REGENCY CENTERS CORP
Form 10-Q
May 08, 2012

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549
FORM 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2012
or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from to

Commission File Number 1-12298 (Regency Centers Corporation)
Commission File Number 0-24763 (Regency Centers, L.P.)

REGENCY CENTERS CORPORATION
REGENCY CENTERS, L.P.
(Exact name of registrant as specified in its charter)

FLORIDA (REGENCY CENTERS CORPORATION)	59-3191743
DELAWARE (REGENCY CENTERS, L.P)	59-3429602
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
One Independent Drive, Suite 114 Jacksonville, Florida 32202	(904) 598-7000
(Address of principal executive offices) (zip code)	(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Regency Centers Corporation YES x NO o Regency Centers, L.P. YES x NO o

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Regency Centers Corporation YES x NO o Regency Centers, L.P. YES x NO o

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act. (Check one):

Regency Centers Corporation:

Large accelerated filer	x	Accelerated filer	o
Non-accelerated filer	o	Smaller reporting company	o

Regency Centers, L.P.:

Large accelerated filer	o	Accelerated filer	x
Non-accelerated filer	o	Smaller reporting company	o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Regency Centers Corporation YES o NO x Regency Centers, L.P. YES o NO x

The number of shares outstanding of the Regency Centers Corporation’s voting common stock was 89,930,097 as of April 30, 2012.

EXPLANATORY NOTE

This report combines the quarterly reports on Form 10-Q for the quarter ended March 31, 2012 of Regency Centers Corporation and Regency Centers, L.P. Unless stated otherwise or the context otherwise requires, references to "Regency Centers Corporation" or the "Parent Company" mean Regency Centers Corporation and its controlled subsidiaries; and references to "Regency Centers, L.P." or the "Operating Partnership" mean Regency Centers, L.P. and its controlled subsidiaries. The term "the Company" or "Regency" means the Parent Company and the Operating Partnership, collectively.

The Parent Company is a real estate investment trust ("REIT") and the general partner of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units ("Units"). As of March 31, 2012, the Parent Company owned approximately 99.8% of the Units in the Operating Partnership and the remaining limited Units are owned by investors. The Parent Company owns all of the Series 5 and 6 Preferred Units of the Operating Partnership. As the sole general partner of the Operating Partnership, the Parent Company has exclusive control of the Operating Partnership's day-to-day management.

The Company believes combining the quarterly reports on Form 10-Q of the Parent Company and the Operating Partnership into this single report provides the following benefits:

- enhances investors' understanding of the Parent Company and the Operating Partnership by enabling investors to view the business as a whole in the same manner as management views and operates the business;
- eliminates duplicative disclosure and provides a more streamlined and readable presentation; and
- creates time and cost efficiencies through the preparation of one combined report instead of two separate reports.

Management operates the Parent Company and the Operating Partnership as one business. The management of the Parent Company consists of the same individuals as the management of the Operating Partnership. These individuals are officers of the Parent Company and employees of the Operating Partnership.

The Company believes it is important to understand the few differences between the Parent Company and the Operating Partnership in the context of how the Parent Company and the Operating Partnership operate as a consolidated company. The Parent Company is a REIT, whose only material asset is its ownership of partnership interests of the Operating Partnership. As a result, the Parent Company does not conduct business itself, other than acting as the sole general partner of the Operating Partnership, issuing public equity from time to time and guaranteeing certain debt of the Operating Partnership. The Parent Company does not hold any indebtedness, but guarantees all of the unsecured public debt and approximately 13% of the secured debt of the Operating Partnership. The Operating Partnership holds all the assets of the Company and retains the ownership interests in the Company's joint ventures. Except for net proceeds from public equity issuances by the Parent Company, which are contributed to the Operating Partnership in exchange for partnership units, the Operating Partnership generates all remaining capital required by the Company's business. These sources include the Operating Partnership's operations, its direct or indirect incurrence of indebtedness, and the issuance of partnership units.

Stockholders' equity, partners' capital, and noncontrolling interests are the main areas of difference between the consolidated financial statements of the Parent Company and those of the Operating Partnership. The Operating Partnership's capital includes general and limited common Partnership Units, Series 5 and 6 Preferred Units owned by the Parent Company. The limited partners' units in the Operating Partnership owned by third parties are accounted for in partners' capital in the Operating Partnership's financial statements and outside of stockholders' equity in noncontrolling interests in the Parent Company's financial statements. The Series 5 and 6 Preferred Units owned by the Parent Company are eliminated in consolidation in the accompanying consolidated financial statements of the Parent Company and are classified as preferred units of general partner in the accompanying consolidated financial statements of the Operating Partnership.

In order to highlight the differences between the Parent Company and the Operating Partnership, there are sections in this report that separately discuss the Parent Company and the Operating Partnership, including separate financial statements, controls and procedures sections, and separate Exhibit 31 and 32 certifications. In the sections that combine disclosure for the Parent Company and the Operating Partnership, this report refers to actions or holdings as being actions or holdings of the Company.

As general partner with control of the Operating Partnership, the Parent Company consolidates the Operating Partnership for financial reporting purposes, and the Parent Company does not have assets other than its investment in the Operating Partnership. Therefore, while stockholders' equity and partners' capital differ as discussed above, the assets and liabilities of the Parent Company and the Operating Partnership are the same on their respective financial statements.

