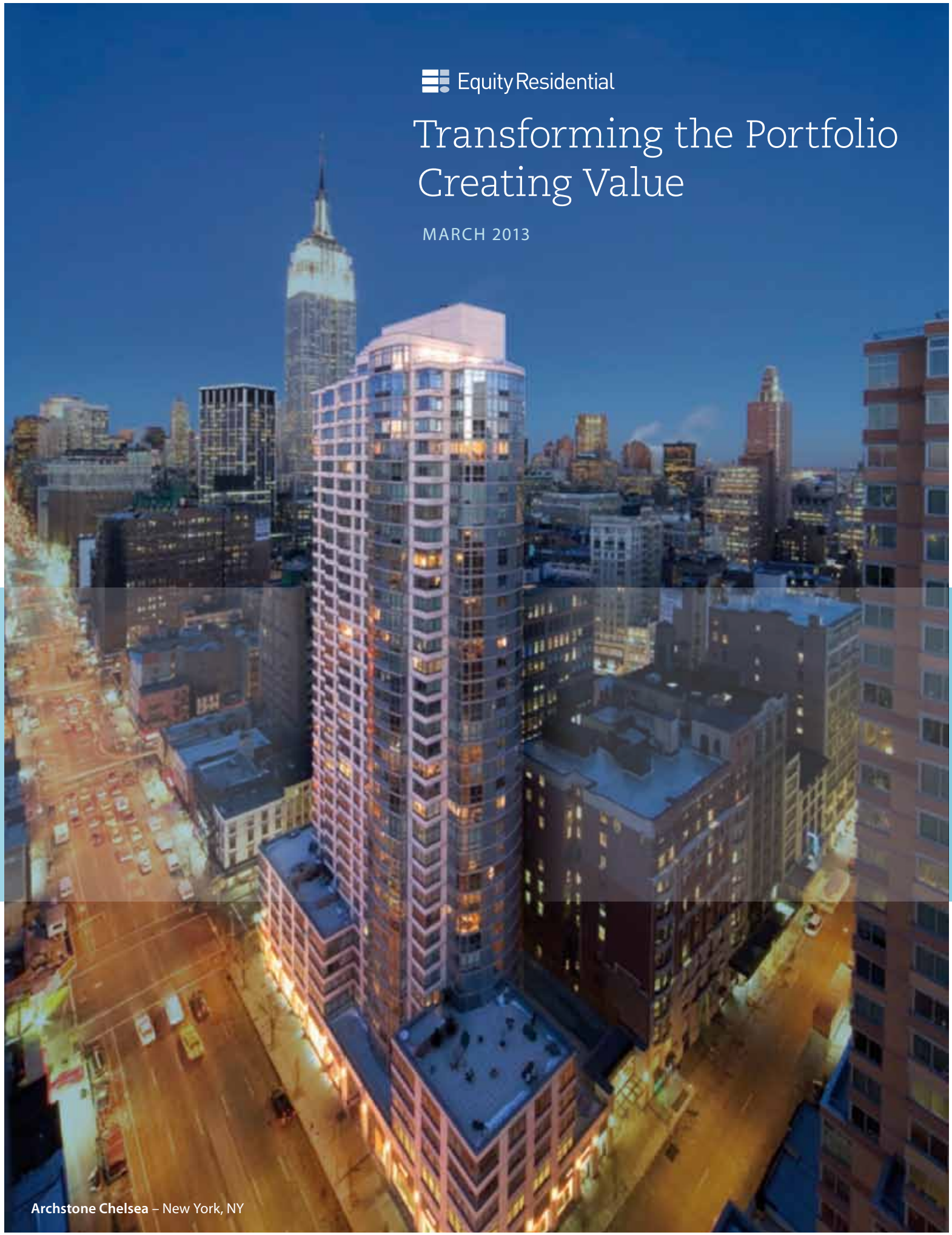


Equity Residential

Transforming the Portfolio Creating Value

MARCH 2013

Archstone Chelsea – New York, NY

Why Equity Residential

- Portfolio concentrated in high-barrier, high-growth markets
- Superior utilization of state-of-the-art operating platform
- Best-in-class operating performance
- Proven track record of capital allocation in opportunistic acquisitions and focused development
- Excellent growth in asset value
- Conservative balance sheet and superior liquidity through access to multiple sources of financing
- Excellent risk-adjusted total returns from growth in dividend income and stock price appreciation





The Brooklyner – Brooklyn, NY

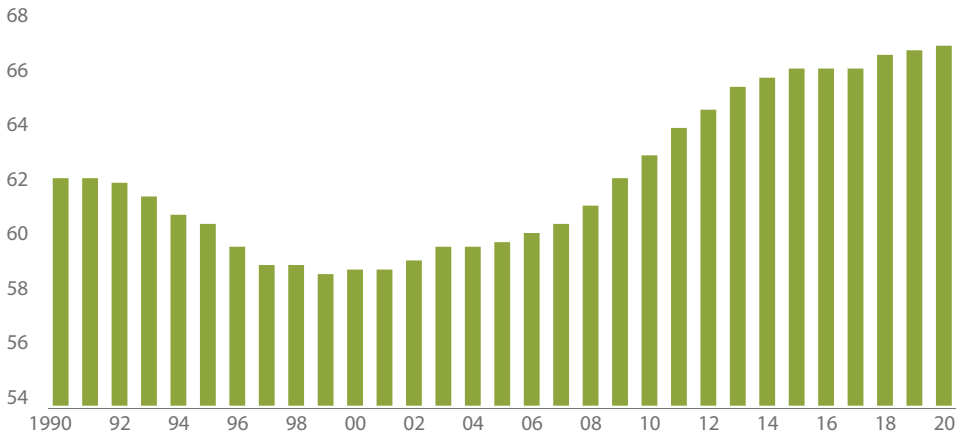
More than 1 million households are formed, on average, each year in the United States. The 20- to 34-year-old age group is the prime cohort to form new households. This age group has a very high propensity to rent apartments.

Echo Boomers are a Key Demand Driver for Apartment Rentals

Nearly four million people are turning 20 each year.

People aged 20 to 34 have a **60%** to **70%** propensity to rent.

