

ESSEX PROPERTY TRUST INC
Form PRE 14A
March 18, 2016
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SCHEDULE 14A
(Rule 14a-101)

INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION
Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant o

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
 - Definitive Proxy Statement
 - Definitive Additional Materials
 - Soliciting Material under § 240.14a-12

Essex Property Trust, Inc.
(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- No fee required.
- Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
 - (1) Title of each class of securities to which transaction applies:
 - (2) Aggregate number of securities to which transaction applies:
 - (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
 - (4) Proposed maximum aggregate value of transaction:
 - (5) Total fee paid:
- Fee paid previously with preliminary materials.
- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the

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Form or Schedule and the date of its filing:

- (1) Amount Previously Paid:

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- (4) Date Filed:

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PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION

ESSEX PROPERTY TRUST, INC.

**1100 Park Place, Suite 200
San Mateo, California 94403**

April 4, 2016

Dear Stockholder:

You are cordially invited to attend the 2016 annual meeting of stockholders of Essex Property Trust, Inc., a Maryland corporation (the Company), to be held at the Garden Court Hotel, 520 Cowper Street, Palo Alto, California, 94301, on May 17, 2016, at 1:00 p.m., Pacific Daylight Time.

The attached notice of annual meeting and proxy statement describe the matters expected to be acted upon at the meeting. We urge you to review these materials carefully.

This year we are again furnishing proxy materials to our stockholders over the Internet. On or about April 4, 2016, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials containing instructions on how to access our notice of meeting, proxy statement, and 2015 Annual Report to Stockholders and how to vote. Some stockholders may, if they have so previously requested, receive paper copies of these materials by mail or by email. If you only received a Notice of Internet Availability of Proxy Materials by mail, the Notice also contains instructions on how you can receive a paper copy of the proxy materials and 2015 Annual Report.

Please use this opportunity to take part in the Company's affairs by voting on the business to be presented at the meeting. Whether or not you plan to attend the meeting, please complete, sign, date and return the accompanying proxy card as promptly as possible. If you attend the meeting, you may vote in person, even if you have previously mailed your proxy card.

We look forward to seeing you at the annual meeting.

Sincerely,

Michael J. Schall
Chief Executive Officer and President

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PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION

ESSEX PROPERTY TRUST, INC.

**Notice of Annual Meeting of Stockholders
To Be Held May 17, 2016**

The 2016 annual meeting of stockholders (the Annual Meeting) of Essex Property Trust, Inc., a Maryland corporation (the Company), will be held at the Garden Court Hotel, 520 Cowper Street, Palo Alto, California, 94301, on May 17, 2016 at 1:00 p.m. Pacific Daylight Time, to consider and vote upon the following proposals:

1. Election of the following nominees to serve as directors until the 2017 annual meeting and until their respective successors are duly elected and qualify: Keith R. Guericke, Irving F. Lyons, III, George M. Marcus, Gary P. Martin, Issie N. Rabinovitch, Thomas E. Robinson, Michael J. Schall, Byron A. Scordelis, and Janice L. Sears.
2. Amendment of our charter to change the current super-majority vote requirement to amend certain sections of the charter to a majority vote standard.
3. Ratification of the appointment of KPMG LLP as the independent registered public accounting firm for the Company for the year ending December 31, 2016.
4. Advisory approval of the Company's executive compensation.
5. To transact such other business as may properly come before the Annual Meeting and any postponement or adjournment thereof.

The foregoing items of business, including the nominees for directors, are more fully described in the proxy statement which is attached and made a part of this notice.

The Board of Directors has fixed the close of business on February 29, 2016, as the record date for determining the stockholders entitled to notice of and to vote at the Annual Meeting and any postponement or adjournment thereof.

Whether or not you expect to attend the Annual Meeting in person, we urge you to submit your proxy and vote as promptly as possible to ensure your representation and the presence of a quorum at the Annual Meeting. If you attend the Annual Meeting in person, you may continue to have your shares voted as instructed on your proxy or you may withdraw your proxy at our Annual Meeting and vote your shares in person. Your proxy is revocable in accordance with the procedures set forth in the proxy statement.

By Order of the Board of Directors and on behalf of the Secretary of the Company,

Michael J. Schall
Chief Executive Officer and President
San Mateo, California
April 4, 2016

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PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION

PROXY STATEMENT

2016 Annual Meeting of Stockholders

Tuesday, May 17, 2016

ESSEX PROPERTY TRUST, INC.

1100 Park Place, Suite 200

San Mateo, California 94403

INFORMATION CONCERNING SOLICITATION AND VOTING

This Proxy Statement is furnished to the holders (the "Stockholders") of the outstanding shares of Common Stock, \$0.0001 par value (the "Common Stock") of Essex Property Trust, Inc., a Maryland corporation (the "Company" or "Essex"), in connection with the solicitation by the Company's Board of Directors (the "Board" or the "Essex Board") of proxies in the accompanying form for use in voting at the 2016 annual meeting of Stockholders of the Company (the "Annual Meeting") to be held on May 17, 2016 at 1:00 p.m., Pacific Daylight Time, at the Garden Court Hotel, 520 Cowper Street, Palo Alto, California, 94301, and any adjournment or postponement thereof.

This Proxy Statement and the accompanying notice of meeting and proxy card and 2015 Annual Report to Stockholders are first being made available to Stockholders on or about April 4, 2016.

Important Notice Regarding the Availability of Proxy Materials for the Stockholder Meeting to Be Held on May 17, 2016.

The proxy statement, notice of meeting, form of proxy, and 2015 Annual Report to Stockholders are available electronically at <http://materials.proxyvote.com/297178>. Directions to the meeting location can be found at <http://www.essex.com> under "Investors; Shareholder Services and Information-Annual Shareholders Meeting".

We are furnishing proxy materials to our stockholders over the Internet, instead of mailing paper copies to each stockholder. On or about April 4, 2016, we are mailing to most of our stockholders a Notice of Internet Availability of Proxy Materials ("Notice") containing instructions on how to access our proxy materials and 2015 Annual Report to Stockholders and how to vote. This Notice is not itself a proxy and cannot itself be used to vote your shares. If you received only a Notice this year, you will not receive paper copies of the proxy materials unless you request the materials by following the instructions on the Notice or on the website referred to in the Notice. Some stockholders may, if they have so requested previously, receive these materials via email or receive paper copies by mail.

Form of Proxy Card

A proxy card for use by Stockholders accompanies this Proxy Statement.

Revocability of Proxies

Any proxy given pursuant to this solicitation may be revoked by the person giving it at any time before it is exercised by delivering to the Company, to the attention of Mr. Jordan E. Ritter, a written notice of revocation or a properly executed proxy bearing a later date, or by attending the Annual Meeting and voting in person.

