicable under the U.S. federal securities laws or may not be intended as statements of fact, but rather as a way of allocating risk among the parties to the merger agreement. The representations and warranties and other provisions of the merger agreement and the description of such provisions in this joint proxy statement/prospectus should not be read alone but instead should be read in conjunction with the other information contained in the reports, statements and filings that each of Essex and BRE file with the SEC and the other information in this joint proxy statement/prospectus. See Where You Can Find More Information beginning on page 199.

Essex and BRE acknowledge that, notwithstanding the inclusion of the foregoing cautionary statements, each of them is responsible for considering whether additional specific disclosures of material information regarding material contractual provisions are required to make the statements in this joint proxy statement/prospectus not misleading.

Form, Effective Time and Closing of the Merger

The merger agreement provides for the combination of BRE and Essex through the merger of BRE with and into Merger Sub, with Merger Sub surviving the merger upon the terms and subject to the conditions set forth in the merger agreement. The merger will become effective upon the filing of the articles of merger with the State Department of Assessments and Taxation of the State of Maryland and a certificate of merger with the Secretary of State of the State of Delaware or at a later date and time agreed to by Essex and BRE and specified in the articles of merger and certificate of merger.

The merger agreement provides that the closing of the merger will take place at 8:00 a.m. Eastern Time at the offices of Goodwin Procter LLP in San Francisco, California on the second business day following the date on which the last of the conditions to closing of the merger (described below under Conditions to Completion of the Merger) have been satisfied or waived (other than the conditions that by their terms are to be satisfied at the closing of the merger, but subject to the satisfaction or waiver of those conditions), provided that if a certain third party consent is not obtained by such date, Essex has the right to extend the closing to a date that is not later than two business days after the receipt of such consent, but in no event later than June 16, 2014.

Board of Directors of the Combined Company

As of the effective time of the merger, the board of directors of the Combined Company will be increased to 13 members, with the ten current Essex directors, George M. Marcus, Keith R. Guericke, David W. Brady, Gary P. Martin, Issie N. Rabinovitch, Thomas E. Randlett, Michael J. Schall, Bryon A. Scordelis, Janice L. Sears

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and Claude Joseph Zinngrabe Jr., continuing as directors of the Combined Company. George M. Marcus and Keith R. Guericke, Chairman and Vice Chairman of the Essex Board, respectively, will serve as Chairman and Vice Chairman of the Board for the Combined Company, respectively. The Essex Board will fill the three newly created vacancies by appointing to the Essex Board, as of the effective time of the merger, Irving F. Lyons, III, Thomas E. Robinson and Thomas P. Sullivan, which members we refer to as the BRE designees, to serve until the next annual meeting of the Combined Company s stockholders (and until their successors have been duly elected and qualified). The BRE designees will be nominated by the board of directors of the Combined Company for reelection at the next subsequent annual meeting of the Combined Company s stockholders.

Merger Consideration; Effects of the Merger

Merger Consideration

At the effective time of the merger and by virtue of the merger, each outstanding share of BRE common stock (other than shares held by any subsidiary of BRE, by Essex, by Merger Sub or any of their respective subsidiaries) will be converted into the right to receive (i) the stock consideration, 0.2971 shares of Essex common stock, and (ii) the cash consideration, $12.33 in cash, without interest, each subject to adjustment as described in the merger agreement. The cash consideration will be reduced to the extent the Special Distribution is authorized to be paid to BRE stockholders prior to the closing of the merger, as described below under Asset Sale and Special Distribution. We refer to the stock consideration and the cash consideration collectively as the merger consideration. No fractional shares of Essex common stock will be issued, but instead BRE stockholders will receive cash, without interest, in an amount determined by multiplying the fractional interest of Essex common stock to which the holder would otherwise be entitled by the volume weighted average price of Essex common stock for the 10 trading days immediately prior to the closing date, starting with the opening of trading on the first trading day to the closing of the second to last trading day prior to the closing date, as reported by Bloomberg.