TABLE OF CONTENTS

PART I - FINANCIAL INFORMATION
Item 1. Financial Statements
REGENCY CENTERS CORPORATION
Consolidated Balance Sheets
March 31, 2012 and December 31, 2011
(in thousands, except share data)

		2012	2011
Assets		(unaudited)	
Real estate investments at cost:			
Land	$	1,264,492	1,273,606
Buildings and improvements		2,608,756	2,604,229
Properties in development		250,342	224,077
		4,123,590	4,101,912
Less: accumulated depreciation		813,187	791,619
		3,310,403	3,310,293
Investments in real estate partnerships		395,933	386,882
Net real estate investments		3,706,336	3,697,175
Cash and cash equivalents		27,115	11,402
Restricted cash		6,406	6,050
Accounts receivable, net of allowance for doubtful accounts of $3,124 and $3,442 at March 31, 2012 and December 31, 2011, respectively		42,338	37,733
Straight-line rent receivable, net of reserve of $1,871 and $2,075 at March 31, 2012 and December 31, 2011, respectively		49,625	48,132
Notes receivable		23,883	35,784
Deferred costs, less accumulated amortization of $71,385 and $71,265 at March 31, 2012 and December 31, 2011, respectively		71,094	70,204
Acquired lease intangible assets, less accumulated amortization of $16,705 and $15,588 at March 31, 2012 and December 31, 2011, respectively		25,937	27,054
Trading securities held in trust, at fair value		23,411	21,713
Other assets		28,731	31,824
Total assets	$	4,004,876	3,987,071
Liabilities and Equity			
Liabilities:			
Notes payable	$	1,748,358	1,942,440
Unsecured credit facilities		275,000	40,000
Accounts payable and other liabilities		104,819	101,862
Derivative instruments, at fair value		59	37
Acquired lease intangible liabilities, less accumulated accretion of $5,143 and $4,750 at March 31, 2012 and December 31, 2011, respectively		12,269	12,662
Tenants' security and escrow deposits and prepaid rent		19,757	20,416
Total liabilities		2,160,262	2,117,417
Commitments and contingencies (note 10)			
Equity:			
Stockholders' equity:			
Preferred stock, $0.01 par value per share, 32,000,000 shares authorized; 13,000,000 and 11,000,000 Series 3-6 shares issued and outstanding at March 31, 2012 and December 31, 2011, respectively, with liquidation preferences of $25 per share		325,000	275,000
Common stock $0.01 par value per share,150,000,000 shares authorized; 89,929,528 and 89,921,858 shares issued at March 31, 2012 and December 31, 2011, respectively		899	899

Treasury stock at cost, 315,867 and 338,714 shares held at March 31, 2012 and December 31, 2011, respectively	(14,222)	(15,197)
Additional paid in capital	2,280,781	2,281,817
Accumulated other comprehensive loss	(69,083)	(71,429)
Distributions in excess of net income	(690,845)	(662,735)
Total stockholders' equity	1,832,530	1,808,355
Noncontrolling interests:		
Series D preferred units, aggregate redemption value of $50,000 at December 31, 2011	—	49,158
Exchangeable operating partnership units, aggregate redemption value of $7,880 and $6,665 at March 31, 2012 and December 31, 2011, respectively	(990)	(963)
Limited partners' interests in consolidated partnerships	13,074	13,104
Total noncontrolling interests	12,084	61,299
Total equity	1,844,614	1,869,654
Total liabilities and equity	$ 4,004,876	3,987,071

See accompanying notes to consolidated financial statements.

1

REGENCY CENTERS CORPORATION
Consolidated Statements of Operations
For the three months ended March 31, 2012 and 2011
(in thousands, except per share data)
(unaudited)

	2012	2011
Revenues:		
Minimum rent	$ 92,365	87,173
Percentage rent	1,160	907
Recoveries from tenants and other income	26,714	28,390
Management, transaction, and other fees	7,150	7,858
Total revenues	127,389	124,328
Operating expenses:		
Depreciation and amortization	32,841	34,499
Operating and maintenance	18,594	18,984
General and administrative	16,122	16,953
Real estate taxes	15,289	14,357
Other expenses	1,589	(321)
Total operating expenses	84,435	84,472
Other expense (income):		
Interest expense, net of interest income of $535 and $601 in 2012 and 2011, respectively	28,958	30,865
Gain on sale of real estate	(1,834)	—
Net investment income from deferred compensation plan, including $1,224 and $643 of unrealized gains	(1,528)	(745)
Total other expense (income)	25,596	30,120
Income before equity in income (loss) of investments in real estate partnerships	17,358	9,736
Equity in income (loss) of investments in real estate partnerships	2,966	(2,725)
Income from continuing operations	20,324	7,011
Discontinued operations, net:		
Operating income	110	1,119
Gain on sale of operating properties, net	6,301	—
Income from discontinued operations	6,411	1,119
Net income	26,735	8,130
Noncontrolling interests:		
Preferred units	629	(931)
Exchangeable operating partnership units	(54)	(13)
Limited partners' interests in consolidated partnerships	(192)	(82)
Loss (income) attributable to noncontrolling interests	383	(1,026)
Net income attributable to controlling interests	27,118	7,104
Preferred stock dividends	(13,937)	(4,919)
Net income attributable to common stockholders	$ 13,181	2,185
Income per common share - basic:		
Continuing operations	$ 0.07	0.01
Discontinued operations	0.07	0.01
Net income attributable to common stockholders	$ 0.14	0.02
Income per common share - diluted:		
Continuing operations	$ 0.07	0.01

Discontinued operations	0.07	0.01
Net income attributable to common stockholders	$ 0.14	0.02

See accompanying notes to consolidated financial statements.