Population Aged 20-34 (in millions)



Source: Green Street Advisors

Favorable demographics will continue to create ample demand to absorb the new supply of apartment rental units in Equity Residential's core markets. After several years of undersupply in these markets, the construction of new supply has begun to increase, but the number of new units being completed is still well below historical levels. With apartment rentals capturing 20% to 30% of new household formations in our markets, vacancy rates will continue to stay very low.

While Multifamily Construction Starts are Increasing, Demand Still Outpaces New Multifamily Supply

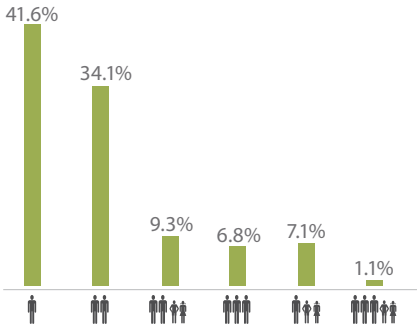
New Supply vs. New Apartment Rental Demand in EQR Core Markets

(units in thousands)



Source: MPF Research, REIS Research, EQR Data

EQR National Resident Profile



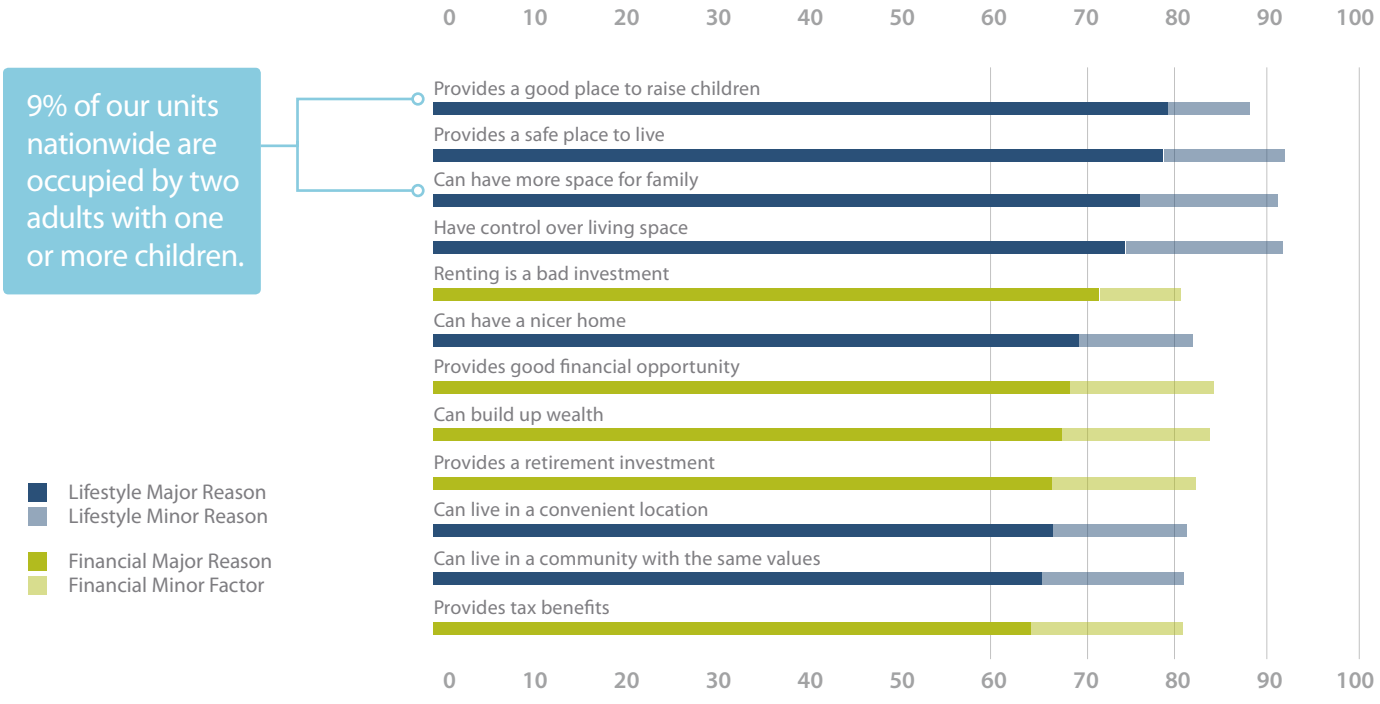
In a recently published study from the Joint Center for Housing Studies at Harvard University, lifestyle issues topped the reasons for buying a home. And while there is undeniably some pent-up demand to purchase homes, it is a relatively small percentage of our residents. Those with small children are the most likely purchasers of single family homes. At Equity Residential, nearly 42% of our apartment units nationwide are occupied by a single occupant. Statistically this a group that is less likely to be buying a home.

Our resident demographic chooses to rent in our locations for lifestyle reasons

Buying a Home is a Lifestyle Choice

Lifestyle Issues Top Reasons for Buying a Home (share of respondents by percent)

9% of our units nationwide are occupied by two adults with one or more children.



Source: Joint Center for Housing Studies at Harvard University

Less than 8% of our residents move out to buy a home each year.

Our portfolio is focused on high-barrier to entry, coastal markets. These markets have always featured expensive home prices compared to the national average. Also, when comparing the cost to own versus the cost to rent in these markets, the focus is too often on monthly rents versus monthly principal and interest payments on a mortgage. Little attention has been paid to fundamental issues like the ability to come up with a down payment and home repair and maintenance costs and recurring property taxes. In our markets, down payments range from tens to hundreds of thousands of dollars, making home buying unrealistic for many.

. . . And It is Very Costly to Own a Home in Our Core Markets

Home prices are high compared to incomes in our markets

Median Income vs. Median Home Price per Market (in thousands)



Source: Claritas, Moody's Economy.com and Company Data

Equity Residential's investment strategy is to purchase, develop and operate a portfolio of high-quality apartment properties focused primarily in the six core coastal markets of Boston, New York, Washington, D.C., Southern California, San Francisco and Seattle. We have invested more than $20 billion in our markets since 2005 because along with incredibly attractive lifestyles for their residents, they feature the highest average resident incomes and rents, a very favorable renter profile and a high cost of home ownership. These factors combine to make these markets the best place to generate long-term growth and a higher return to our shareholders.