Procedures for Surrendering BRE Stock Certificates

The conversion of shares of BRE common stock into the right to receive the merger consideration will occur automatically at the effective time of the merger. In accordance with the merger agreement, Essex has appointed an exchange agent to handle the payment and delivery of the merger consideration and the cash payments to be delivered in lieu of fractional shares. Prior to the effective time of the merger, Essex or Merger Sub will deliver to the exchange agent evidence of the Essex common stock in book-entry form sufficient to pay the stock consideration and cash in an amount sufficient to pay for the cash consideration and any cash to be delivered in lieu of fractional shares. As soon as reasonably practicable after the effective time, but in no event later than two business days thereafter, Essex will cause the exchange agent to mail (and make available for collection by hand) to each record holder of shares of BRE common stock, a letter of transmittal and instructions explaining how to surrender BRE common share certificates to the exchange agent.

Each BRE stockholder that surrenders its stock certificate to the exchange agent together with a duly completed letter of transmittal, and each BRE stockholder that holds book-entry shares of BRE common stock, will receive the merger consideration due to such stockholder (including cash in lieu of any fractional shares). After the effective time of the merger, each certificate that previously represented shares of BRE common stock will only represent the right to receive the merger consideration into which those shares of BRE common stock have been converted.

Redemption of the BRE Preferred Stock

All outstanding shares of the BRE preferred stock will be redeemed prior to the effective time of the merger at $25.00 per share plus any accrued and unpaid dividends, in accordance with the terms of the merger agreement. BRE sent notice of the redemption of the BRE preferred stock to holders of BRE preferred stock on January 21, 2014 in accordance with the terms of the BRE preferred stock. The BRE preferred stock will be redeemed on February 20, 2014.

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Assumption of BRE Equity Incentive Plans by the Combined Company

At the effective time of the merger, the Combined Company will assume all outstanding options, whether or not exercisable, and restricted stock awards (including any associated performance-based rights) subject to their current terms under the BRE equity incentive plans, as adjusted by the Stock Award Exchange Ratio. Each option and restricted stock award so assumed by the Combined Company will continue to have the same terms and conditions (including vesting schedule) as were applicable under the BRE equity incentive plans prior to the effective time of the merger, subject to certain adjustments for BRE performance-based restricted stock awards.

Withholding

All payments under the merger agreement are subject to applicable withholding requirements.

Appraisal Rights

No dissenters or appraisal rights, or rights of objecting stockholders under Title 3 Subtitle 2 of the MGCL, will be available to holders of BRE common stock with respect to the merger or the other transactions contemplated by the merger agreement.

Representations and Warranties

The merger agreement contains a number of representations and warranties made by Essex and Merger Sub, on the one hand, and BRE, on the other hand. The representations and warranties were made by the parties as of the date of the merger agreement and do not survive the effective time of the merger. Certain of these representations and warranties are subject to specified exceptions and qualifications contained in the merger agreement and qualified by information with respect to each of Essex and BRE filed with the SEC prior to the date of the merger agreement and in the disclosure letters delivered in connection with the merger agreement.

Representations and Warranties of Essex and Merger Sub

The merger agreement includes representations and warranties by Essex and Merger Sub relating to, among other things:

- organization, valid existence, good standing and qualification to conduct business;
- capitalization;
- due authorization, execution, delivery and validity of the merger agreement;
- board approval;

absence of any conflict with or violation of organizational documents or applicable laws, and the absence of any violation or breach of, or default or consent requirements under, certain agreements;

SEC filings and financial statements;

internal controls;

absence of certain changes since January 1, 2013;

absence of undisclosed liabilities;

litigation;

employee benefit plans and employees;

labor and employment matters;

tax matters, including qualification as a REIT;

material contracts;

inapplicability of the Investment Company Act of 1940, as amended;

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environmental matters;

intellectual property;

compliance with laws and permits;

real property;

accuracy of information supplied for inclusion in this joint proxy statement/prospectus and registration statement;

opinion of financial advisor;

insurance;

related party transactions;

broker s, finder s and other fees;

matters related to the bridge financing in connection with the merger;

required stockholder vote;

ownership of BRE common stock;

outstanding commissions and fees; and

construction defect liability exposure.