2

REGENCY CENTERS CORPORATION
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2012 and 2011
(in thousands)
(unaudited)

	2012	2011
Net income	$ 26,735	8,130
Other comprehensive income (loss):		
Loss on settlement of derivative instruments:		
Amortization of loss on settlement of derivative instruments recognized in net income	2,367	2,367
Effective portion of change in fair value of derivative instruments:		
Effective portion of change in fair value of derivative instruments	(34)	—
Less reclassification adjustment for change in fair value of derivative instruments included in net income	3	—
Other comprehensive income	2,336	2,367
Comprehensive income	29,071	10,497
Less: comprehensive income (loss) attributable to noncontrolling interests:		
Net (loss) income attributable to noncontrolling interests	(383)	1,026
Other comprehensive (loss) income attributable to noncontrolling interests	(10)	5
Comprehensive (loss) income attributable to noncontrolling interests	(393)	1,031
Comprehensive income attributable to the Company	$ 29,464	9,466

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2012 and 2011
(in thousands, except per share data)
(unaudited)

								Noncontrolling Interests				
	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income	Total Stockholders' Equity	Preferred Units	Exchangeable Operating Partnership Units	Limited Partners' Interest in Consolidated Partnerships	Total Noncontrolling Interests	Total Equity
Balance at December 31, 2010	$275,000	819	(16,175)	2,039,612	(80,885)	(533,194)	1,685,177	49,158	(762)	10,829	59,225	1,744
Net income	—	—	—	—	—	7,104	7,104	931	13	82	1,026	8,130
Other comprehensive income (loss)	—	—	—	—	2,362	—	2,362	—	5	—	5	2,367
Deferred compensation plan, net	—	—	(117)	93	—	—	(24)	—	—	—	—	(24
Amortization of restricted stock issued	—	—	—	3,288	—	—	3,288	—	—	—	—	3,288
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(1,895)	—	—	(1,895)	—	—	—	—	(1,89
Common stock issued for dividend reinvestment plan	—	—	—	287	—	—	287	—	—	—	—	287
Common stock issued for stock offerings, net of issuance costs	—	80	—	215,289	—	—	215,369	—	—	—	—	215,3
Contributions from partners	—	—	—	—	—	—	—	—	—	2,289	2,289	2,289
Distributions to partners	—	—	—	—	—	—	—	—	—	(292)	(292)	(292
Cash dividends declared:												

Preferred stock/unit	—	—	—	—	—	(4,919)	(4,919)	(931)	—	—	(931)	(5,85
Common stock/unit ($.4625 per share)	—	—	—	—	—	(37,517)	(37,517)	—	(82)	—	(82)	(37,5
Balance at March 31, 2011	$275,000	899	(16,292)	2,256,674	(78,523)	(568,526)	1,869,232	49,158	(826)	12,908	61,240	1,930
Balance at December 31, 2011	$275,000	899	(15,197)	2,281,817	(71,429)	(662,735)	1,808,355	49,158	(963)	13,104	61,299	1,869
Net income	—	—	—	—	—	27,118	27,118	(629)	54	192	(383)	26,73
Other comprehensive income (loss)	—	—	—	—	2,346	—	2,346	—	5	(15)	(10)	2,336
Deferred compensation plan, net	—	—	975	(975)	—	—	—	—	—	—	—	—
Amortization of restricted stock issued	—	—	—	2,863	—	—	2,863	—	—	—	—	2,863
Common stock redeemed for taxes withheld for stock based compensation, net	—	—	—	(1,623)	—	—	(1,623)	—	—	—	—	(1,62
Common stock issued for dividend reinvestment plan	—	—	—	256	—	—	256	—	—	—	—	256
Redemption of preferred units	—	—	—	—	—	—	—	(48,125)	—	—	(48,125)	(48,1
Issuance of preferred stock, net of issuance costs	250,000	—	—	(8,550)	—	—	241,450	—	—	—	—	241,4

4

REGENCY CENTERS CORPORATION
Consolidated Statements of Changes in Equity
For the three months ended March 31, 2012 and 2011
(in thousands, except per share data)
(unaudited)

								Noncontrolling Interests				
	Preferred Stock	Common Stock	Treasury Stock	Additional Paid In Capital	Accumulated Other Comprehensive Loss	Distributions in Excess of Net Income	Total Stockholders' Equity	Preferred Units	Exchangeable Operating Partnership Units	Limited Partners' Interest in Consolidated Partnerships	Total Noncontrolling Interests	Total Equity
Redemption of preferred stock	(200,000)	—	—	6,993	—	(6,993)	(200,000)	—	—	—	—	(200,000)
Contributions from partners	—	—	—	—	—	—	—	—	—	42	42	42
Distributions to partners	—	—	—	—	—	—	—	—	—	(249)	(249)	(249)
Cash dividends declared:												
Preferred stock/unit	—	—	—	—	—	(6,944)	(6,944)	(404)	—	—	(404)	(7,348)
Common stock/unit ($.4625 per share)	—	—	—	—	—	(41,291)	(41,291)	—	(86)	—	(86)	(41,377)
Balance at March 31, 2012	$ 325,000	899	(14,222)	2,280,781	(69,083)	(690,845)	1,832,530	—	(990)	13,074	12,084	1,844,614

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the three months ended March 31, 2012 and 2011
(in thousands)
(unaudited)

