

ESSEX PROPERTY TRUST, INC.

Form 424B2

February 05, 2019

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Filed pursuant to Rule 424(b)(2)

Registration Nos. 333-227600 and 333-227600-01

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Essex Portfolio, L.P. 4.000% Senior Notes due 2029	\$ 350,000,000	99.188 %	\$ 347,158,000	\$ 42,076 ⁽¹⁾
Essex Property Trust, Inc. Guarantee of 4.000% Senior Notes due 2029	(2)	(2)	(2)	(2)

The filing fee of \$42,076 is calculated in accordance with Rules 457(o) and 457(r) under the Securities Act of (1) 1933, as amended, or the Act. In accordance with Rules 456(b) and 457(r) under the Act, the registrants initially deferred payment of all of the registration fee for Registration Statement Nos. 333-227600 and 333-227600-01.

(2) No separate consideration will be received for the guarantee. Pursuant to Rule 457(n) under the Act, no separate fee is payable with respect to the guarantee being registered hereby.

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(to Prospectus dated September 28, 2018)

Essex Portfolio, L.P.**\$350,000,000****4.000% Senior Notes due 2029****fully and unconditionally guaranteed by****Essex Property Trust, Inc.**

The notes to be issued by Essex Portfolio, L.P. (the Issuer) will bear interest at the rate of 4.000% per year, payable semi-annually in arrears on March 1 and September 1 each year, beginning September 1, 2019. The notes will mature on March 1, 2029. The notes will be fully and unconditionally guaranteed by Essex Property Trust, Inc. (Essex), which has no material assets other than its investment in the Issuer. The Issuer may redeem some or all of the notes at any time and from time to time at the applicable redemption price described under the caption Description of Notes—Optional Redemption. The Issuer will issue the notes only in registered form in minimum denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

The notes will be the Issuer's senior unsecured obligations and will rank equally in right of payment with all of the Issuer's other senior unsecured indebtedness. However, the notes will be effectively subordinated in right of payment to all of the Issuer's existing and future secured indebtedness (to the extent of the value of the collateral securing such indebtedness) and to all existing and future unsecured and secured liabilities and preferred equity of the Issuer's subsidiaries, including guarantees by the Issuer's subsidiaries of the Issuer's other indebtedness.

The notes are a new issue of securities with no established trading market. The Issuer does not intend to apply for listing of the notes on any securities exchange or for quotation of the notes on any automated dealer quotation system.

You should carefully consider the risks that the Issuer has described in Risk Factors beginning on page S-12 of this prospectus supplement and page 3 of the accompanying prospectus, and beginning on page 7 of Essex's and the Issuer's combined Annual Report on Form 10-K for the year ended December 31, 2017, incorporated by reference into this prospectus supplement and the accompanying prospectus, and in Essex's and the Issuer's periodic reports and other information that Essex and the Issuer file from time to time with the Securities and Exchange Commission before deciding to invest in the Issuer's notes.

	Per Note			Total
Public offering price ⁽¹⁾	99.188	%	\$	347,158,000
Underwriting discount	0.650	%	\$	2,275,000
Proceeds, before expenses, to the Issuer ⁽¹⁾	98.538	%	\$	344,883,000

(1) Plus accrued interest from February 11, 2019 if settlement occurs after that date.

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

The Issuer expects that the notes will be ready for delivery in book-entry form through The Depository Trust Company and its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on or about February 11, 2019.

Joint Book-Running Managers

Wells Fargo Securities
Jefferies

Citigroup

J.P. Morgan

US Bancorp

MUFG

Senior Co-Managers

Barclays **BB&T Capital Markets**

BNP PARIBAS

Deutsche Bank Securities

Mizuho Securities

Co-Managers

Capital One Securities

Regions Securities LLC

Scotiabank

The date of this prospectus supplement is February 4, 2019.