We are Focused on the Best High-Quality Apartment Rental Markets



ARTech Building – Berkeley, CA

Highest Resident Incomes

All U.S. Markets	$49,000
EQR Core Markets	$64,000
EQR Residents in Our Core Markets	$83,000

Highest Average Monthly Rents

All U.S. Markets	$1,100
EQR Core Markets	$1,500
EQR Residents in Our Core Markets	$2,200

Best Demographics for Renting Apartments EQR Core Markets Resident Profile

Singles	42%
20- to 34-Year-Olds	53%
Couples Without Children	34%
55+ Year-Olds	15%

Highest Homeownership Cost

All U.S. Markets	$180,000
EQR Core Markets	$385,000

Source: MPF Research, EQR Data

Market Statistics

	2011	2012	Projected 2013
Monthly Rent			
EQR Core Markets	$1,413	$1,476	$1,539
All U.S. Markets	$1,076	$1,083	$1,118
EQR Portfolio in Our Core Markets	$1,173	$1,939	$2,225
Effective Rent Growth			
EQR Core Markets	6.6%	4.2%	4.1%
All U.S. Markets	4.7%	3.0%	3.2%
EQR Portfolio in Our Core Markets	4.4%	5.3%	–
Vacancy Rate			
EQR Core Markets	4.0%	3.9%	3.9%
All U.S. Markets	5.4%	5.1%	4.9%
EQR Portfolio in Our Core Markets	4.8%	4.7%	4.7%
Population Growth			
EQR Core Markets	1.2%	1.1%	1.1%
All U.S. Markets	0.7%	1.0%	1.0%
Household Formations			
EQR Core Markets	1.0%	0.9%	1.1%
All U.S. Markets	1.0%	1.0%	1.1%
Job Growth			
EQR Core Markets	1.4%	1.6%	1.4 %
All U.S. Markets	1.4%	1.4%	1.4%
Median Household Income			
EQR Core Markets	$68,142	$67,714	$63,728
All U.S. Markets	$50,054	$53,000	$49,297
Median Home Prices			
EQR Core Markets	$365,000	$379,000	$385,000
All U.S. Markets	$165,000	$175,000	$180,000

Source: MPF Research, EQR Data



Archstone Santa Clara– Santa Clara, CA



Archstone Murray Hill – New York, NY

The Archstone Acquisition

On February 27, 2013, Equity Residential closed on its purchase of 60% of the assets and liabilities of Archstone. This transaction is transformative for Equity Residential as it allows us to purchase more than 21,000 high-quality apartment units in our core markets and pay for a substantial portion of the transaction with the sale proceeds from dispositions of our non-core assets in places like Orlando, Jacksonville, Atlanta and Phoenix. Completing our exit from these markets will make our operations more concentrated and efficient.

Market	Properties	Units	Avg. Monthly Rate Per Unit
Washington, D.C.	25	7,922	$2,423
San Francisco	13	4,384	2,508
Southern California	13	3,153	2,518
New York	10	2,638	4,187
Boston	8	1,984	3,312
Seattle	4	904	1,702
South Florida	1	196	1,402
All Other Markets	2	600	1,189
Total	**76**	**21,781**	**$2,681**

Portfolio Transformation

Adding 21,781 Archstone units and selling 27,750 non-core units

	Portfolio Summary as of 12/31/2012				Projected Portfolio Summary as of 12/31/2013			
Core Markets	**Total Properties**	**Total Units**	**% of Stabilized NOI**	**Average Rental Rate**	**Total Properties**	**Total Units**	**% of Stabilized NOI**	**Average Rental Rate**
Washington D.C. Metro Area	43	14,425	15.9%	$1,992	59	19,806	21.2%	$2,256
New York Metro Area	30	8,047	13.9%	3,433	37	10,155	17.1%	3,842
Los Angeles	48	9,815	10.0%	1,879	57	11,960	10.9%	2,130
South Florida	36	12,253	9.0%	1,463	32	10,393	6.9%	1,577
San Francisco Bay Area	40	9,094	8.6%	1,902	50	12,767	11.8%	2,165
Boston	26	5,832	8.2%	2,560	34	7,816	10.4%	2,843
Seattle	38	7,563	6.3%	1,606	38	7,752	6.0%	1750
San Diego	14	4,963	5.0%	1,851	15	4,915	4.6%	1,927
Orange County	11	3,490	3.3%	1,660	11	3,490	2.9%	1,766
Denver	24	8,144	5.5%	1,226	19	6,933	4.2%	1,294
Subtotal	**310**	**83,626**	**85.7%**	**$1,939**	**352**	**95,987**	**96.0%**	**$2,225**
Non-Core Markets								
Atlanta	12	3,616	2.0%	$1,157	1	336	0.0%	$1,400
Orlando	21	6,413	3.5%	1,086	9	3,187	1.5%	1,117
Jacksonville	6	2,117	1.1%	1,005	0	0	0.0%	n/a
Phoenix	25	7,400	3.4%	946	5	1,280	0.4%	918
Tacoma	3	1,467	0.6%	951	0	0	0.0%	n/a
Inland Empire	10	3,081	2.4%	1,491	6	1,607	1.2%	1,579
New England (exc Boston)	14	2,611	1.3%	1,174	11	1,965	0.9%	1,250
Subtotal	**91**	**26,705**	**14.3%**	**$1,099**	**32**	**8,375**	**4.0%**	**$1,219**
Total	**401**	**110,331**	**100.0%**	**$1,737**	**384**	**104,362**	**100.0%**	**$2,145**
Military Housing	2	5,039	0.0%	n/a	2	5,039	0.0%	n/a
Grand Total	**403**	**115,370**	**100.0%**	**$1,737**	**386**	**109,401**	**100.0%**	**$2,145**

The average rent per unit increases 23%. The NOI from core markets increases to 96% and the average rent per unit in our core markets increases 15%.