	2012	2011
Cash flows from operating activities:		
Net income	$ 26,735	8,130
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	32,929	35,190
Amortization of deferred loan cost and debt premium	3,265	3,057
Accretion of above and below market lease intangibles, net	(220)	(195)
Stock-based compensation, net of capitalization	2,447	2,501
Equity in (income) loss of investments in real estate partnerships	(2,966)	2,725
Net gain on sale of properties	(8,135)	—
Distribution of earnings from operations of investments in real estate partnerships	8,556	12,735
Gain on derivative instruments	(8)	—
Deferred compensation expense	1,477	1,293
Realized and unrealized gains on trading securities held in trust	(1,528)	(752)
Changes in assets and liabilities:		
Restricted cash	(356)	(180)
Accounts receivable	(7,913)	7,880
Straight-line rent receivables, net	(1,650)	(1,574)
Deferred leasing costs	(2,467)	(3,272)
Other assets	2,164	(393)
Accounts payable and other liabilities	(8,526)	(17,924)
Tenants' security and escrow deposits and prepaid rent	(598)	86
Net cash provided by operating activities	43,206	49,307
Cash flows from investing activities:		
Development of real estate including acquisition of land	(32,352)	(13,135)
Proceeds from sale of real estate investments	28,907	1,303
Issuance of notes receivable	(684)	—
Investments in real estate partnerships	(14,380)	(4,742)
Distributions received from investments in real estate partnerships	—	9,988
Dividends on trading securities held in trust	29	51
Acquisition of trading securities held in trust	(8,392)	(6,479)
Proceeds from sale of trading securities held in trust	8,193	6,409
Net cash used in investing activities	(18,679)	(6,605)
Cash flows from financing activities:		
Net proceeds from common stock issuance	—	215,369
Net proceeds from issuance of preferred stock	241,450	—
Redemption of preferred stock	(200,000)	—
Proceeds from sale of treasury stock	339	615
Acquisition of treasury stock	(4)	—
Redemption of preferred partnership units	(48,125)	—
Distributions to limited partners in consolidated partnerships, net	(249)	(292)
Distributions to exchangeable operating partnership unit holders	(86)	(82)
Distributions to preferred unit holders	(404)	(931)
Dividends paid to common stockholders	(41,035)	(37,230)

Dividends paid to preferred stockholders	—	(4,919)
Repayment of fixed rate unsecured notes	(192,375)	(161,691)
Proceeds from unsecured credit facilities	235,000	175,000
Repayment of unsecured credit facilities	(150,000)	(185,000)
Proceeds from notes payable	150,000	829
Repayment of notes payable	—	(20)
Scheduled principal payments	(1,725)	(1,226)
Payment of loan costs	(1,600)	—
Net cash (used in) provided by financing activities	(8,814)	422
Net increase in cash and cash equivalents	15,713	43,124
Cash and cash equivalents at beginning of the year	11,402	16,889
Cash and cash equivalents at end of the period	$ 27,115	60,013

6

REGENCY CENTERS CORPORATION
Consolidated Statements of Cash Flows
For the three months ended March 31, 2012, and 2011
(in thousands)
(unaudited)

		2012		2011
Supplemental disclosure of cash flow information:				
Cash paid for interest (net of capitalized interest of $371 and $589 in 2012 and 2011, respectively)	$	25,854		30,992
Supplemental disclosure of non-cash transactions:				
Preferred unit and stock distribution declared and not paid	$	6,944	6,364	—
Real estate acquired through elimination of note receivable	$	12,585		—
Change in fair value of derivative instruments	$	(31	)	—
Common stock issued for dividend reinvestment plan	$	256		287
Stock-based compensation capitalized	$	478		257
Contributions from limited partners in consolidated partnerships, net	$	42		2,289
Common stock issued for dividend reinvestment in trust	$	140		161
Contribution of stock awards into trust	$	381		639
Distribution of stock held in trust	$	1,191		—

See accompanying notes to consolidated financial statements.

7

REGENCY CENTERS, L.P.
Consolidated Balance Sheets
March 31, 2012 and December 31, 2011
(in thousands, except unit data)

		2012	2011
Assets		(unaudited)	
Real estate investments at cost:			
Land	$	1,264,492	1,273,606
Buildings and improvements		2,608,756	2,604,229
Properties in development		250,342	224,077
		4,123,590	4,101,912
Less: accumulated depreciation		813,187	791,619
		3,310,403	3,310,293
Investments in real estate partnerships		395,933	386,882
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Notes receivable		23,883	35,784
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Trading securities held in trust, at fair value		23,411	21,713
Other assets		28,731	31,824
Total assets	$	4,004,876	3,987,071
Liabilities and Capital			
Liabilities:			
Notes payable	$	1,748,358	1,942,440
Unsecured credit facilities		275,000	40,000
Accounts payable and other liabilities		104,819	101,862
Derivative instruments, at fair value		59	37
Acquired lease intangible liabilities, less accumulated accretion of $5,143 and $4,750 at March 31, 2012 and December 31, 2011, respectively		12,269	12,662
Tenants' security and escrow deposits and prepaid rent		19,757	20,416
Total liabilities		2,160,262	2,117,417
Commitments and contingencies (note 10)			
Capital:			
Partners' capital:			
Series D preferred units, par value $100: 500,000 units issued and outstanding at December 31, 2011		—	49,158
Preferred units of general partner, $0.01 par value per unit, 13,000,000 and 11,000,000 units issued and outstanding at March 31, 2012 and December 31, 2011, respectively, liquidation preference of $25 per unit		325,000	275,000
		1,576,613	1,604,784

General partner; 89,929,528 and 89,921,858 units outstanding at March 31, 2012 and December 31, 2011, respectively					
Limited partners; 177,164 units outstanding at March 31, 2012 and December 31, 2011		(990	)	(963	)
Accumulated other comprehensive loss		(69,083	)	(71,429	)
Total partners' capital		1,831,540		1,856,550	
Noncontrolling interests:					
Limited partners' interests in consolidated partnerships		13,074		13,104	
Total noncontrolling interests		13,074		13,104	
Total capital		1,844,614		1,869,654	
Total liabilities and capital	$	4,004,876		3,987,071	

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Operations
For the three months ended March 31, 2012 and 2011
(in thousands, except per unit data)
(unaudited)