Solicitation and Voting Procedures

Stockholders of record may vote via the Internet until 11:59 p.m. Eastern Daylight Time, May 16, 2016.

The Company will bear all costs of soliciting proxies for the Annual Meeting. These costs will include the expense of preparing and furnishing proxy materials for the Annual Meeting and reimbursements paid to brokerage firms and others for their expenses incurred in forwarding solicitation material regarding the Annual Meeting to the Stockholders. The Company may conduct solicitation of proxies personally, telephonically or by facsimile through its officers, directors and regular employees, none of whom will receive additional compensation for assisting with the solicitation.

The presence at the Annual Meeting, either in person or by proxy, of Stockholders holding a majority of the shares of Common Stock outstanding on the Record Date (as defined below) will constitute a quorum for purposes

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of the Annual Meeting. The close of business on February 29, 2016 has been fixed as the record date (the Record Date) for determining the Stockholders entitled to notice of and to vote at the Annual Meeting. Each share of Common Stock outstanding on the Record Date is entitled to one vote on each proposal. As of the Record Date, there were 65,414,991 shares of Common Stock outstanding.

Shares of Common Stock represented by proxies that reflect abstentions or broker non-votes (i.e., shares held by a broker or nominee which are represented at the Annual Meeting but with respect to which such broker or nominee is not empowered to vote on a particular proposal) will be counted as shares that are present for purposes of determining the presence of a quorum.

With respect to Proposal No. 1, the election of directors, our Bylaws include a majority voting standard for the election of directors in uncontested elections, which are generally defined as elections in which the number of nominees does not exceed the number of directors to be elected at the meeting. In the election of directors, you may either vote FOR, or WITHHOLD as to each nominee. Cumulative voting is not permitted. Under the majority voting standard, in uncontested elections of directors, such as this election, each director must be elected by the affirmative vote of a majority of the votes cast by the holders of shares present in person or represented by proxy and entitled to vote. A majority of the votes cast means that the number of votes cast FOR a candidate for director exceeds the number of votes WITHHELD as to that candidate for director. Brokers do not have discretionary authority to vote for directors. Abstentions and broker non-votes, if any, will not count as a vote cast FOR or WITHHELD as to a nominee's election and thus will have no effect in determining whether a director nominee has received a majority of the votes cast.

In accordance with our Bylaws, in this election, an incumbent candidate for director who does not receive the required votes for re-election is expected to offer his or her resignation to the Board of Directors. The Nominating and Corporate Governance Committee of the Board of Directors will then make a determination as to whether to accept or reject the tendered resignation and will submit such recommendation for consideration by the Board. Generally within 90 days after certification of the election results of the stockholder vote, we will publicly disclose the decision regarding any tendered resignation in a filing of a Current Report on Form 8-K with the Securities and Exchange Commission (SEC) or by other public announcement. If a director's offer to resign is not accepted by the Board of Directors, such director will continue to serve until his or her successor is duly elected, or his or her earlier death, resignation, retirement or removal.

With respect to Proposal No. 2, the amendment of our charter to change the current super-majority vote requirement to amend certain sections of the charter to a majority vote standard, the affirmative vote of at least two-thirds of all the votes entitled to be cast on the matter shall be required to effect the amendment. For purposes of the votes on Proposal No. 2, abstentions and broker non-votes will have the same effect as votes against such proposal. Please note that to accomplish the charter amendment, we need for record owners to return their proxy cards promptly, and beneficial owners to return voting instructions to their nominees promptly, so that at least two-thirds of the shares of Common Stock outstanding as of the Record Date are voted FOR Proposal No. 2.

Approval of each of Proposals No. 3 (ratification of KPMG LLP) and No. 4 (advisory approval of the Company's executive compensation) requires the affirmative vote of a majority of all the votes cast on the matter at the Annual Meeting. For purposes of the votes on Proposals No. 3 and No. 4, abstentions and broker non-votes will not be counted as votes cast and will have no effect on the result of the vote on such Proposals.

If your shares are held in the name of a broker, you will likely receive a voting instruction form from your broker. Your broker will vote your shares in the manner you timely indicate pursuant to the voting instruction form. If you do not timely indicate your voting instructions to your broker, the broker will not be permitted to vote your shares at the Annual Meeting on Proposal No. 1 (the election of directors), Proposal No. 2 (amendment of our charter), or Proposal

No. 4 (advisory approval of the Company's executive compensation). However, your broker may in its discretion vote your shares on Proposal No. 3 (the ratification of KPMG LLP) if you do not timely indicate voting instructions on that proposal.

Stockholder votes will be tabulated by the persons appointed by the Board to act as inspectors of election for the Annual Meeting. The shares of Common Stock represented by properly executed proxy cards will be voted at the Annual Meeting as indicated or, if no instruction is given on a properly executed proxy card, dated and returned, in favor of Proposals No. 1, 2, 3, and 4.

The Company does not presently know of any other business which may come before the Annual Meeting.

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Email Access to Proxy Materials

Stockholders who previously elected to receive the Proxy Statement and the annual report to stockholders (the Annual Report) over the Internet will be receiving an email on or about April 4, 2016, with information on how to access stockholder information and instructions for authorizing a proxy over the Internet.

Stockholders of record wishing to receive future stockholder materials via email may elect this option by following the instructions provided when voting over the Internet at www.ProxyVote.com. Upon electing to view future proxy statements and annual reports over the Internet, stockholders will receive an email notification next year with instructions containing the Internet address of those materials. The choice to view future proxy statements and annual reports over the Internet will remain in effect until the stockholder contacts their broker or the Company to rescind the instructions. Internet access does not have to be elected each year. Stockholders who elected to receive the Proxy Statement electronically over the Internet and who would now like to receive a paper copy of the Proxy Statement so that they may submit a paper proxy in lieu of an electronic proxy, should contact either their broker or the Company.

Householding of Annual Meeting Materials

Some brokers and other nominee record holders may be participating in the practice of householding Notices of Internet Availability of Proxy Materials or proxy statements and annual reports, as applicable. This means that only one copy of the Notice of Internet Availability of Proxy Materials or proxy statement and annual report may have been sent to multiple Stockholders in a Stockholder's household. The Company will promptly deliver a separate copy of each applicable document to any Stockholder who contacts the Company's investor relations department by written or oral request at our address on page 1 of this proxy statement or by telephone at (650) 655-7800 requesting such copies. If a Stockholder is receiving multiple copies at the Stockholder's household and would like to receive a single copy for a Stockholder's household in the future, Stockholders should contact their broker, other nominee record holder, or the Company's investor relations department to request mailing of a single copy of the applicable document.