Archstone Acquisition


Archstone Hacienda – Pleasanton, CA


Archstone Watertown Square – Watertown, MA


Archstone East 39th – New York, NY


Archstone Redwood Shores – Redwood City, CA


Archstone 101 West End – New York, NY

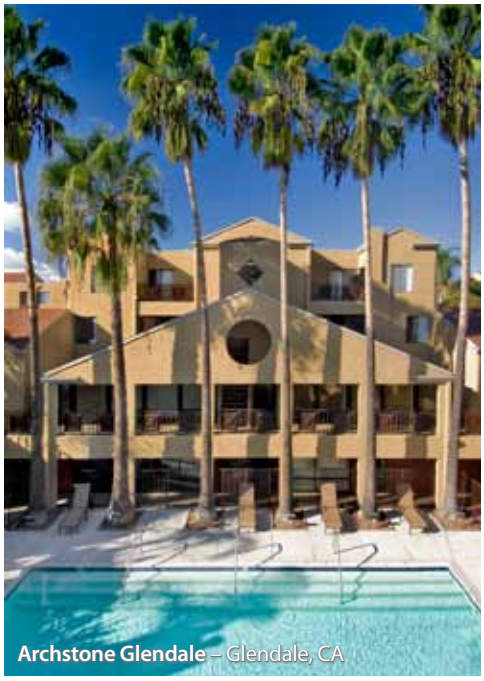

Archstone Wisconsin Place – Chevy Chase, MD



Archstone Camargue– New York, NY



Archstone Breakwater at Marina del Ray – Marina del Ray, CA



Archstone Glendale – Glendale, CA



Archstone South San Francisco – S. San Francisco, CA



Archstone Woodland Park – Herndon, VA



Archstone Columbia Crossing – Arlington, VA


Archstone Boston Common – Boston, MA


Alban Towers – Washington, DC


Archstone Pentagon City – Arlington, VA


Archstone Chelsea – New York, NY


Archstone Emeryvill


Archstone 2201 Wilso


Westchester at the Pavilions – Waldorf, MD


Archstone Virginia Square – Arlington, VA


Park Connecticut – W


Archstone Playa del Rey – Playa del Rey, CA


Archstone Cronin's La


Archstone Fairchase – Fairfax, VA


Archstone Ventura – V



e – Emeryville, CA


on – Arlington, VA


Archstone Avenir – Boston, MA


Archstone West 96th – New York, NY


ashington, DC


Archstone Rosslyn – Arlington, VA


Archstone CambridgePark – Cambridge, MA


nding – Waltham, MA


The Flats at Dupont Circle – Washington, DC


Archstone West 54th – New York, NY

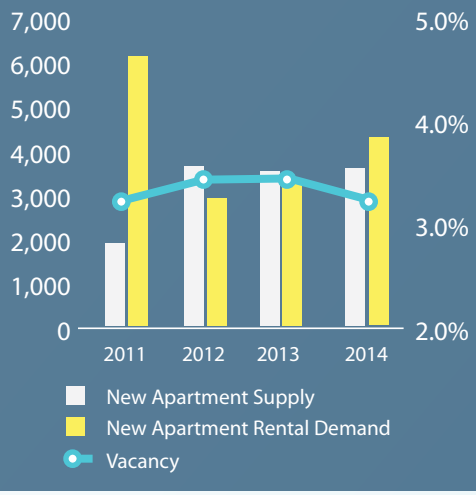

Ventura, CA


Archstone Belltown – Seattle, WA


Archstone Santa Monica – Santa Monica, CA

Boston

New Supply/Demand (units)



Market Data

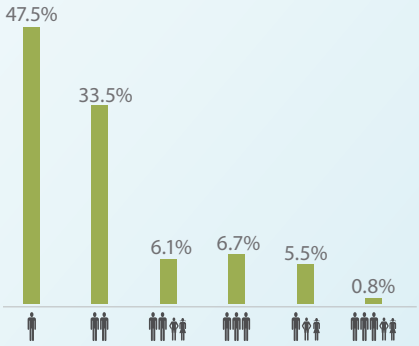
	U.S.	Boston
Median Household Income	$49,000	$69,240
Median Home Price	$175,000	$370,000
Ratio	3.6 x	5.7 x

EQR – Boston

Market Data (as of 12/31/12)

Properties	26
Units	5,832
Percent of NOI	8.2%
Occupancy	95.6%
Median Household Income	$116,614
Median Monthly Rent	$2,123
Rent as a Percent of Income	21.8%

Resident Profile



Source: MPF Research, EQR Data

2013/2014 data projected



Asteria – Boston, MA



West End Apartments– Boston, MA



Longview Place – Waltham, MA



Third Square – Cambridge, MA



Trump Place– New York, NY



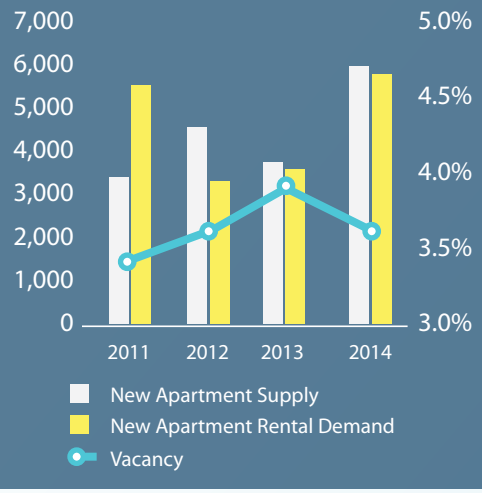
Beatrice – New York, NY



Longacre House – New York, NY

New York

New Supply/Demand (units)



Market Data

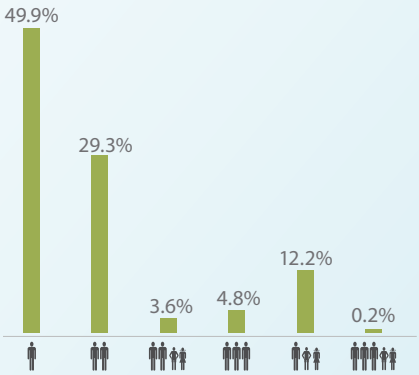
	U.S.	New York
Median Household Income	$49,000	$63,640
Median Home Price	$175,000	$388,000
Ratio	3.6 x	6.1 x

EQR – New York

Market Data (as of 12/31/12)

Properties	30
Units	8,047
Percent of NOI	13.9%
Occupancy	96.2%
Median Household Income	$168,000
Median Monthly Rent	$2,950
Rent as a Percent of Income	21.1%