	2012	2011
Revenues:		
Minimum rent	$ 92,365	87,173
Percentage rent	1,160	907
Recoveries from tenants and other income	26,714	28,390
Management, transaction, and other fees	7,150	7,858
Total revenues	127,389	124,328
Operating expenses:		
Depreciation and amortization	32,841	34,499
Operating and maintenance	18,594	18,984
General and administrative	16,122	16,953
Real estate taxes	15,289	14,357
Other expenses	1,589	(321)
Total operating expenses	84,435	84,472
Other expense (income):		
Interest expense, net of interest income of $535 and $601 in 2012 and 2011, respectively	28,958	30,865
Gain on sale of real estate	(1,834)	—
Net investment income from deferred compensation plan, including $1,224 and $643 of unrealized gains	(1,528)	(745)
Total other expense (income)	25,596	30,120
Income before equity in income (loss) of investments in real estate partnerships	17,358	9,736
Equity in income (loss) of investments in real estate partnerships	2,966	(2,725)
Income from continuing operations	20,324	7,011
Discontinued operations, net:		
Operating income	110	1,119
Gain on sale of operating properties, net	6,301	—
Income from discontinued operations	6,411	1,119
Net income	26,735	8,130
Noncontrolling interests:		
Limited partners’ interests in consolidated partnerships	(192)	(82)
Income attributable to noncontrolling interests	(192)	(82)
Net income attributable to controlling interests	26,543	8,048
Preferred unit distributions	(13,308)	(5,850)
Net income attributable to common unit holders	$ 13,235	2,198
Income per common unit - basic:		
Continuing operations	$ 0.07	0.01
Discontinued operations	0.07	0.01
Net income attributable to common unit holders	$ 0.14	0.02
Income per common unit - diluted:		
Continuing operations	$ 0.07	0.01
Discontinued operations	0.07	0.01
Net income attributable to common unit holders	$ 0.14	0.02

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Comprehensive Income
For the three months ended March 31, 2012 and 2011
(in thousands)
(unaudited)

	2012	2011
Net income	$ 26,735	8,130
Other comprehensive income (loss):		
Loss on settlement of derivative instruments:		
Amortization of loss on settlement of derivative instruments recognized in net income	2,367	2,367
Effective portion of change in fair value of derivative instruments:		
Effective portion of change in fair value of derivative instruments	(34)	—
Less reclassification adjustment for change in fair value of derivative instruments included in net income	3	—
Other comprehensive income	2,336	2,367
Comprehensive income	29,071	10,497
Less: comprehensive income (loss) attributable to noncontrolling interests:		
Net income attributable to noncontrolling interests	192	82
Other comprehensive loss attributable to noncontrolling interests	(15)	—
Comprehensive income attributable to noncontrolling interests	177	82
Comprehensive income attributable to the Partnership	$ 28,894	10,415

See accompanying notes to consolidated financial statements.

REGENCY CENTERS, L.P.
Consolidated Statements of Changes in Capital
For the three months ended March 31, 2012, and 2011
(in thousands)
(unaudited)

	Preferred Units	General Partner Preferred and Common Units	Limited Partners	Accumulated Other Comprehensive Income (Loss)	Total Partners' Capital	Noncontrolling Interests in Limited Partners' Interest in Consolidated Partnerships	Total Capital
Balance at December 31, 2010	$49,158	1,766,062	(762)	(80,885)	1,733,573	10,829	1,744,402
Net income	931	7,104	13	—	8,048	82	8,130
Other comprehensive income (loss)	—	—	5	2,362	2,367	—	2,367
Deferred compensation plan, net	—	(24)	—	—	(24)	—	(24)
Contributions from partners	—	—	—	—	—	2,289	2,289
Distributions to partners	—	(37,517)	(82)	—	(37,599)	(292)	(37,891)
Preferred unit distributions	(931)	(4,919)	—	—	(5,850)	—	(5,850)
Restricted units issued as a result of amortization of restricted stock issued by Parent Company	—	3,288	—	—	3,288	—	3,288
Common units issued as a result of common stock issued by Parent Company, net of repurchases	—	213,761	—	—	213,761	—	213,761
Balance at March 31, 2011	$49,158	1,947,755	(826)	(78,523)	1,917,564	12,908	1,930,472
Balance at December 31, 2011	$49,158	1,879,784	(963)	(71,429)	1,856,550	13,104	1,869,654
Net income	(629)	27,118	54	—	26,543	192	26,735
Other comprehensive income (loss)	—	—	5	2,346	2,351	(15)	2,336
Contributions from partners	—	—	—	—	—	42	42
Distributions to partners	—	(41,291)	(86)	—	(41,377)	(249)	(41,626)
Redemption of preferred units	(48,125)	(200,000)	—	—	(248,125)	—	(248,125)
Preferred unit distributions	(404)	(6,944)	—	—	(7,348)	—	(7,348)
Restricted units issued as a result of amortization of restricted stock issued by Parent Company	—	2,863	—	—	2,863	—	2,863
Preferred units issued as a result of preferred stock	—	241,450	—	—	241,450	—	241,450

issued by Parent Company, net of issuance costs							
Common units issued as a result of common stock issued by Parent Company, net of repurchases	—	(1,367)	—	—	(1,367)	—	(1,367)
Balance at March 31, 2012	$—	1,901,613	(990)	(69,083)	1,831,540	13,074	1,844,614

See accompanying notes to consolidated financial statements.

