

SCHALL MICHAEL J
 Form 4
 December 29, 2005

FORM 4 UNITED STATES SECURITIES AND EXCHANGE COMMISSION
 Washington, D.C. 20549

OMB APPROVAL
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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
 SCHALL MICHAEL J

2. Issuer Name and Ticker or Trading Symbol
 ESSEX PROPERTY TRUST INC
 [ESS]

5. Relationship of Reporting Person(s) to Issuer
 (Check all applicable)
 Director 10% Owner
 Officer (give title below) Other (specify below)
 Sr. Exec. Vice President & COO

(Last) (First) (Middle)
 C/O ESSEX PROPERTY TRUST, 925 E MEADOW DRIVE
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)
 12/28/2005

PALO ALTO, CA 94303

4. If Amendment, Date Original Filed (Month/Day/Year)

6. Individual or Joint/Group Filing (Check Applicable Line)
 Form filed by One Reporting Person
 Form filed by More than One Reporting Person

(City) (State) (Zip)

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Ownership (Instr. 4) | | |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|-----------------------------------|-----|-------|
| | | | | (A) or (D) | Code | V | Amount | (D) | Price |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned (e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative | 2. Conversion | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if | 4. Transaction of Derivative | 5. Number of Derivative | 6. Date Exercisable and Expiration Date | 7. Title and Amount of Underlying Securities |
|------------------------|---------------|--------------------------------------|-------------------------------|------------------------------|-------------------------|---|--|
|------------------------|---------------|--------------------------------------|-------------------------------|------------------------------|-------------------------|---|--|

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| Security (Instr. 3) | or Exercise Price of Derivative Security | any (Month/Day/Year) | Code (Instr. 8) | Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | (Month/Day/Year) | (Instr. 3 and 4) | | | | |
|-----------------------------------|--|----------------------|------------------|---|------------------|------------------|------------------|-----------------|---------------------------|----------------------------|
| Series | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares |
| Z-1 Incentive Unit ⁽¹⁾ | <u>(2)</u> <u>(3)</u> | 12/28/2005 | J ⁽¹⁾ | | 9,412 | | 12/28/2020 | 12/28/2020 | Series Z-1 Incentive Unit | 9,412 |

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|---|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| SCHALL MICHAEL J C/O ESSEX PROPERTY TRUST 925 E MEADOW DRIVE PALO ALTO, CA 94303 | X | | Sr. Exec. Vice President & COO | |

Signatures

Michael Schall 12/28/2005
 **Signature of Date
 Reporting Person

Explanation of Responses:

- * If the form is filed by more than one reporting person, see Instruction 4(b)(v).
 - ** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. See 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
1. Represents the grand of Series Z-1 Incentive Units pursuant to the Essex Portfolio, L.P. Long Term Incentive Plan. Subject to the conversion Ratchet Percentage described below, the Series Z-1 Incentive Units are convertible or redeemable, as the case may be, upon the occurrence of certain events, into either (i) Operating Partnership units in Essex Portfolio, L.P. ("OPUs"), and such OPUs are
 - (1) convertible into shares of Common Stock. The Conversion Ratchet Percentage, initially set at 20% will increase by up to 10% on January 1 of each year for each holder of Series Z-1 Incentive Units who remains employed by Essex Property Trust, Inc. if Essex Property Trust, Inc. has met a specified "funds from operations" per share target, or such other criteria established by the Compensation Committee, for the prior year, up to a maximum Conversion Ratchet Percentage of 100%.
 2. The Series Z-1 Incentive Units will automatically convert into OPUs (1) if the Conversion Ratchet Percentage reaches the maximum level of 100%, (2) if none of the participating executives remain employed by Essex Property Trust, Inc., (3) if Essex Property Trust, Inc. dissolves or is liquidated or, (4) at the latest, June 2019. In certain change of control situations, the participating executives will also be
 - (2) given the option to convert their units at the then-effective Conversion Ratchet Percentage. In addition, Essex Portfolio, L.P. has the option to redeem Series Z-1 Incentive Units held by any executive whose employment has been terminated for any reason and the obligation to redeem any such units following the death of the holder. In such event, Essex Portfolio, L.P. will redeem the units for, at its option, either OPUs or shares of Common Stock based on the then-effective Conversion Ratchet Percentage.
 - (3) 3. The Series Z-1 Incentive Units are convertible into the number of OPUs calculated by dividing (1) the remainder resulting from (a) the portion of the adjusted capital account balance properly allocable to such Series Z-1 Incentive Units minus (b) the product of (i) such adjusted capital account balance allocable to such Series Z-1 Incentive Unit multiplied by (ii) (x) 100% less (y) the Conversion Ratchet Percentage applicable to such Series Z-1 Incentive Unit, minus (c) any unpaid capital commitment (2) the average adjusted capital

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account balance properly allocable to one OPU determined immediately prior to such conversion.

(4) 4. A capital contribution of \$1.00 per Series Z-1 Incentive Unit.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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