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BENEFICIAL OWNERS AND MANAGEMENT**

The following table sets forth the beneficial ownership of shares of Common Stock as of the Record Date for (i) each person known by the Company to hold more than 5% of the outstanding shares of the Company's Common Stock, (ii) each director, each director nominee, and each of the executive officers named in the Summary Compensation Table below and employed by the Company on the Record Date, and (iii) all directors and executive officers as a group.

Beneficial ownership in the following table is determined in accordance with the rules of the SEC. In computing the number of shares beneficially owned by a person and the percentage ownership of that person, shares of Common Stock subject to options held by that person that are currently exercisable or exercisable within 60 days of the Record Date are deemed outstanding and shares underlying Series Z-1 incentive units and long term incentive plan units (LTIP Units), which are currently non-forfeitable or are non-forfeitable within 60 days of the Record Date, are also deemed outstanding. Such shares, however, are not deemed outstanding for the purposes of computing the percentage ownership of each other person. To the Company's knowledge, except as set forth in the footnotes to this table and subject to applicable community property laws, each person named in the table below has sole voting and investment power with respect to the shares set forth opposite such person's name. Unless otherwise stated, the address of all directors and executive officers is c/o Essex Property Trust, Inc., 1100 Park Place, Suite 200, San Mateo, California 94403.

Name	Amount and Nature of Beneficial Ownership (1)	Percentage of Common Stock Outstanding (2)
Incumbent Directors and Executive Officers		
George M. Marcus (3)	1,609,066	2.4 %
Keith R. Guericke (4)	201,789	*
Michael J. Schall (5)	174,019	*
Angela L. Kleiman (6)	16,520	*
John D. Eudy (7)	51,307	*
Craig K. Zimmerman (8)	88,434	*
John F. Burkart (9)	38,298	*
David W. Brady (10)	9,416	*
Irving F. Lyons, III (11)	17,693	*
Gary P. Martin (12)	24,017	*
Issie N. Rabinovitch (13)	40,672	*
Thomas E. Robinson (14)	11,937	*
Byron A. Scordelis (15)	18,603	*
Janice L. Sears (16)	13,036	*
Thomas P. Sullivan (17)	7,838	*
Claude J. Zinngrabe, Jr. (18)	18,824	*
All incumbent directors and executive officers as a group (16 persons) (19)	2,341,469	3.5 %

5% or greater Stockholders

The Vanguard Group, Inc. (20) 100 Vanguard Boulevard Malvern, PA 19355	10,532,992	16.1	%
BlackRock, Inc. (21) 55 East 52nd Street New York, NY 10055	6,151,624	9.4	%
State Street Corporation (22) One Lincoln Street Boston, MA 02111	4,465,437	6.8	%

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Name	Amount and Nature of Beneficial Ownership (1)	Percentage of Common Stock Outstanding (2)
Cohen & Steers, Inc. (23) 280 Park Avenue, 10 th Floor New York, NY 10017	3,825,010	5.8 %
FMR LLC (24) 245 Summer Street Boston, MA 02210	3,326,271	5.1 %

* Less than 1%

- Mr. Marcus, certain officers and directors of the Company and certain other entities and investors own limited partnership interests in Essex Portfolio, L.P., a California limited partnership (the operating partnership or EPLP), which as of February 29, 2016 aggregated to approximately a 3% limited partnership interest. As of February 29, 2016, the Company had an approximately 97% general partnership interest in the operating partnership. The limited partners of the operating partnership share with the Company, as general partner, in the net income or loss and any distributions of the operating partnership. Pursuant to the partnership agreement of the operating partnership, limited partnership interests can be exchanged into shares of the Company's Common Stock. With respect to shares of Common Stock, assumes the exchange of the limited partnership interests (including non-forfeitable Series Z-1 incentive units and LTIP Units) in the operating partnership and in other partnerships (such as DownREITs) held by such person, if any, into shares of the Company's Common Stock. The total number of shares outstanding used in calculating this percentage assumes that none of the limited partnership interests or vested options held by other persons are exchanged or converted into shares of the Company's Common Stock and is based on 65,414,991 shares of the Company's Common Stock outstanding as of the Record Date. If all outstanding limited partnership interests (including non-forfeitable Series Z-1 incentive units and LTIP Units) in the operating partnership were exchanged for shares of the Company's Common Stock that would result in an additional 1,849,918 outstanding shares of Common Stock.
- Includes 960,154 shares of Common Stock that may be issued upon the exchange of all of Mr. Marcus' limited partnership interests in the operating partnership and in certain other partnerships and 301,597 shares and 15,941 shares of Common Stock that may be issued upon the exchange of all the limited partnership interests in the operating partnership held by the Marcus & Millichap Company (MMC) and Essex Portfolio Management Company (EPMC), respectively. Also includes 137,000 shares of Common Stock held by MMC, 26,676 shares of Common Stock held in the Marcus & Millichap Company 401(k) Plan (the MMC 401(k) Plan), 18,000 shares held by the MMC Foundation, and 4,000 shares of Common Stock held by Mr. Marcus' children. Mr. Marcus is a principal stockholder of each of MMC and EPMC and may be deemed to own beneficially, and to share the voting and dispositive power of 472,538 shares of Common Stock (including shares issuable upon exchange of limited partnership interests). Mr. Marcus disclaims beneficial ownership of (i) all shares and limited partnership interests held by MMC and the MMC Foundation, and (ii) 6,376 shares of Common Stock that may be issued upon conversion of limited partnership interests held by EPMC. In connection with a loan facility lead by Comerica Bank, MMC has pledged to Comerica 438,597 shares of Common Stock, of which 137,000 shares are held directly by MMC and 301,597 shares are issuable upon the exchange of limited partnership interests held by MMC.
- Includes 133,039 shares of Common Stock that may be issued upon the exchange of all of Mr. Guericke's limited partnership interests in the operating partnership. Also includes 7,684 shares of Common Stock held in the Essex Property Trust, Inc. 401(k) Plan (the Essex 401(k) Plan). Includes 10,000 shares of Common Stock subject to options that are exercisable within 60 days of Record Date.

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(5) Includes 80,079 shares of Common Stock that may be issued upon the exchange of all of Mr. Schall's limited partnership interests in the operating partnership. Also includes 3,560 shares of Common Stock held in the Essex 401(k) Plan, 28,333 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date, and 24,653 shares that may be issued in exchange for non-forfeitable Series Z-1 incentive units

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and LTIP Units. The aforementioned shares and limited partnership interests in the operating partnership, except for the shares held for his benefit in the Essex 401(k) plan, are held in a revocable trust in which Mr. Schall and Ann Schall act as co-trustees. Mr. Schall disclaims beneficial ownership of 40,039 shares that may be issued upon the exchange of limited partnership interests in the operating partnership; 12,327 shares that may be issued in exchange for non-forfeitable Series Z-1 incentive units and LTIP Units; and 20,477 shares of Common Stock.