Representations and Warranties of BRE

The merger agreement includes representations and warranties by BRE relating to, among other things:

organization, valid existence, good standing and qualification to conduct business;

capitalization;

due authorization, execution, delivery and validity of the merger agreement;

board approval;

absence of any conflict with or violation of organizational documents or applicable laws, and the absence of any violation or breach of, or default or consent requirements under, certain agreements;

SEC filings and financial statements;

internal controls;

absence of certain changes since January 1, 2013;

absence of undisclosed liabilities;

litigation;

employee benefit plans and employees;

labor and employment matters;

tax matters, including qualification as a REIT;

material contracts;

inapplicability of the Investment Company Act of 1940, as amended;

environmental matters;

intellectual property;

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compliance with laws and permits;

real property;

accuracy of information supplied for inclusion in this joint proxy statement/prospectus and registration statement;

opinion of financial advisor;

insurance;

related party transactions;

broker s, finder s and other fees;

inapplicability of takeover statutes;

required stockholder vote;

outstanding commissions and fees;

construction defect liability exposure; and

matters related to an option agreement to which a subsidiary of BRE is a party.

Definition of Material Adverse Effect

Many of the representations of Essex, Merger Sub and BRE are qualified by a material adverse effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, would reasonably be expected to have a material adverse effect). For the purposes of the merger agreement, material adverse effect means any change, effect, development, circumstance, condition, state of facts, event or occurrence that has a material adverse effect on the financial condition, business, assets, properties, or results of operations of Essex and its subsidiaries, taken as a whole, or BRE and its subsidiaries, taken as a whole, as the case may be. However, any change, effect, development, circumstance, condition, state of facts, event or occurrence will not be considered a material adverse effect to the extent arising out of or resulting from the following:

any changes in the general United States or global economic conditions;

conditions in the REIT industry;

general legal, tax, economic, political and/or regulatory conditions, including any changes effecting financial, credit or capital market conditions;

changes in GAAP;

changes in applicable law;

any actions expressly required by, or failure to take any action expressly prohibited by, the merger agreement or any actions taken at the request or with the consent of the other party, and any effect attributable to the negotiation, execution or announcement of the merger agreement or the transactions contemplated thereby;

changes in the price of or the trading volume of shares of Essex common stock or shares of BRE common stock, as applicable;

any failure to meet internal or published projections, estimates or expectations;

changes in geopolitical conditions, acts of terrorism or sabotage, the commencement, continuation or escalation of a war or acts of armed hostility;

weather conditions or other force majeure events; and

any reduction in the credit rating of Essex, BRE or their respective subsidiaries, as applicable;

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which, in the case of first and second bullet points above, such changes do not disproportionately have a greater adverse impact on Essex or BRE, as applicable, relative to other companies of comparable size operating in the REIT industry.

Covenants and Agreements

Conduct of Business of BRE Pending the Merger

BRE has agreed to certain restrictions on it and its subsidiaries until the earlier of the effective time of the merger and the valid termination of the merger agreement. In general, except with Essex s prior written approval or as otherwise expressly required or permitted by the merger agreement or required by law, BRE has agreed that it will, and will cause each of its subsidiaries to, conduct its business in all material respects in the ordinary course and in a manner consistent with past practice, and use its commercially reasonable efforts to (i) maintain its material assets and properties in their current condition (normal wear and tear excepted), (ii) preserve intact in all material respects its current business organization, goodwill, ongoing businesses and significant relationships with third parties, (iii) keep available the services of its present officers provided it does not require additional compensation, (iv) maintain all BRE insurance policies, and (v) maintain the status of BRE as a REIT. Without limiting the foregoing, BRE has also agreed that it will not, and it will not cause or permit any of its subsidiaries to (subject to certain exceptions), among other things:

- amend or propose to amend its organizational documents;
- split, combine, subdivide or reclassify any shares of stock of BRE or any of its subsidiaries;
- declare, set aside or pay any dividends on or make any other distributions with respect to shares of capital stock or other equity securities or ownership interests in BRE or any of its subsidiaries;
- redeem, purchase or otherwise acquire any shares of BRE s capital stock or other equity interests of BRE or any of its subsidiaries;
- acquire real property, personal property, business organizations or any division or material amount of assets thereof;
- sell, pledge, assign, transfer, dispose of or encumber any property or assets;
- incur, create, assume, refinance, replace or prepay any indebtedness for borrowed money or issue or amend the terms of any debt securities of BRE or any of its subsidiaries, or assume, guarantee or endorse, or otherwise become responsible (whether directly, contingently or otherwise) for the indebtedness of any other