Resident Profile



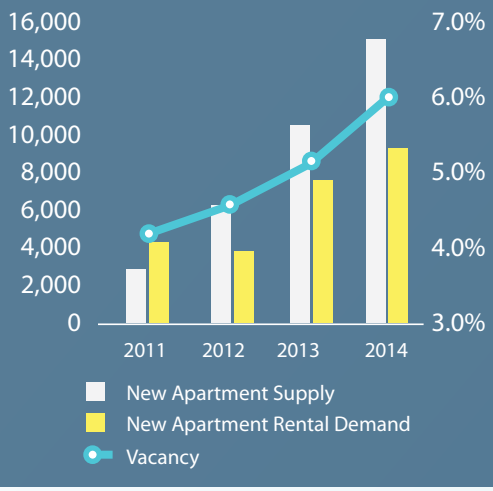
Source: REIS Research
2013/2014 data projected



Ten23 – New York, NY

Washington, D.C. Metro Area

New Supply/Demand (units)



Market Data

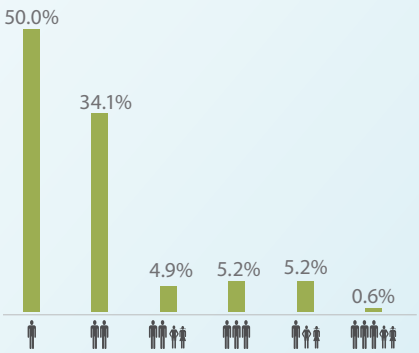
	U.S.	Washington, D.C. Metro
Median Household Income	$49,000	$87,308
Median Home Price	$175,000	$346,000
Ratio	3.6 x	3.9 x

EQR – Washington, D.C.

Market Data (as of 12/31/12)

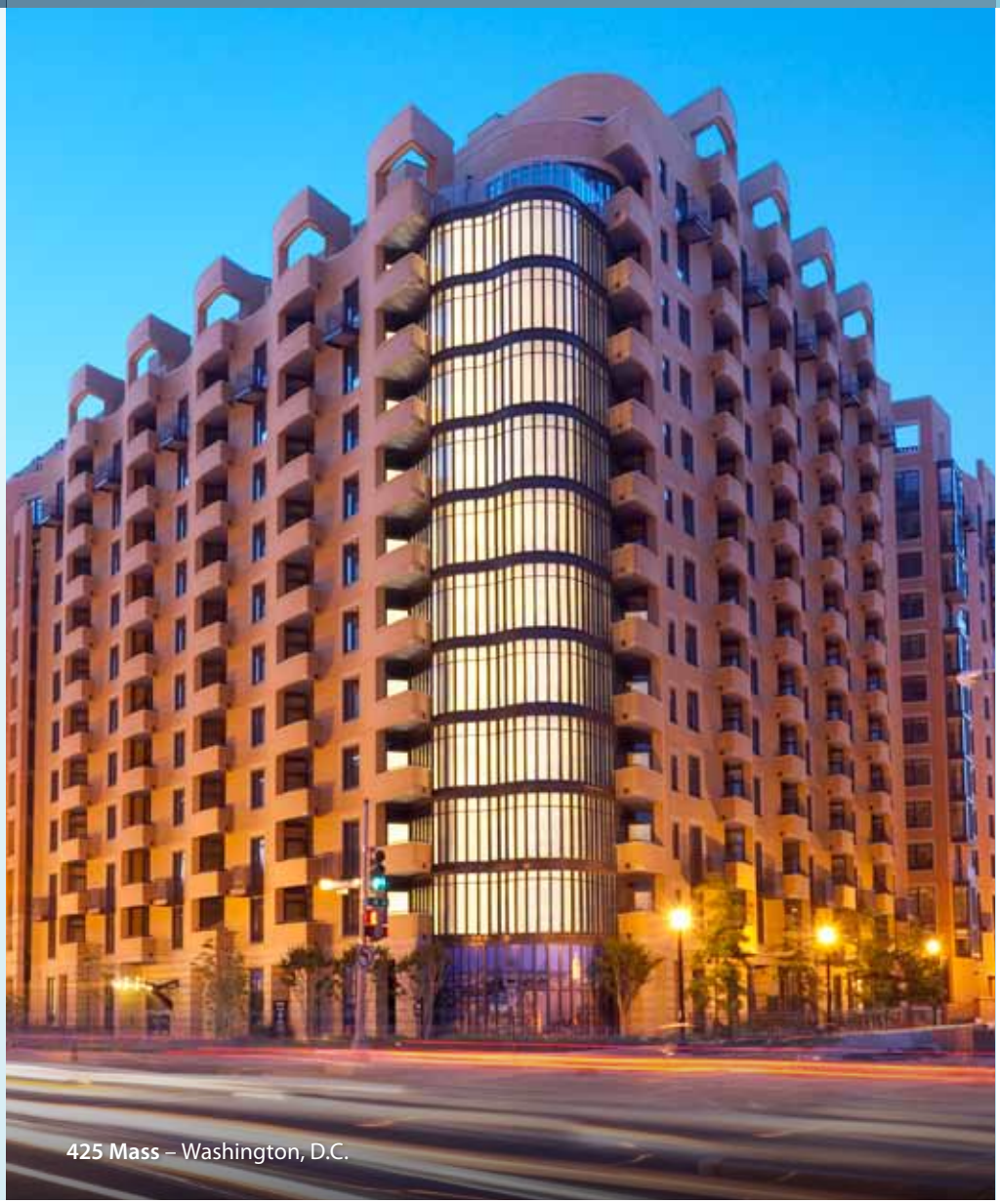
Properties	43
Units	14,425
Percent of NOI	13.9%
Occupancy	95.7%
Median Household Income	$90,006
Median Monthly Rent	$1,638
Rent as a Percent of Income	21.8%