11

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2012, and 2011
(in thousands)
(unaudited)

	2012	2011
Cash flows from operating activities:		
Net income	$ 26,735	8,130
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	32,929	35,190
Amortization of deferred loan cost and debt premium	3,265	3,057
Accretion of above and below market lease intangibles, net	(220)	(195)
Stock-based compensation, net of capitalization	2,447	2,501
Equity in (income) loss of investments in real estate partnerships	(2,966)	2,725
Net gain on sale of properties	(8,135)	—
Distribution of earnings from operations of investments in real estate partnerships	8,556	12,735
Gain on derivative instruments	(8)	—
Deferred compensation expense	1,477	1,293
Realized and unrealized gains on trading securities held in trust	(1,528)	(752)
Changes in assets and liabilities:		
Restricted cash	(356)	(180)
Accounts receivable	(7,913)	7,880
Straight-line rent receivables, net	(1,650)	(1,574)
Deferred leasing costs	(2,467)	(3,272)
Other assets	2,164	(393)
Accounts payable and other liabilities	(8,526)	(17,924)
Tenants’ security and escrow deposits and prepaid rent	(598)	86
Net cash provided by operating activities	43,206	49,307
Cash flows from investing activities:		
Development of real estate including acquisition of land	(32,352)	(13,135)
Proceeds from sale of real estate investments	28,907	1,303
Issuance of notes receivable	(684)	—
Investments in real estate partnerships	(14,380)	(4,742)
Distributions received from investments in real estate partnerships	—	9,988
Dividends on trading securities held in trust	29	51
Acquisition of trading securities held in trust	(8,392)	(6,479)
Proceeds from sale of trading securities held in trust	8,193	6,409
Net cash used in investing activities	(18,679)	(6,605)
Cash flows from financing activities:		
Net proceeds from common units issued as a result of common stock issued by Parent Company	—	215,369
Net proceeds from preferred units issued as a result of preferred stock issued by Parent Company	241,450	—
Proceeds from sale of treasury stock	339	615
Acquisition of treasury stock	(4)	—
Redemption of preferred partnership units	(248,125)	—
Distributions to limited partners in consolidated partnerships, net	(249)	(292)
Distributions to partners	(41,121)	(37,312)
Distributions to preferred unit holders	(404)	(5,850)

Repayment of fixed rate unsecured notes	(192,375)	(161,691)
Proceeds from line of credit	235,000	175,000
Repayment of line of credit	(150,000)	(185,000)
Proceeds from notes payable	150,000	829
Repayment of notes payable	—	(20)
Scheduled principal payments	(1,725)	(1,226)
Payment of loan costs	(1,600)	—
Net cash (used in) provided by financing activities	(8,814)	422
Net increase in cash and cash equivalents	15,713	43,124
Cash and cash equivalents at beginning of the year	11,402	16,889
Cash and cash equivalents at end of the period	$ 27,115	60,013

REGENCY CENTERS, L.P.
Consolidated Statements of Cash Flows
For the three months ended March 31, 2012, and 2011
(in thousands)
(unaudited)

	2012	2011
Supplemental disclosure of cash flow information:		
Cash paid for interest (net of capitalized interest of $371 and $589 in 2012 and 2011, respectively)	$ 25,854	30,992
Supplemental disclosure of non-cash transactions:		
Preferred unit and stock distribution declared and not paid	6,944	—
Real estate acquired through elimination of note receivable	$ 12,585	—
Change in fair value of derivative instruments	$ (31)	—
Common stock issued by Parent Company for dividend reinvestment plan	$ 256	287
Stock-based compensation capitalized	$ 478	257
Contributions from limited partners in consolidated partnerships, net	$ 42	2,289
Common stock issued for dividend reinvestment in trust	$ 140	161
Contribution of stock awards into trust	$ 381	639
Distribution of stock held in trust	$ 1,191	—

See accompanying notes to consolidated financial statements.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

1. Organization and Principles of Consolidation

General
Regency Centers Corporation (the “Parent Company”) began its operations as a Real Estate Investment Trust (“REIT”) in 1993 and is the general partner of Regency Centers, L.P. (the “Operating Partnership”). The Parent Company currently owns approximately 99.8% of the outstanding common Partnership Units of the Operating Partnership. The Parent Company engages in the ownership, management, leasing, acquisition, and development of retail shopping centers through the Operating Partnership, and has no other assets or liabilities other than through its investment in the Operating Partnership. At March 31, 2012, the Parent Company, the Operating Partnership and their controlled subsidiaries on a consolidated basis (“the Company” or “Regency”) directly owned 217 retail shopping centers and held partial interests in an additional 148 retail shopping centers through investments in real estate partnerships (also referred to as joint ventures or co-investment partnerships).
The financial statements reflect all adjustments which are, in the opinion of management, necessary to a fair statement of the results for the interim period presented. These adjustments are considered to be of a normal recurring nature.
Reclassifications
Certain 2011 amounts have been reclassified to conform to current period presentation.
Recently Adopted Accounting Pronouncements
On January 1, 2012, the Company adopted FASB Accounting Standards Update (“ASU”) No. 2011-04, "Fair Value Measurement (Topic 820): Amendments to Achieve Common Fair Value Measurement and Disclosure requirements in U.S.GAAP and IFRSs" ("ASU 2011-04"). ASU 2011-04 provides new guidance concerning fair value measurements and disclosure. The new guidance is the result of joint efforts by the FASB and the International Accounting Standards Board ("IASB") to develop a single, converged fair value framework on how to measure fair value and the necessary disclosures concerning fair value measurements. The guidance is applied prospectively. The adoption by the Company resulted in expanded disclosures over fair value measurements, included in Note 6.
On January 1, 2012, the Company adopted FASB ASU No. 2011-05, "Comprehensive Income (Topic 220): Presentation of Comprehensive Income" ("ASU 2011-05"). ASU 2011-05 revised guidance over the manner in which entities present comprehensive income in the financial statements. This guidance removes the previous presentation options and provides that entities must report comprehensive income in either a continuous statement of comprehensive income or two separate but consecutive statements. This guidance does not change the items that must be reported in other comprehensive income. The adoption by the Company resulted in a new Statement of Comprehensive Income, immediately following the Statements of Operations.