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus authorized by us. We have not, and the underwriters have not, authorized anyone to provide you with information that is different from that contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus that we may provide you in connection with the sale of notes offered hereby. If anyone provides you with different or inconsistent information, you should not rely on it. We and the underwriters are offering to sell the notes and seeking offers to buy the notes only in jurisdictions where offers and sales are permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and any free writing prospectus, as well as information we previously filed with the Securities and Exchange Commission (the SEC) and incorporated herein by reference, is accurate only as of their respective dates or on other dates which are specified in those documents, regardless of the time of delivery of this prospectus supplement or of any sale of the notes. Our business, financial condition, results of operations and prospects may have changed since those dates.

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FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents that we incorporate herein and therein contain or incorporate by reference forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended (the Securities Act), and Section 21E of the Securities Exchange Act of 1934, as amended (the Exchange Act), and are subject to the safe harbor provisions created by these statutes. All statements, other than statements of historical facts, that address activities, events or developments that we intend, expect, hope, project, believe or anticipate will or may occur in the future are forward-looking statements. Words such as expects, assumes, anticipates, may, will, intends, plans, projects, believes, seeks, future, estimates, and variations of similar expressions are intended to identify such forward-looking statements. Such forward-looking statements include, among other things, statements regarding our intent, beliefs or expectations with respect to the timing of completion of current development and redevelopment projects and the stabilization of such projects, the timing of lease-up and occupancy of our apartment communities, the anticipated operating performance of our apartment communities, the total projected costs of development and redevelopment projects, co-investment activities, qualification as a REIT under the Internal Revenue Code of 1986, as amended, the real estate markets in the geographies in which our properties are located and in the United States in general, the adequacy of future cash flows to meet anticipated cash needs, our financing activities and the use of proceeds from such activities, the availability of debt and equity financing, general economic conditions including the potential impacts from economic conditions, trends affecting our financial condition or results of operations, changes to U.S. tax laws and regulations in general or specifically related to REITs or real estate, changes to laws and regulations in jurisdictions in which communities we own are located, and other information that is not historical information.

While our management believes the assumptions underlying the forward-looking statements are reasonable, such forward-looking statements involve known and unknown risks, uncertainties and other factors, many of which are beyond our control, which could cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. We cannot assure the future results or outcome of the matters described in these statements; rather, these statements merely reflect our current expectations of the approximate outcomes of the matters discussed. Factors that might cause our actual results, performance or achievements to differ materially from those expressed or implied by these forward-looking statements include, but are not limited to, the following: we may fail to achieve our business objectives; the actual completion of development and redevelopment projects may be subject to delays; the stabilization dates of such projects may be delayed; we may abandon or defer development or redevelopment projects for a number of reasons, including changes in local market conditions which make development less desirable, increases in costs of development, increases in the cost of capital or lack of capital availability, resulting in losses; the total projected costs of current development and redevelopment projects may exceed expectations; such development and redevelopment projects may not be completed; development and redevelopment projects and acquisitions may fail to meet expectations; estimates of future income from an acquired property may prove to be inaccurate; occupancy rates and rental demand may be adversely affected by competition and local economic and market conditions; there may be increased interest rates and operating costs; we may be unsuccessful in the management of our relationships with our co-investment partners; future cash flows may be inadequate to meet operating requirements and/or may be insufficient to provide for dividend payments in accordance with REIT requirements; there may be a downturn in general economic conditions, the real estate industry, and the markets in which our communities are located; the terms of any refinancing may not be as favorable as the terms of existing indebtedness; unexpected difficulties in leasing of development projects; volatility in financial and securities markets; our failure to successfully operate acquired properties; unforeseen consequences from cyber-intrusion; our inability to maintain our investment grade credit rating with the rating agencies; government approvals, actions and initiatives, including the need for compliance with environmental requirements; and those further risks, special considerations, and other factors referred to under the heading Risk Factors in this prospectus supplement or the documents incorporated by reference in this prospectus supplement, including our Annual Report on Form 10-K for the year ended December 31, 2017, and in our other

filings with the SEC.