- (6) Includes 5,179 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date and 5,843 shares that may be issued in exchange for non-forfeitable Series Z-1 incentive units and LTIP Units. Includes 26,158 shares of Common Stock that may be issued upon the exchange of all of Mr. Eudy's limited partnership interests in the operating partnership. Also includes 1,585 shares of Common Stock held in the Essex
- (7) 401(k) Plan, 2,134 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date, and 16,248 shares that may be issued in exchange for non-forfeitable Series Z-1 incentive units and LTIP Units. Includes 47,277 shares of Common Stock that may be issued upon the exchange of all of Mr. Zimmerman's limited partnership interests in the operating partnership and certain other partnerships. Also includes 2,780
- (8) shares of Common Stock held in the Essex 401(k) Plan, 16,289 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date, and 16,248 shares that may be issued in exchange for non-forfeitable Series Z-1 incentive units and LTIP Units. Includes 12,412 shares of Common Stock that may be issued upon the exchange of all of Mr. Burkart's limited
- (9) partnership interests in the operating partnership. Also includes 4,667 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date and 18,397 shares that may be issued in exchange for non-forfeitable Series Z-1 incentive units and LTIP Units.
- (10) Includes 4,676 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date.
- (11) Includes 11,398 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date.
- (12) Includes 19,017 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date.
- (13) Includes 14,017 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date. Includes 7,192 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date.
- (14) Of these shares, 9,745 shares are held in family trusts as to which Mr. Robinson has the power to dispose and vote the shares.
- (15) Includes 18,103 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date.
- (16) Includes 12,338 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date.
- (17) Includes 4,692 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date. Mr. Sullivan holds 3,146 shares of Common Stock in a brokerage account that secures a margin loan.
- (18) Includes 18,103 shares of Common Stock subject to options that are exercisable within 60 days of the Record Date. Includes 1,576,554 shares of common stock that may be issued upon the exchange of all of the executive officers' and directors' limited partnership interests in the operating partnership and certain other partnerships and 191,874
- (19) shares of common stock subject to options that are exercisable within 60 days of the Record Date. Also, includes 81,388 shares that may be issued in exchange for non-forfeitable Series Z-1 incentive units and LTIP Units.
- (20) As reported on a Schedule 13G/A filed February 10, 2016, The Vanguard Group, Inc. stated that it has sole voting power over 218,510 shares, shared voting power over 56,575 shares, sole dispositive power over

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10,348,087 shares and shared dispositive power over 184,905 shares. We believe that these shares include the shares separately reported on a Schedule 13G/A filed February 9, 2016, by Vanguard Specialized Fund – Vanguard REIT Index Fund, stating that it has sole voting power over 4,736,064 shares.

- (21) As reported on a Schedule 13G/A filed February 10, 2016, BlackRock, Inc. stated that it has sole voting power over 5,568,225 shares and sole dispositive power over 6,151,624 shares.
- (22) As reported on a Schedule 13G filed February 12, 2016, State Street Corporation stated that it has shared voting power over 4,465,437 shares and shared dispositive power over 4,465,437 shares.
- (23) As reported on a Schedule 13G filed February 16, 2016, Cohen & Steers, Inc. stated that it has sole voting power over 2,304,759 shares and sole dispositive power over 3,825,010 shares.
- (24) As reported on a Schedule 13G/A filed February 12, 2016, FMR LLC stated that it has sole voting power over 1,397,090 shares and sole dispositive power over 3,326,271 shares.

* * *

**PROPOSAL NO. 1
ELECTION OF DIRECTORS**

At the 2016 annual meeting of Stockholders, the following individuals are each nominated for election as directors to serve until the annual meeting of stockholders in 2017 and until their successors are duly elected and qualify: Keith R. Guericke, Irving F. Lyons, III, George M. Marcus, Gary P. Martin, Issie N. Rabinovitch, Thomas E. Robinson, Michael J. Schall, Byron A. Scordelis, and Janice L. Sears. Each of the nominees is currently a director of the Company. Each of the nominees has consented, if elected as a director of the Company, to serve until his or her term expires. As previously announced, Messrs. Brady, Sullivan, and Zinngrabe, who are currently directors, have decided not to stand for re-election at the annual meeting.

The Board believes that each such nominee will stand for election and will serve if elected as a director. However, in the event that any nominee is unable or unwilling to serve as a director at the time of the Annual Meeting, the discretionary authority provided in the proxy will be exercised by the proxy holders to vote for a substitute or substitutes nominated by the Board of Directors, or the Board of Directors, on the recommendation of the Nominating and Corporate Governance Committee, may reduce the size of the board and the number of nominees.

Certain information about the director nominees is furnished below.

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

Irving F. Lyons, III, Director, joined the Board in April 2014 pursuant to the Company's merger agreement with BRE Properties, Inc. He previously served as a director of BRE since 2006 and was appointed Chairman of the BRE Board

in May 2009. Mr. Lyons currently serves on the Board of Directors of Equinix, Inc. and is Lead Director of ProLogis Inc. He served as Vice Chairman of ProLogis, a global provider of distribution facilities and services, from 2001 through May 2006. He was Chief Investment Officer from March 1997 to December 2004, and held several other executive positions since joining ProLogis in 1993. Prior to joining ProLogis, he was a Managing Partner of King & Lyons, a San Francisco Bay Area industrial real estate development and management company, since its inception in 1979. The Board selected Mr. Lyons as a director due to his management and investment experience with publicly traded real estate companies and his involvement in Bay Area real estate development and management.

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George M. Marcus is the founder and has been the Chairman of Essex Property Corporation (the predecessor to Essex) and the Marcus & Millichap Company since their inception in 1971. The Marcus & Millichap Company is the parent company of a diversified group of real estate service, investment and development firms. Mr. Marcus is also the Co-Chairman of Marcus & Millichap, Inc., referred to as MMI, and Mr. Marcus owns a controlling interest in MMI. MMI is a national brokerage firm listed on the New York Stock Exchange (NYSE) that underwent its initial public offering in 2013. Mr. Marcus was one of the original founders of Greater Bay Bancorp, a publicly held financial institution, which was acquired by Wells Fargo & Company in 2007. Included among Mr. Marcus professional memberships are the Regent Emeritus of the University of California, the Real Estate Roundtable, the Policy Advisory Board of the University of California at Berkeley—Center for Real Estate and Urban Economics, as well as numerous other professional and community organizations. He graduated with a Bachelor of Science degree in Economics from San Francisco State University, he was honored as Alumnus of the Millennium in 1999 and received his honorary doctorate in 2011. Mr. Marcus is also a graduate of the Harvard Business School of Owners / Presidents Management Program and the Georgetown University Leadership Program. The Board selected Mr. Marcus to serve as a director because he is the founder of Essex, he brings outstanding leadership and vision to Essex, he has extensive knowledge of Essex, and over 40 years of experience working in the real estate industry.