person;

make any loans, advances or capital contributions to, or investments in, any other person or entity (including to any of its officers, trustees, affiliates, agents or consultants), make any change in its existing borrowing or lending arrangements for or on behalf of such persons or entities, or enter into any keep well or similar agreement to maintain the financial condition of another entity;

enter into, renew, modify, amend or terminate, or waive, release, compromise or assign any rights or claims under, any material contract;

enter into, modify or terminate any ground lease or office lease;

make any material tax election, enter into any material closing agreement with a tax authority, file any amended tax return or change any method of accounting for tax purposes or annual tax accounting period;

take any action that could, or fail to take any action, the failure of which could, reasonably be expected to cause BRE to fail to qualify as a REIT;

incur any capital expenditures or any obligations or liabilities in excess of $500,000 individually, or $1,000,000 in the aggregate;

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increase the salary or bonus opportunity of any officers or directors, grant any officer or director any increase in severance or termination pay, or hire any officer with a title of vice president or higher;

enter into any agreement or arrangement that materially restricts BRE, or, after the closing of the merger, Essex or its subsidiaries or any successor thereto from engaging or competing in any line of business in which BRE is currently engaged or in any geographic area material to the business or operations of Essex;

change any of the accounting methods used by BRE or its subsidiaries, except for such changes required by GAAP or applicable law;

settle or compromise any material claim or legal proceeding where the amount paid in settlement or compromise exceeds $500,000 individually or $1,000,000 in the aggregate;

adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization;

form any new joint ventures or funds;

undertake any development projects;

amend or modify the compensation terms or other obligations of BRE contained in the engagement letter with BRE s financial advisor;

modify or amend a specific lease option agreement to which a subsidiary of BRE is a party; or

enter into any written agreement, contract, commitment or arrangement to do any of the foregoing, or authorize in writing any of the foregoing.

However, nothing in the merger agreement prohibits BRE from taking any action that, in the reasonable judgment of BRE, upon advice of counsel, is reasonably necessary for BRE to maintain its qualification as a REIT under the Code for any period or portion thereof ending on or prior to the effective time of the merger or to qualify or preserve certain tax status of BRE subsidiaries, including making dividend or other distribution payments to stockholders of BRE.

Furthermore, BRE is permitted after giving prior notice to Essex to waive any outstanding standstill agreements with third parties if the BRE Board determines in good faith after consultation with BRE s outside legal advisors that the failure to do so would be inconsistent with the BRE Board s duties under applicable law.

Conduct of Business of Essex Pending the Merger

Essex has agreed to certain restrictions on it and its subsidiaries until the earlier of the effective time of the merger and the valid termination of the merger agreement. In general, except with BRE s prior written approval or as otherwise expressly required or permitted by the merger agreement or required by law, Essex has agreed that it will, and will cause each of its subsidiaries to, conduct its business in all material respects in the ordinary course and in a manner consistent with past practice, and use its commercially reasonable efforts to (i) maintain its material assets and properties in their current condition (normal wear and tear excepted), (ii) preserve intact in all material respects its current business organization, goodwill, ongoing businesses and significant relationships with third parties, and (iii) maintain the status of Essex as a REIT. Without limiting the foregoing, Essex has also agreed that it will not, and it will not cause or permit any of its subsidiaries to (subject to certain exceptions), among other things:

amend or propose to amend its organizational documents;

split, combine, subdivide or reclassify any shares of stock of Essex or any of its subsidiaries;

declare, set aside or pay any dividends on or make any other distributions with respect to shares of capital stock or other equity securities or ownership interests in Essex or any of its subsidiaries;

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redeem, purchase or otherwise acquire any shares of Essex s capital stock or other equity interests of Essex or any of its subsidiaries;

acquire real property, personal property, business organizations or any division or material amount of assets thereof;

incur, create, assume, refinance, replace or prepay any indebtedness for borrowed money or issue or amend the terms of any debt securities of Essex or any of its subsidiaries, or assume, guarantee or endorse, or otherwise become responsible (whether directly, contingently or otherwise) for the indebtedness of any other person;