All forward-looking statements included or incorporated by reference in this prospectus supplement are made as of the date hereof, based on information available to us as of the date hereof, and we assume no obligation to update any forward-looking statement or statements for any reason. It is important to note that such forward-looking statements are subject to risks and uncertainties and that our actual results could differ materially

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from those in such forward-looking statements. The risk factors in Risk Factors in this prospectus supplement and those in Item 1A, Risk Factors, of our most recent Annual Report on Form 10-K and Quarterly Reports on Form 10-Q and in the future Annual Reports on Form 10-K and Quarterly Reports on Form 10-Q that Essex and the Operating Partnership file with the SEC from time to time, and in our other filings with the SEC, set forth factors that in the future could affect our actual results and could cause our actual results to differ materially from those expressed in any forward-looking statement made by us. You are cautioned not to place undue reliance on forward-looking statements contained in this prospectus supplement.

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SUMMARY

This summary may not contain all the information that may be important to you. Before making an investment decision, you should read this entire prospectus supplement, the accompanying prospectus and any free-writing prospectus we file with the SEC in connection with this offering, as well as the documents incorporated by reference herein, including the financial statements and related notes as well as the Risk Factors section in Essex's and the Issuer's most recent Annual Report on Form 10-K and other reports that Essex and the Issuer file with the SEC from time to time that are incorporated by reference herein.

About This Prospectus Supplement

This document is in two parts. The first part is this prospectus supplement, which adds to, updates and changes information contained in the accompanying prospectus and the documents incorporated by reference into the accompanying prospectus. The second part is the accompanying prospectus, which gives more general information, some of which may not apply to this offering.

To the extent any inconsistency or conflict exists between the information included or incorporated by reference in this prospectus supplement and the information included or incorporated by reference in the accompanying prospectus, the information included or incorporated by reference in this prospectus supplement updates and supersedes the information included or incorporated by reference in the accompanying prospectus. Unless we indicate otherwise or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to the Operating Partnership or the Issuer mean Essex Portfolio, L.P. and those entities/subsidiaries owned or controlled by Essex Portfolio, L.P. Unless we indicate otherwise or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to Essex mean Essex Property Trust, Inc., not including any of the entities/subsidiaries owned or controlled by Essex Property Trust, Inc. Unless we indicate otherwise or unless the context requires otherwise, all references in this prospectus supplement and the accompanying prospectus to the Company, we, us, or our mean Essex Property Trust, Inc. and those entities/subsidiaries owned or controlled by Essex Property Trust, Inc., including the Operating Partnership and those entities/subsidiaries owned or controlled by it.

You should rely only on the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus.

The Company

Essex is a Maryland corporation that operates as a self-administered and self-managed real estate investment trust (REIT). Essex owns all of its interest in its real estate investments, directly or indirectly, through the Operating Partnership, a California limited partnership. Essex is the sole general partner of the Operating Partnership and as of December 31, 2018, had an approximately 96.6% general partnership interest in the Operating Partnership.

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

The Company is engaged primarily in the ownership, operation, management, acquisition, development and redevelopment of predominantly apartment communities, located along the West Coast. As of December 31, 2018, the Company owned or had ownership interests in 245 operating apartment communities, comprising 59,661 apartment homes, excluding the Company's ownership interest in preferred equity co-investments, loan investments, one

operating commercial building with approximately 106,716 square feet and six active developments with 1,861 apartment homes in various stages of development.

The Company's principal offices are located at 1100 Park Place, Suite 200, San Mateo, California 94403. Our telephone number at that location is (650) 655-7800. We have regional offices in Woodland Hills, California; Irvine, California; San Diego, California and Bellevue, Washington. The Company's website address is

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<http://www.essex.com>. The information found on, or otherwise accessible through, our website is not incorporated by reference into, and does not form a part of, this prospectus supplement, the accompanying prospectus or any other report or document that either Essex or the Operating Partnership files with or furnishes to the SEC.

Recent Developments***Preliminary Unaudited Fourth Quarter and Full-Year 2018 Financial Results***

On January 30, 2019, we reported our unaudited preliminary financial results for the quarter and full year ended December 31, 2018. The tables below present certain of our unaudited preliminary financial information as of and for the three months and full year ended December 31, 2018, as indicated, compared to such information as of and for the three months and full year ended December 31, 2017, as applicable.