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

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

Thomas E. Robinson, Director, joined the Board in April 2014 pursuant to the Company's merger agreement with BRE Properties, Inc. He previously served as a director of BRE since 2007. Currently, Mr. Robinson is Senior Advisor to the real estate investment banking group at Stifel, Nicolaus & Company, Inc., St. Louis, MO and its prior affiliate Legg Mason, where he was previously a managing director. Prior to that position he served as President and

Chief Financial Officer of Storage USA, Inc., from 1994 to 1997. Mr. Robinson currently serves on the Board of Directors of First Potomac Realty Trust and Tanger Factory Outlet Centers, Inc., is a former trustee/director of Centerpoint Properties Trust and Legg Mason Real Estate Investors, Inc., and a past member of the board of governors of NAREIT. The Board selected Mr. Robinson as a director due to his financial, accounting and real estate experience.

Michael J. Schall, Director, is the President and Chief Executive Officer of the Company, having been promoted to that position by the Board of Directors effective January 1, 2011. He previously served as the Senior

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

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

Janice L. Sears, Director, served as a Director and as Past Audit Committee Chair of Biomed Realty Trust, Inc. (acquired by Blackstone on January 27, 2016), and serves as Board Chair of The Swig Company, a corporate owner of office properties nationwide. Previously, Ms. Sears held the position of Managing Director, Western Region Head in the Real Estate, Gaming & Lodging Investment Banking Group at Banc of America Securities. She was concurrently the San Francisco Market President for Bank of America. Prior to 1999, Ms. Sears was Head of Client Management for Bank of America's Commercial Real Estate Group in California, where she oversaw client relationships with REITs, homebuilders and opportunity funds. Prior to 1988, Ms. Sears was a Real Estate Economist at both Chemical Bank and Citicorp in New York. Ms. Sears earned Bachelor of Science degrees in both Economics and Marketing from the University of Delaware. Her professional activities have included NAREIT, Urban Land Institute (ULI), and the National Association of Corporate Directors. Ms. Sears is the Past President and Past Treasurer of the San Francisco Chapter of the National Charity League and most recently sat on the boards of the San Francisco Chamber of Commerce, the San Francisco Economic Development Council and Leadership San Francisco. She acts as an advisor to the Audit Committee of the San Francisco Art Institute. The Board selected Ms. Sears to serve as a director because of her knowledge of capital markets and extensive experience working in the commercial real estate and

REIT industry.

**THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS
THAT THE STOCKHOLDERS VOTE FOR
THE ELECTION OF ALL NOMINEES NAMED ABOVE**

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The following table sets forth information as of the Record Date with respect to the incumbent directors (other than Messers. Brady, Sullivan, and Zinngrabe, who are not standing for re-election) and executive officers, including their ages.

Name and Position	Age	First Elected
George M. Marcus Chairman of the Board	74	1994
Keith R. Guericke Vice Chairman of the Board	67	1994
Michael J. Schall Director, Chief Executive Officer and President	58	1994
Angela L. Kleiman Executive Vice President and Chief Financial Officer	45	—
John D. Eudy Executive Vice President-Development	61	—
Craig K. Zimmerman Executive Vice President-Acquisitions	65	—
John F. Burkart Senior Executive Vice President-Asset Management	52	—
Irving F. Lyons, III Director	66	2014
Gary P. Martin Director	68	1994
Issie N. Rabinovitch Director	70	1994
Thomas E. Robinson Director	68	2014
Byron A. Scordelis Director	66	2011
Janice L. Sears Director	55	2011

Biographical information concerning the director nominees (including our Chief Executive Officer (CEO), Michael J. Schall) is set forth above under the caption Proposal No. 1 Election of Directors. Biographical information concerning the other executive officers of the Company is set forth below.

John F. Burkart is responsible for leading the Asset Management, Property Operations, IT and Business Intelligence departments. His responsibilities include overseeing overall Operations and Portfolio Management including the redevelopment program, resource management, due diligence, facilities, the condominium portfolio, dispositions, and the commercial division. During his tenure at Essex, Mr. Burkart lead the integration of the BRE Properties and Essex Merger and has had a variety of responsibilities including oversight of the Research Department, the Operations Portfolio in the Northern Division, the Private Equity business, debt financing and obtaining the corporate credit rating. Prior to joining in Essex in 1996, Mr. Burkart was a real estate consultant for various companies including Essex during the period of the IPO. Mr. Burkart began his real estate career in property management at Pacific States

Management where he became the Vice President responsible for the management of a portfolio including office, multi-family and security storage assets as well as oversight of the accounting department. Mr. Burkart received a Bachelor of Science degree in Finance from San Jose State University in 1987 and a Master of Business Administration degree in Real Estate from Golden Gate University in 1993.

John D. Eudy is responsible for development activities, from the point of acquisition through construction and stabilization. Mr. Eudy joined the Company's predecessor, Essex Property Corporation, in 1985. While at the Company, Mr. Eudy has been responsible for numerous activities including arranging of financing, due diligence, asset management and asset disposition. Prior to joining the Company, Mr. Eudy was a Vice President in the

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Commercial Real Estate Investment Group of Crocker National Bank from 1980 to 1985 and Home Federal Savings from 1977 to 1980. He received a Bachelor of Science degree in Finance from San Diego State University in 1977 and is a graduate of the University of Southern California's Management Leadership School. Mr. Eudy is a member of ULI and NAREIT.

Angela L. Kleiman is responsible for the Private Equity, Capital Markets, Economic Research, Accounting, Tax, Financial Planning and Investor Relations departments. Ms. Kleiman was appointed as Chief Financial Officer on October 1, 2015. Ms. Kleiman was responsible for the overall transaction management for the acquisition of BRE Properties which successfully completed in April 2014. She joined Essex in 2009 to manage the Private Equity platform and grew the business from \$750 million to \$3 billion in gross assets. Prior to joining Essex, Ms. Kleiman's real estate career focused primarily on institutional investment management and investment banking. As a Senior Equity Analyst and Vice President of Investor Relations at Security Capital, she was responsible for over \$2 billion of the firm's REIT investments and all client communications. As a Vice President with J.P. Morgan Real Estate & Lodging Investment Banking Group, she advised senior management and boards in strategic business platforms and capital markets transactions. Ms. Kleiman began her career in real estate development management in 1991. She holds a Bachelor of Science degree from Northwestern University, and a Master of Business Administration from the Kellogg School of Management of Northwestern University. She is a member of NAREIT and the National Multifamily Housing Council.