Resident Profile



Source: MPF Research, EQR Data

2013/2014 data projected



425 Mass – Washington, D.C.



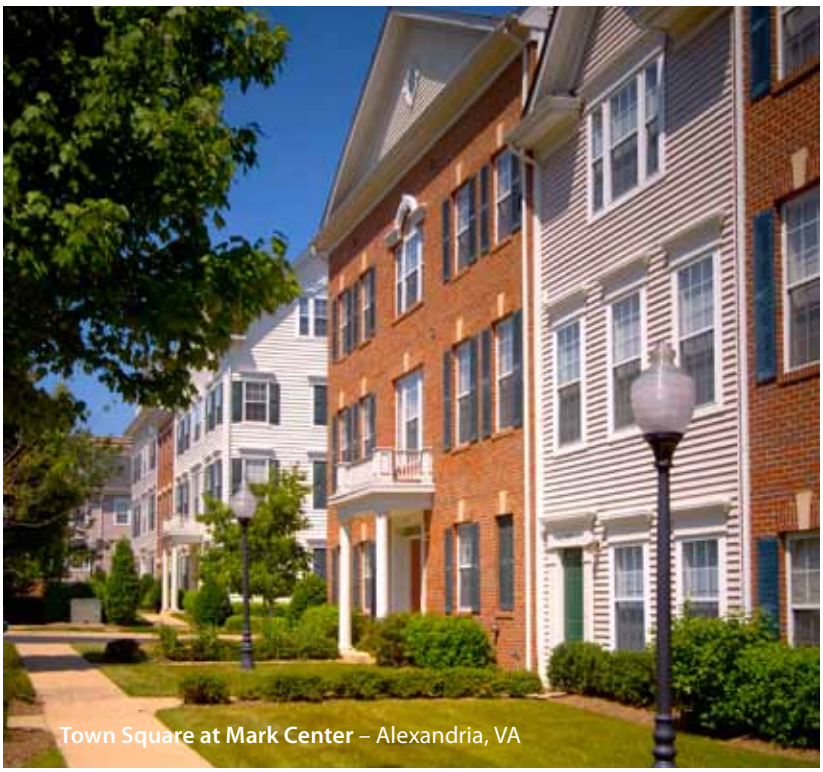
Liberty Tower – Arlington, VA



Vista on Courthouse – Arlington, VA



Mosaic at Metro – Hyattsville, MD



Town Square at Mark Center – Alexandria, VA



Moda– Seattle, WA



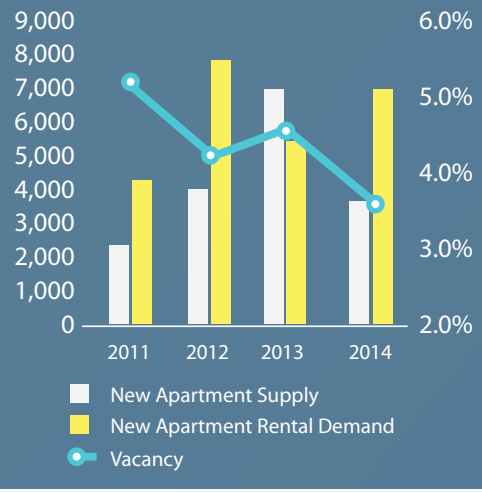
Harbor Steps – Seattle, WA



Riverpark– Redmond, WA

Seattle

New Supply/Demand (units)



Market Data

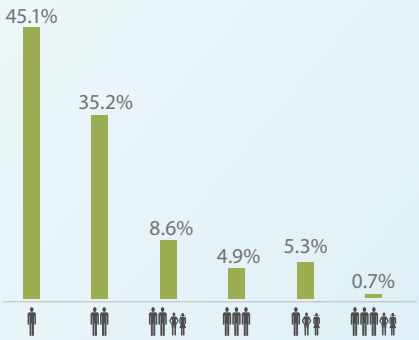
	U.S.	Seattle
Median Household Income	$49,000	$64,974
Median Home Price	$175,000	$288,000
Ratio	3.6 x	4.4 x

EQR – Seattle

Market Data (as of 12/31/12)

Properties	38
Units	7,563
Percent of NOI	6.3%
Occupancy	94.6%
Median Household Income	$81,996
Median Monthly Rent	$1,285
Rent as a Percent of Income	18.8%

Resident Profile



Source: MPF Research, EQR Data

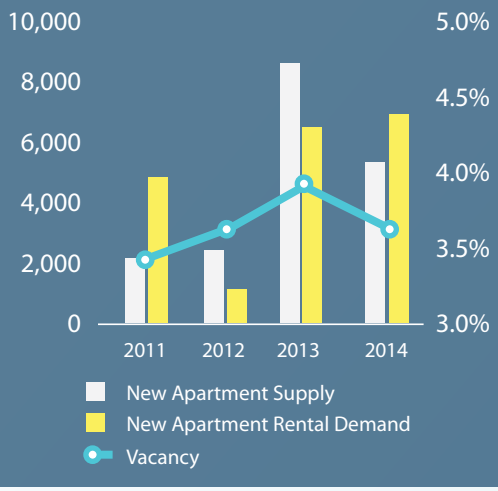
2013/2014 data projected



Olympus – Seattle, WA

San Francisco Bay Area

New Supply/Demand (units)



Market Data

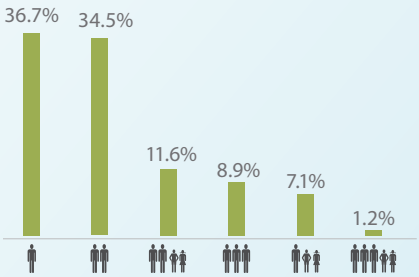
	U.S.	San Francisco
Median Household Income	$49,000	$77,628
Median Home Price	$175,000	$629,000
Ratio	3.6 x	8.1 x

EQR – San Francisco

Market Data (as of 12/31/12)

Properties	40
Units	9,094
Percent of NOI	8.6%
Occupancy	95.5%
Median Household Income	$92,615
Median Monthly Rent	$1,765
Rent as a Percent of Income	22.9%