2. Real Estate Investments

The following table provides a summary of shopping centers acquired during the three months ended March 31, 2012, including those acquired through our co-investment partnerships (in thousands):

Date Purchased	Property Name	City/State	Co-investment Partner	Ownership	Purchase Price	Debt Assumed, Net of Premiums	Intangible Assets	Intangible Liabilities
1/17/2012	Lake Grove Commons	Lake Grove, NY	GRI - Regency, LLC (GRIR)	40.00 %	$72,500	31,813	5,397	4,342

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

3. Discontinued Operations

During the three months ended March 31, 2012, the Company sold 100% of its ownership interest in two operating properties and received net proceeds of $21.6 million. During the three months ended March 31, 2011, the Company did not sell any operating or development properties. The combined operating income and gain on the sale of these properties were reclassified to discontinued operations. The revenues from properties included in discontinued operations were approximately $316,000 for the three months ended March 31, 2012. If the property is sold by Regency Realty Group, Inc., a wholly-owned subsidiary of the Operating Partnership, also a Taxable REIT Subsidiary as defined in Section 856(l) of the Internal Revenue Code, the Company allocates interest expense to discontinued operations and have included such interest expense in computing income from discontinued operations. During the three months ended March 31, 2012, approximately $62,000 of income tax benefit was allocated to income from discontinued operations.

4. Income Taxes

Income tax expense (benefit) is included in either other expenses if the related income is from continuing operations or discontinued operations on the Consolidated Statements of Operations as follows for the three months ended March 31, 2012 and 2011 (in thousands):

		2012		2011	
Income tax expense (benefit) from:					
Continuing operations	$	231		(1,815	)
Discontinued operations		(62	)	—	
Total income tax expense (benefit)	$	169		(1,815	)

5. Notes Payable and Unsecured Credit Facilities

On January 15, 2012 the Company repaid the maturing balance of $192.4 million of 6.75% ten-year unsecured notes. The Company’s outstanding debt at March 31, 2012 and December 31, 2011 consists of the following (in thousands):

		2012	2011
Notes payable:			
Fixed rate mortgage loans	$	438,120	439,880
Variable rate mortgage loans		12,614	12,665
Fixed rate unsecured loans		1,297,624	1,489,895
Total notes payable		1,748,358	1,942,440
Unsecured credit facilities		275,000	40,000
Total	$	2,023,358	1,982,440

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

As of March 31, 2012, scheduled principal payments and maturities on notes payable were as follows (in thousands):

Scheduled Principal Payments and Maturities by Year:	Scheduled Principal Payments	Mortgage Loan Maturities	Unsecured Maturities [1]	Total
2012	$ 5,306	—	—	5,306
2013	6,995	16,332	—	23,327
2014	6,481	28,483	150,000	184,964
2015	5,170	46,313	475,000	526,483
2016	4,857	14,161	150,000	169,018
Beyond 5 Years	24,490	288,047	800,000	1,112,537
Unamortized debt (discounts) premiums, net	—	4,099	(2,376)	1,723
Total	$ 53,299	397,435	1,572,624	2,023,358

(1) Includes unsecured public debt and unsecured credit facilities balances outstanding as of March 31, 2012.

The Company believes it was in compliance at March 31, 2012 with the customary financial and other covenants under its unsecured public debt and unsecured credit facilities.

6. Fair Value Measurements

(a) Fair Value of Financial Instruments

The following provides information about the methods and assumptions used to estimate the fair value of the Company's financial instruments, including their estimated fair values.

Notes Receivable

The fair value of the Company's notes receivable is estimated as the present value of future contractual cash flows discounted at an interest rate available for notes of the same terms and remaining maturities adjusted for customer specific credit risk, which, based on the Company's estimates, range from 7.33% to 8.19% at March 31, 2012. The fair value of notes receivable was determined primarily using Level 3 inputs of the fair value hierarchy. Based on the estimates made by the Company, the fair value of notes receivable was $23.4 million and $35.3 million at March 31, 2012 and December 31, 2011, respectively.

Trading Securities Held in Trust

The Company has investments in marketable securities that are classified as trading securities held in trust on the accompanying Consolidated Balance Sheets. The fair value of the trading securities held in trust was determined using quoted prices in active markets, considered Level 1 inputs of the fair value hierarchy. The fair value of the trading securities held in trust was $23.4 million and $21.7 million at March 31, 2012 and December 31, 2011, respectively. Changes in the value of trading securities are recorded within net investment income from deferred compensation plan in the accompanying Consolidated Statements of Operations.

Notes Payable

The fair value of the Company's notes payable is estimated by discounting future cash flows of each instrument at rates that reflect the current market rates available to the Company for debt of the same terms and remaining maturities, which, based on the Company's estimates, range from 3.5% to 4.9% at March 31, 2012. Fixed rate loans assumed in connection with real estate acquisitions are recorded in the accompanying consolidated financial statements at fair value at the time the property is acquired including those loans assumed in distribution-in-kind liquidations. The fair value of the notes payable was determined using Level 2 inputs of the fair value hierarchy. Based on the estimates used by the Company, the fair value of notes payable was $1.9 billion and $2.1 billion at March 31, 2012 and December 31, 2011, respectively.

Unsecured Credit Facilities

The fair value of the Company's credit facilities is estimated based on the interest rates currently offered to the Company by the Company's bankers, which is estimated to be 4.1% at March 31, 2012. The fair value of the credit facilities was determined using Level 2 inputs of the fair value hierarchy. Based on the estimates used by the Company, the fair value of the credit facilities approximates carrying value at March 31, 2012 and December 31, 2011.