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

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During 2015, the Board held six meetings. Each director attended (whether in person, telephonically or by written consent) at least 75% of the total number of the meetings of the Board and meetings of each committee of the Board on which he or she served. In 2015, the Board had five committees: the Executive Committee, the Audit Committee, the Compensation Committee, the Nominating and Corporate Governance Committee and the Pricing Committee.

The current members of the committees are identified in the following table:

Director	Executive	Audit	Compensation	Nominating/ Corporate Governance	Pricing
David W. Brady		X	X		
Keith R. Guericke	X				Chair
Irving F. Lyons, III	X				X
George M. Marcus	Chair				
Gary P. Martin			Chair		
Issie N. Rabinovitch				Chair	
Thomas E. Robinson		X			
Michael J. Schall	X				X
Byron A. Scordelis			X	X	
Janice L. Sears		Chair			X
Thomas P. Sullivan		X			
Claude J. Zinngrabe, Jr.				X	

Annual Meeting of Stockholders

The Company encourages, but does not require, its Board members to attend the annual meeting of stockholders. All of the Company's incumbent directors in 2015 attended the 2015 annual meeting of stockholders, with the exception of Thomas P. Sullivan.

Committees of the Board of Directors

The Executive Committee has such authority as is delegated by the Board, including the authority to execute certain contracts and agreements with unaffiliated parties, except that the Executive Committee does not have the power to declare dividends or other distributions on stock, elect directors, issue stock other than in certain limited circumstances, recommend to the stockholders any action which requires stockholder approval, amend the Bylaws, or approve any merger or share exchange which does not require stockholder approval. The Executive Committee met once during 2015.

The Audit Committee recommends the appointment of an independent registered public accounting firm to audit the financial statements of the Company for the fiscal year for which they are appointed, reviews audit reports and takes such action as may be deemed appropriate with respect to such audit reports. The Audit Committee also monitors the effectiveness of the audit effort, the Company's financial and accounting organization and its system of internal controls over financial reporting, and it reviews any allegations of wrongdoing that involve Company personnel. The

Audit Committee operates under a written charter, which can be viewed at the Company's website on <http://www.essex.com>. The Board of Directors has determined that all Audit Committee members have no financial or personal ties to the Company (other than the director compensation and equity ownership as described in this proxy statement) and meet the New York Stock Exchange standard for independence. In addition, the Board of Directors has determined that all members of the Audit Committee are financially literate. The Board of Directors has limited the number of audit committees of public companies on which a current member of the Company's Audit Committee can simultaneously serve to three committees. The Audit Committee met six times during 2015.

The Board of Directors has also determined that Janice L. Sears and Thomas E. Robinson are audit committee financial experts as defined by the SEC's Regulation S-K Item 407(d).

The Compensation Committee establishes and reviews annually the Company's general compensation policies applicable to the Company's executive officers, reviews and approves the level of compensation of the Chief

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Executive Officer and other executive officers of the Company, reviews and advises the Board concerning the performance of the Chief Executive Officer and other employees whose compensation is within the review jurisdiction of the Compensation Committee, reviews and advises the Board concerning regional and industry-wide compensation practices and trends, and recommends benefit plans from time to time. The Compensation Committee also administers the 2013 Stock Award and Incentive Compensation Plan.

All members of the Compensation Committee are independent directors within the meaning of the rules of the New York Stock Exchange. The Compensation Committee operates under a written charter which can be viewed at <http://www.essex.com>. The Compensation Committee met three times during 2015.

The Board has delegated authority to the Chief Executive Officer (the CEO) to grant stock options and restricted stock under the 2013 Stock Award and Incentive Compensation Plan to Company employees (other than executive officers) in accordance with guidelines as to the number of options and or restricted stock to be granted to particular categories of employees. The CEO is to report all stock options and restricted stock, made pursuant to this delegation, to the Board's Compensation Committee.

The Compensation Committee has retained Mercer, a wholly-owned subsidiary of Marsh & McLennan Companies, Inc., to assist the Committee with its responsibilities related to the Company's executive compensation programs beginning in 2012. Additional information concerning Mercer and its services is set forth under Executive Compensation – Compensation Discussion and Analysis.

The Nominating and Corporate Governance Committee (the Nominating Committee) assists the Board of Directors in selecting nominees for election to the Board and monitors the composition of the Board. The Board of Directors has determined that all members of the Nominating Committee meet the independence requirements of the rules and regulations of the New York Stock Exchange. The Nominating Committee met six times during 2015.

The Nominating Committee will consider and make recommendations to the Board of Directors regarding any stockholder recommendations for candidates to serve on the Board of Directors. However, it has not adopted a formal process for that consideration because it believes that the informal consideration process has been adequate, given the historical absence of stockholder proposals, among other considerations. The Nominating Committee will review periodically whether a more formal policy should be adopted. Stockholders wishing to recommend candidates for consideration by the Nominating Committee may do so by writing to Jordan E. Ritter, Corporate Secretary, Essex Property Trust, Inc., 1100 Park Place, Suite 200, San Mateo, California 94403, providing the candidate's name, biographical data and qualifications, a document indicating the candidate's willingness to act if elected, and evidence of the nominating stockholder's ownership of the Company's stock at least 120 days prior to the next annual meeting to assure time for meaningful consideration by the Nominating Committee. The Nominating Committee evaluates nominees for directors using the criteria described below and it will use the same criteria when evaluating a nominee recommended by a Stockholder.

The Nominating Committee does not have a formal policy regarding considering diversity in identifying nominees for directors. In the past, when new directors have been added to the Board, the Board or the Nominating Committee has generally sought to select nominees with business specializations, technical skills or other qualities that differed from that of the existing directors and, as a result, the current directors on the Board have a diverse range of backgrounds and occupations, including real estate, financial services, accounting and finance, venture capital, investment banking and academia.

The Nominating Committee operates under a written charter setting forth the functions and responsibilities of the committee. A copy of the charter can be viewed at the Company's website on <http://www.essex.com>.

In reviewing potential candidates for the Board, the Nominating Committee considers the individual's real estate experience, the general business or other experience of the candidate, the needs of the Company for an additional or replacement director, the personality of the candidate, the candidate's interest in the business of the Company, as well as numerous other subjective criteria. Of greatest importance is the individual's integrity, willingness to get involved and ability to bring to the Company experience and knowledge in areas that are most beneficial to the Company. The Board intends to continue to evaluate candidates for election to the Board on the basis of the foregoing criteria.

The Nominating Committee further reviews current trends and practices in corporate governance and recommends to the Board of Directors the adoption of programs pertinent to the Company.