Resident Profile



Source: MPF Research, EQR Data

2013/2014 data projected



Skyline Terrace – Burlingame, CA



Touriel – Berkeley, CA



Bachenheimer – Berkeley, CA



La Terraza – Colma, CA



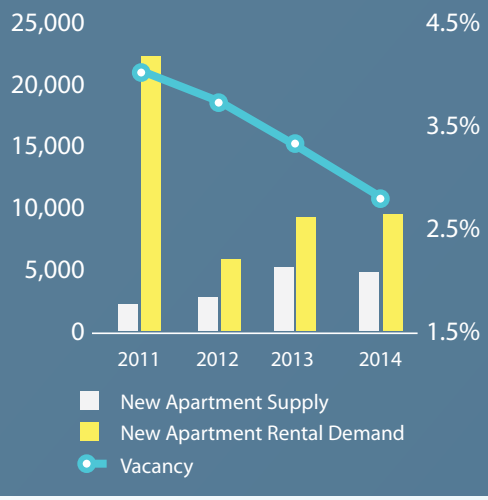
Sakura Crossing – Los Angeles, CA



Pegasus – Los Angeles, CA

Los Angeles

New Supply/Demand (units)



Market Data

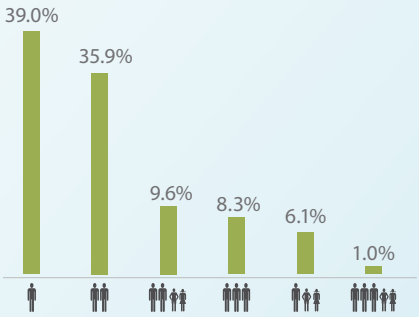
	U.S.	Los Angeles
Median Household Income	$49,000	$53,880
Median Home Price	$175,000	$301,000
Ratio	3.6 x	5.6 x

EQR – Los Angeles

Market Data (as of 12/31/12)

Properties	48
Units	9,815
Percent of NOI	10.0%
Occupancy	95.4%
Median Household Income	$86,400
Median Monthly Rent	$1,670
Rent as a Percent of Income	23.2%

Resident Profile



Source: MPF Research, EQR Data
2013/2014 data projected



Victor on Venice – Los Angeles, CA



Our Development Capability is a Source of Attractively Priced Assets in High-Growth Markets

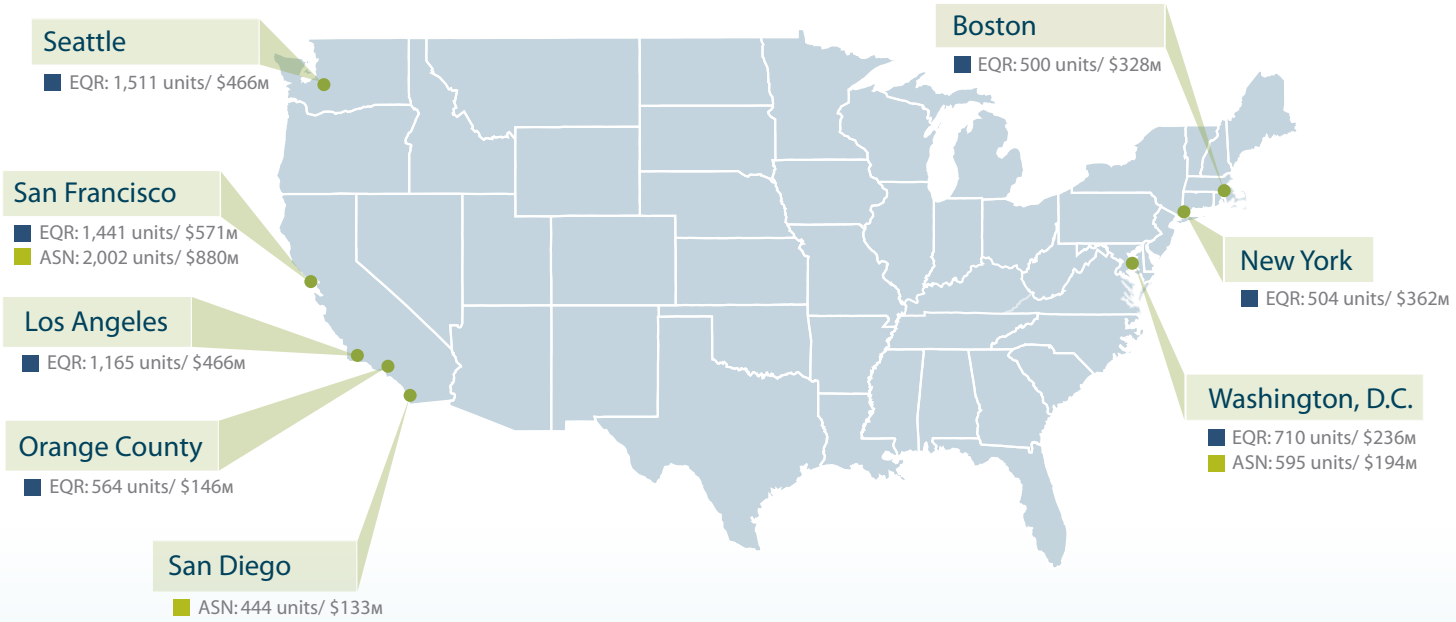
Since 2000, our development program has produced 46 properties, consisting of more than 12,500 apartments, at a total cost of $3.5 billion. We will continue to be active developers in high-barrier markets across the country. We actively look for new opportunities to develop properties where development returns provide an appropriate premium over acquiring existing assets in order to allocate capital on the highest risk-adjusted basis possible.

We currently have more than 2,400 apartment units under construction for more than $960 million and a pipeline of 4,200 units to be developed at a total cost of $1.6 billion.

In addition, the Archstone acquisition brings us additional opportunities to expand our portfolio and we will pursue the ones that will create the best long-term value.