The financial information for the quarter and full year ended December 31, 2018 presented below is preliminary, unaudited and based upon currently available information, and is subject to revision as a result of, among other things, the completion of our financial closing process. Our actual results could differ from these estimates based on the completion of the review and audit process.

Consolidated Operating Results

(Dollars in thousands, except share and per share amounts)

	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2018	2017	2018	2017
Revenues:				
Rental and other property	\$ 350,787	\$ 342,417	\$ 1,390,870	\$ 1,354,325
Management and other fees from affiliates	2,371	2,647	9,183	9,574
	353,158	345,064	1,400,053	1,363,899
Expenses:				
Property operating	98,450	96,075	385,334	375,386
Corporate-level property management expenses	7,749	7,552	31,062	30,156
Depreciation and amortization	120,597	117,988	479,884	468,881
General and administrative	16,912	10,659	53,451	41,385
Expensed acquisition and investment related costs	38	415	194	1,569
	243,746	232,689	949,925	917,377
Earnings from operations	109,412	112,375	450,128	446,522
Interest expense, net	(52,132)	(53,116)	(211,785)	(212,796)
Interest and other income	1,769	6,688	23,010	24,604
Equity income from co-investments	24,521	45,511	89,132	86,445

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Loss on early retirement of debt	—	(1,796)	—	(1,796)
Gain on sale of real estate and land	39,617	—	61,861	26,423
Gain on remeasurement of co-investment	1,253	—	1,253	88,641
Net income	124,440	109,662	413,599	458,043
Net income attributable to noncontrolling interest	(6,620)	(6,049)	(23,446)	(24,984)
Net income available to common stockholders	\$ 117,820	\$ 103,613	\$ 390,153	\$ 433,059
Net income per share - basic	\$ 1.78	\$ 1.57	\$ 5.91	\$ 6.58
Shares used in income per share - basic	66,020,487	66,035,998	66,041,058	65,829,155
Net income per share - diluted	\$ 1.78	\$ 1.57	\$ 5.90	\$ 6.57
Shares used in income per share - diluted	66,079,796	66,103,882	66,085,089	65,898,255

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Funds From Operations (FFO)

FFO, as defined by the National Association of Real Estate Investment Trusts (NAREIT), is generally considered by industry analysts as an appropriate measure of performance of an equity REIT. Generally, FFO adjusts the net income of equity REITs for non-cash charges such as depreciation and amortization of rental properties, impairment charges, gains on sales of real estate and extraordinary items. Management considers FFO and FFO which excludes non-core items, which is referred to as Core FFO, to be useful supplemental operating performance measures of an equity REIT because, together with net income and cash flows, FFO and Core FFO provide investors with additional bases to evaluate the operating performance and ability of a REIT to incur and service debt and to fund acquisitions and other capital expenditures and to pay dividends. By excluding gains or losses related to sales of depreciated operating properties and excluding real estate depreciation (which can vary among owners of identical assets in similar condition based on historical cost accounting and useful life estimates), FFO can help investors compare the operating performance of a real estate company between periods or as compared to different companies. By further adjusting for items that are not considered part of the Company's core business operations, Core FFO allows investors to compare the core operating performance of the Company to its performance in prior reporting periods and to the operating performance of other real estate companies without the effect of items that by their nature are not comparable from period to period and tend to obscure the Company's actual operating results.

FFO and Core FFO do not represent net income or cash flows from operations as defined by U.S. generally accepted accounting principles (GAAP) and are not intended to indicate whether cash flows will be sufficient to fund cash needs. These measures should not be considered as alternatives to net income as an indicator of the REIT's operating performance or to cash flows as a measure of liquidity. FFO and Core FFO do not measure whether cash flow is sufficient to fund all cash needs including principal amortization, capital improvements and distributions to stockholders. FFO and Core FFO also do not represent cash flows generated from operating, investing or financing activities as defined under GAAP. Management 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 disclosures of FFO may not be comparable to the Company's calculation.

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Consolidated Funds From Operations

(Dollars in thousands, except per share amounts and in footnotes)