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The Pricing Committee reviews and approves the terms at which the Company's securities will be offered to the public in public offerings of the Company's securities. The Pricing Committee met once during 2015.

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

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

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

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

Director Independence

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

- A director is not independent if the director is, or has been within the last three years, an employee of the Company, or an immediate family member is, or has been within the last three years, an executive officer of the Company.
- A director is not independent if the director has received, or has an immediate family member that is an executive officer of the Company and who has received, during any twelve-month period with the last three

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

- A director is not independent if (i) the director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (ii) the director is a current employee of such a firm,

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

- A director is not independent if the director or an immediate family member is, or has been within the last three years, employed as an executive officer of any other company where any of the Company's present executive officers concurrently serves or served on that company's compensation committee.
- A director is not independent if the director is a current employee, or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues.
- A director is not independent if the director serves an executive officer of any tax exempt organization to which the Company has made, within the last three years, contributions in any single fiscal year that exceeded the greater of \$1 million or 2% of such tax exempt organization's consolidated gross revenues.

The Board has determined that the following directors and nominees for director have no material relationship with the Company (either directly or as a partner, stockholder or officer of an organization that has a relationship with the Company), and each is independent within the meaning of independence as set forth in the rules of the New York Stock Exchange: David W. Brady, Irving F. Lyons, III, George M. Marcus, Gary P. Martin, Issie N. Rabinovitch, Thomas E. Robinson, Byron A. Scordelis, Janice L. Sears, Jr., Thomas P. Sullivan, and Claude J. Zinngrabe, Jr. Messrs. Brady, Sullivan, and Zinngrabe are not standing for re-election at the Annual Meeting. Since they are not standing for re-election, the Company expects that following the election at the Annual Meeting, our Board of Directors will consist of nine directors, seven of whom are independent.

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

Access to Corporate Governance Policies

Stockholders may access the Company's committee charters, the code of business conduct and ethics, stock ownership guidelines, policy on hedging and pledging Essex equity securities, and corporate governance guidelines at the Company's Internet website at <http://www.essex.com>. Copies of these documents will be provided to any Stockholder upon written request to Jordan E. Ritter, Corporate Secretary, Essex Property Trust, Inc., 1100 Park Place, Suite 200, San Mateo, California 94403.

Communication with Directors

The Company endeavors to ensure that the views of stockholders and other interested parties are heard by the Board or individual directors, as applicable. Our corporate governance guidelines (which may be accessed at <http://www.essex.com>) provide that the identity of the presiding director will be set forth in the annual meeting proxy statement, together with a method for interested parties to communicate directly with the presiding director or with the non-management directors as a group. Stockholders or any other interested parties wishing to formally communicate with the Board of Directors, non-management directors, or any individual directors may send communications directly to the presiding director of the Board: Irving F. Lyons, III, Presiding Independent Director, c/o Essex Property Trust, Inc., 1100 Park Place, Suite 200, San Mateo, California 94403.

Compensation Committee Interlocks and Insider Participation

The Company's Compensation Committee was formed in June 1994. No interlocking relationship existed in 2015 or presently exists between any member of the Company's Compensation Committee or Board of Directors on the one hand and another company's compensation committee or Board of Directors on the other hand. Certain transactions and relationships between the Company and certain of its officers and directors are set forth below in the section titled Certain Relationships and Related Persons Transactions.

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Relationships Among Directors or Executive Officers

There are no family relationships among any of the directors or executive officers of the Company.

Director Stock Ownership Guidelines

The Company encourages its independent directors to own shares of the Company's stock. In furtherance of this goal, the Company adopted a guideline as of January 1, 2010 for independent directors to own shares that are equal in value to approximately five times the director's annual cash retainer. The value of shares as of January 1, 2010 will be used for this guideline, except with respect to directors who join the board after 2010, and then the value of the Essex shares on the date that they join the board will be used. Directors are expected to achieve this goal within 4 years of its effective date or, with respect to new directors, within 4 years of joining the Board. The Board or the Nominating and Corporate Governance Committee may waive this requirement or modify this guideline under certain circumstances. As of December 31, 2015, all independent directors were in compliance with the share ownership guideline.

Executive Officer Ownership Guidelines

The Company encourages its executive officers to own shares of the Company's stock. In furtherance of this goal, the Company adopted a guideline as of March 1, 2011 for the Chief Executive Officer to own shares that are equal in value to approximately five times annual base salary, and four times annual base salary for the Company's executive vice presidents. The value of shares as of February 10, 2011 will be used for this guideline, except with respect to new executive vice presidents who are promoted or hired after 2011, and then the value of the Essex shares on the date of attaining their position will be used. The executive officers are expected to achieve this goal within 5 years of its effective date or, with respect to new executive officers, within 5 years of attaining their position. The Board or the Nominating and Corporate Governance Committee may waive this requirement or modify this guideline under certain circumstances. As of December 31, 2015, all executive officers were in compliance with the share ownership guideline.

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Each director of Essex, who is not an executive officer, receives, or has received, the following compensation under Essex's current director compensation program:

- An annual equity grant as determined by having the grant have a value of \$50,000 for directors (other than the chairman) and \$140,000 for the chairman of the board, as based on using the Black-Scholes pricing methodology. Directors and the chairman elect whether to receive such grant in the form of options or a restricted stock award, or a combination of these types of awards. The directors and the chairman must make this election at the time of Essex's annual meeting, at which time such grant of options and/or restricted stock will be made. Such annual grants of options and/or restricted stock are fully vested on the grant date, but are subject to a one-year transfer restriction.
- An annual cash retainer, paid quarterly, in the amount of \$30,000 per year.
- A board attendance fee of \$1,000 per meeting attended.
- A committee attendance fee up to \$750 per meeting, except as to regularly scheduled Audit Committee meetings, for which a \$2,000 attendance fee is paid, pricing committee meetings for which a \$500 attendance fee is paid, and unanimous written consents, in lieu of committee meetings, for which a \$500 participation fee is paid.
- A committee chairman fee of \$4,000 per year. The chairman of the Audit Committee receives \$15,000 per year, payable quarterly, in addition to the other compensation indicated above.

Each non-employee director, upon joining the Essex Board, receives an automatic grant of options for that number of shares as determined by having the grant have a value of \$80,000 based on the Black-Scholes option pricing methodology. Such options become exercisable as to one-third of the shares of common stock subject to the option on each yearly anniversary of the grant date, such that the options granted will be fully exercisable three years after the grant date.

Director Compensation Table. The table below summarizes the compensation the Company paid to directors for the fiscal year ended December 31, 2015. Mr. Schall, who served in 2015 as the Company's Chief Executive Officer, is not included in the table below because he did not receive for 2015 any additional compensation for services provided as a director. Mr. Guericke, who served as a part-time employee in 2015, received a salary, bonus and perquisites shown below under All Other Compensation, but he did not receive any additional compensation for services provided as a director.