 2201 Pershing – Arlington, VA

Core Development Markets



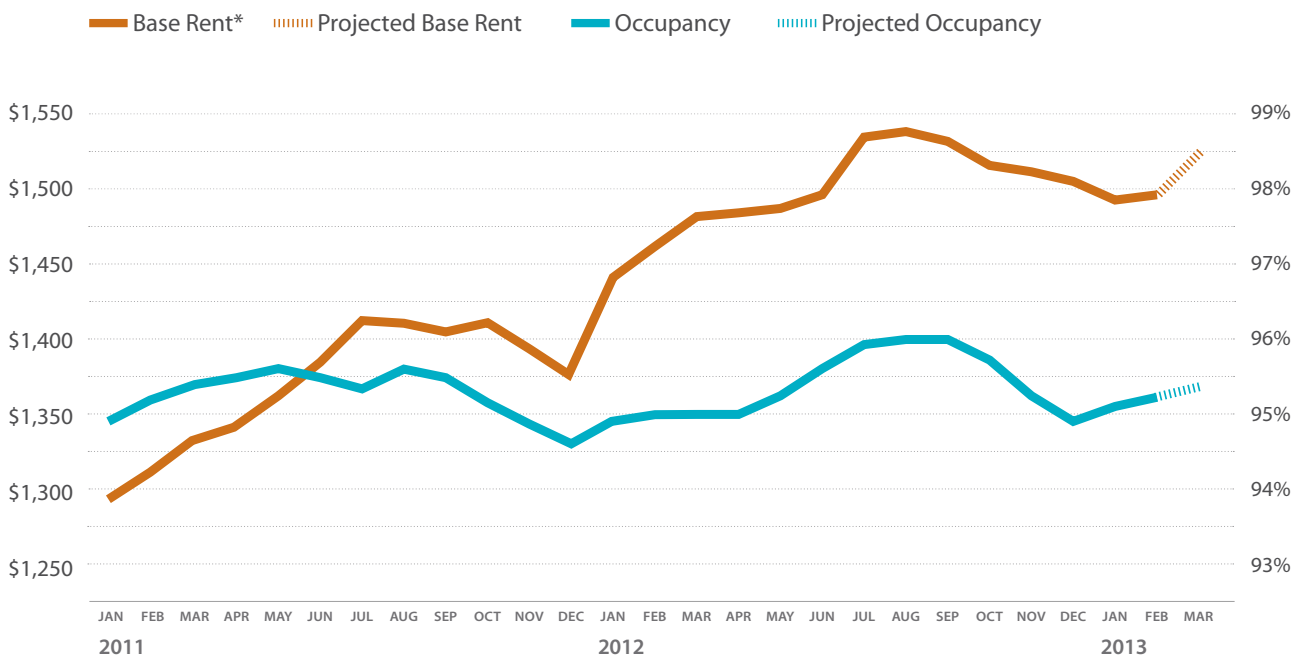


Urbana– Ballard, WA

Equity Residential's superior utilization of its state-of-the-art operating platform gives us great visibility into our markets. It allows us to react quickly to changing market conditions and optimize rental revenues.

We are Focused on Operations

Maximizing Revenue by Managing Rent Growth and Occupancy



* Base Rents are rents prior to adding any premiums for specific amenities such as views, balconies or other unit-specific features.

Second consecutive year of 5%+ revenue growth

Full Year 2012 Operating Metrics

	Year-Over-Year Change 2012 Over 2011
Same Store Revenues	5.5%
Same Store Expenses	1.8%
Same Store NOI	7.6%
Base Rent	4.1%
Renewal Rent	6.3%
Occupancy **95.4%**	0.2%

Performance of 2010 and 2011 Acquisitions for Full Year 2012

	Units	Revenue Growth
2010	5,278	6.9%
2011	8,933	6.3%

Full Year 2012 Same Store Performance

Market	Units	2012 % of Actual NOI	2012 Avg. Rental Rate[1]	Change in Revenues
New York Metro Area	7,063	13.3%	$ 3,322	6.1%
D.C./Northern Virginia	7,974	10.8%	2,068	4.6%
South Florida	11,377	9.3%	1,404	4.4%
Los Angeles	7,832	8.9%	1,794	4.1%
Boston	5,175	8.4%	2,552	6.2%
San Francisco Bay Area	6,194	7.9%	1,986	11.0%
Seattle/Tacoma	8,209	7.2%	1,476	5.8%
Denver	7,976	6.2%	1,188	8.9%
San Diego	4,284	4.8%	1,740	2.4%
Phoenix	7,400	4.2%	941	3.8%
Orlando	6,413	4.0%	1,072	4.7%
Orange County, CA	3,490	3.7%	1,636	5.3%
Suburban Maryland	3,765	3.4%	1,441	2.9%
Inland Empire, CA	3,081	2.8%	1,466	3.3%
Atlanta	3,616	2.3%	1,134	6.2%
All Other Markets	4,728	2.8%	1,102	4.1%
Total	**98,577**	**100.0%**	**$ 1,658**	**5.5%**

[1] Average rental rate is defined as total rental revenues divided by the weighted average occupied units for the period.

Equity Residential has a Solid Balance Sheet to Fund Future Growth



 Red160 – Redmond, WA



The Veridian – Silver Spring, MD



Midtown 24 – Plantation, FL

- We maintain a conservative balance sheet with access to many sources of capital and ample liquidity. This gives us the firepower needed when opportunities arise.
- We maintain access to multiple sources of capital including equity (common and preferred), unsecured debt, secured debt (both through Fannie Mae and Freddie Mac and through the life companies), equity-linked debt and bank debt.
- Equity Residential is rated Baa1 by Moody's and BBB+ by S&P.
- We expect to have a net debt to EBITDA ratio of approximately 7.0x and a fixed charge coverage of 2.5x at year end.

Equity Residential is Creating Shareholder Value



The Pier – Jersey City, NJ

We have a portfolio of high-quality assets in the best high-growth apartment rental markets that benefit from favorable supply and demand fundamentals. We utilize a state-of-the-art operating platform that allows us to adapt quickly and aggressively manage our assets. We have a solid balance sheet to support our growth going forward. Equity Residential is creating value for its shareholders.



Equity Residential is an S&P 500 company focused on the acquisition, development and management of high-quality apartment properties in top U.S. growth markets. Equity Residential owns or has investments in 443 properties consisting of 127,052 apartment units.

Equity Residential

Two North Riverside Plaza
Chicago, Illinois 60606
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EquityResidential.com







FROM LEFT TO RIGHT: **Red Road Commons** – South Miami, FL; **Metro on First** – Seattle, WA; **Vantage Pointe** – San Diego, CA

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: The forward-looking statements contained in this document are subject to certain economic risks and uncertainties described under the heading "Risk Factors" in the company's 2011 Annual Report on Form 10-K. The company assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events. All projections are based on 2013 budgets and proforma expectations on recent acquisitions.

March 2013