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)(1)	All Other Compensation (\$)	Total (\$)
D. Brady (2)	48,500	50,000	—	—	98,500
K. Guericke	—	—	—	359,794 (3)	359,794 (3)
I. Lyons, III	37,750	—	50,000	—	87,750
G. Marcus	40,750	—	140,000	—	180,750
G. Martin	43,250	—	50,000	—	93,250
I. Rabinovitch	45,000	50,000	—	—	95,000
T. Randlett (4)	45,500	—	50,000	—	95,500
T. Robinson	45,500	—	50,000	—	95,500
B. Scordelis	43,750	—	50,000	—	93,750
J. Sears	51,500	—	50,000	—	101,500

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T. Sullivan (2)	45,500	50,000	—	—	95,500
C. Zinngrabe, Jr. (2)	41,000	—	50,000	—	91,000

(1) The assumptions used to calculate the value of the restricted stock and options awards are set forth in Note 13 of the Notes to Consolidated Financial Statements in our Form 10-K for the year ended December 31, 2015. As of December 31, 2015, each director had the following number of stock options (vested and unvested) then outstanding: David W. Brady: 4,676 options; Keith R. Guericke: 10,000 options; Irving F. Lyons: 12,325 options; George M. Marcus: 15,736 options; Gary P. Martin: 19,017 options; Issie N. Rabinovitch: 14,017

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options; Thomas E. Robinson: 8,119 options; Byron A. Scordelis: 18,103 options; Janice L. Sears: 12,338 options; Thomas P. Sullivan: 5,619 options; and Claude J. Zinngrabe, Jr.: 18,103 options, respectively.

(2) This director is not standing for re-election.

(3) This amount represents salary and bonus for Mr. Guericke's role as a part time employee and includes insurance premiums of \$2,110 paid by, or on behalf of, the Company.

(4) Mr. Randlett passed away in August 2015.

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EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

Executive Summary and 2015 Accomplishments

In 2015, Essex delivered yet another year of sector-leading results. Extraordinary job growth and vibrant economic conditions in coastal California and Seattle, coupled with limited new housing supply, fueled robust apartment operating fundamentals. Under these favorable conditions, we surpassed our goals in each major segment of the Company.

Operating and Core FFO growth: In 2015, Essex had same-property revenue growth of 8.0%, the highest level reached in the last 15 years, and Net Operating Income (NOI) growth of 10.7%. For the year, Core Funds from Operations (Core FFO) per diluted share, grew 15.0%, the fifth consecutive year of double digit growth.

Acquisition and Development: Acquired ownership interests in seven apartment communities, located in urban and suburban neighborhoods in proximity to public transit systems, for \$638 million. In development, we completed the lease-up of seven communities comprising 1,617 units.

Redevelopment: Expanded our redevelopment and resource management platforms. Through these programs, we seek to improve the quality of our communities based on consumer needs and expectations, while earning an attractive return on investment. Furthermore, our resource management efforts implement sustainable practices to conserve water and reduce energy consumption at our existing communities, decreasing our impact on the environment.

Portfolio Management: Opportunistically sold \$308 million of apartment communities at attractive pricing, including Sharon Green Apartments, built in 1970 and located in Menlo Park, CA, for \$245.0 million, or \$828,000 per unit.

Balance Sheet Management: Achieved a Debt, net of deferred financing costs, premiums and discounts, to Total Market Capitalization (defined as total debt, net of deferred financing costs, premiums and discounts plus total equity capitalization) ratio of 24.6% at year-end, the lowest level for this metric since 2007.

Dividend Growth: In February 2016, we announced a dividend increase of 11.1%, continuing a long history of strong dividend growth during our 20+ year life as a public company.

For a discussion of the calculation of Core FFO and NOI, see Item 6. Selected Financial Data and Item 7. Management's Discussion and Analysis of Financial Conditions and Results of Operations, respectively, in our Form 10-K for the year ended December 31, 2015.

Objectives of Executive Compensation

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

Each year, the Essex Board sets annual corporate goals that are generally designed to promote stockholder value creation over a multiple year period. These corporate goals are used as the basis for measuring management performance, a key consideration in granting both cash bonuses and long-term equity. These goals, which include measures of performance on both an absolute basis as well as relative to peers, are described in more detail in the discussion below. Goals for 2015 included:

- specific company performance metrics such as per share growth in Funds from Operations (FFO),
- yields from recent investment transactions relative to the pro-forma underwriting, increasing same property NOI, and,
- dispositions of underperforming assets and discretionary objectives, including progress on specific corporate initiatives such as the successful integration of the BRE merger.

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The Compensation Committee also considered and acknowledged that Essex performed in the top quartile of its REIT peers in terms of increasing its Core FFO per share and net asset value per share. In 2015, Essex granted long-term equity incentive compensation awards focusing on Essex's relative total stockholder return. The compensation of Essex's executive officers also reflects performance against individual and (where appropriate) business unit goals, as described in the discussion below.

Stockholder advisory approval of Essex's executive compensation. In 2015, Essex held a say-on-pay vote on the executive compensation program as set forth in the proxy statement and approximately 98.2% of the votes cast voted for the proposal. The Compensation Committee considered the results of the stockholder vote in continuing to apply the same principles in determining the amounts and types of executive compensation and did not implement substantial changes as a result of the stockholder advisory vote. An advisory vote to approve the compensation of Essex's named executive officers will be held on an annual basis unless modified.

Role and Procedures of the Compensation Committee. The Compensation Committee, composed of independent, non-employee directors, determines and approves the compensation arrangements for the named executive officers. The Committee has the authority to select, retain and terminate special counsel and other experts (including compensation consultants) as the Committee deems appropriate.

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

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

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

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Peer Group In 2015, the Compensation Committee retained Mercer to select a peer group of REITs and complete a review of the executive compensation levels and practices relative to performance and to the peer group. The following 17 REITs (all are equity REITs, eight are headquartered in California, seven are reasonably similar to Essex in revenue and market capitalization and seven invest primarily in apartments) are considered in an annual peer comparison prepared by Mercer based on publicly filed proxy materials.

Company

AvalonBay Communities, Inc. (AVB)

Apartment Investment and Management Company (AIV)

Alexandria Real Estate Equities, Inc. (ARE)

BioMed Realty Trust, Inc. (BMR)

Brixmor Property Group (BRX)

Camden Property Trust (CPT)

Digital Realty Trust (DLR)

Douglas Emmett, Inc. (DEI)

Duke Realty Corporation (DRE)

Equity Residential (EQR)

HCP, Inc. (HCP)