Derivative Financial Instruments

The valuation of these instruments is determined using widely accepted valuation techniques including discounted cash flow analysis on the expected cash flows of each derivative. This analysis reflects the contractual terms of the derivatives, including the period to maturity, and uses observable market-based inputs, including interest rate curves and implied volatilities. The Company incorporates credit valuation adjustments to appropriately reflect both its own nonperformance risk and the respective counterparty's nonperformance risk in the fair value measurements. Although the Company has determined that the majority of the inputs used to value its derivatives fall within Level 2 of the fair value hierarchy, the credit valuation adjustments associated with its derivatives utilize Level 3 inputs, such as estimates of current credit spreads, to evaluate the likelihood of default by the Company and its counterparties.

Changes in these credit valuation adjustments are not expected to result in a significant change in the valuation of the Company's derivatives.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

(b) Fair Value Measurements
The Company's valuation policies and procedures are determined by its Finance Group, which reports to the Chief Financial Officer, and the results of significant fair value measurements are discussed with the Audit Committee of the Board of Directors on a quarterly basis. Service providers involved in fair value measurements are evaluated for competency and qualifications on an ongoing basis. Internally developed fair value measurements, including the unobservable inputs, are evaluated for reasonableness based on current transactions and experience in the real estate and capital markets.
The following are fair value measurements recorded on a recurring basis as of March 31, 2012 and December 31, 2011, respectively (in thousands):

	Fair Value Measurements as of March 31, 2012			
Assets	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities held in trust	$ 23,411	23,411	—	—
Total	$ 23,411	23,411	—	—
Liabilities:				
Interest rate derivatives	$ (59)		(60)	1

	Fair Value Measurements as of December 31, 2011			
Assets	Balance	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Trading securities held in trust	21,713	21,713	—	—
Total	$ 21,713	21,713	—	—
Liabilities:				
Interest rate derivatives	$ (37)	—	(38)	1

There were no assets or liabilities measured at fair value on a nonrecurring basis at March 31, 2012.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

7. Equity and Capital

Preferred Stock of the Parent Company
On February 16, 2012, the Parent Company issued 10 million shares of 6.625% Series 6 Cumulative Redeemable Preferred Stock with a liquidation preference of $25 per share resulting in proceeds of $241.5 million, net of issuance costs, which were subsequently contributed to the operating partnership for preferred unit interests.
On March 31, 2012, the Parent Company redeemed all issued and outstanding shares of Series 3 and Series 4 Cumulative Redeemable Preferred stock, resulting in a reduction to net income available to common stockholders through a non-cash charge of $7.0 million related to original issuance costs, which is included within the following financial statement line items:

	Financial Statement Line Item
Parent Company	
Consolidated Statements of Operations	Preferred stock dividends
Consolidated Statements of Changes in Equity	Redemption of preferred stock
Operating Partnership	
Consolidated Statements of Operations	Preferred unit distributions
Consolidated Statements of Changes in Capital	Preferred units issued as a result of preferred stock issued by Parent Company, net of redemptions and issuance costs

Preferred Units of the Operating Partnership
On February 9, 2012, the Operating Partnership purchased all of its issued and outstanding Series D Preferred Units, at 3.75% discount to par, resulting in an increase to net income available to common stockholders of approximately $1.0 million, related to the discount offset by the original issuance costs, and is included in preferred unit loss attributable to noncontrolling interests in the parent company's consolidated statements of operations and in preferred unit distributions in the operating partnership's consolidated statement of operations.
The Series 3 and 4 preferred unit interests owned by the Parent Company, as general partner, were redeemed in conjunction with the Parent Company's redemption of its Series 3 and Series 4 Cumulative Redeemable Preferred stock, discussed above. Series 6 preferred unit interests were issued to the Parent Company in relation to the Parent Company's issuance of 6.625% Series 6 Cumulative Redeemable Preferred Stock, as discussed above.

Accumulated Other Comprehensive Loss

The following table presents changes in the balances of each component of accumulated other comprehensive loss for the three months ended March 31, 2012 (in thousands):

	Loss on Settlement of Derivative Instruments	Fair Value of Derivative Instruments	Accumulated Other Comprehensive Income (Loss)
Beginning balance at December 31, 2011	$ (71,438)	9	(71,429)
Current period other comprehensive income (loss)	2,362	(16)	2,346
Ending balance at March 31, 2012	$ (69,076)	(7)	(69,083)

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

8. Non-Qualified Deferred Compensation Plan

The Company maintains a non-qualified deferred compensation plan (“NQDCP”) which allows select employees and directors to defer part or all of their salary, cash bonus, and restricted stock awards. All contributions into the participants' accounts are fully vested upon contribution to the NQDCP and are deposited into a Rabbi trust. The participants' deferred compensation liability is included within accounts payable and other liabilities in the accompanying Consolidated Balance Sheets and was $22.8 million and $21.1 million at March 31, 2012 and December 31, 2011, respectively.

9. Earnings per Share and Unit
Parent Company Earnings per Share
The following summarizes the calculation of basic and diluted earnings per share for the three months ended March 31, 2012 and 2011, respectively (in thousands except per share data):

	Year to Date	
	2012	2011
Numerator:		
Income from continuing operations	$ 20,324	7,011
Discontinued operations	6,411	1,119
Net income	26,735	8,130
Less: Preferred stock dividends	13,937	4,919
Less: Noncontrolling interests	(383)	1,026
Net income attributable to common stockholders	13,181	2,185
Less: Dividends paid on unvested restricted stock	231	240
Net income attributable to common stockholders - basic	12,950	1,945
Add: Dividends paid on Treasury Method restricted stock	14	15
Net income for common stockholders - diluted	$ 12,964	1,960
Denominator:		
Weighted average common shares outstanding for basic EPS	89,497	83,099
Incremental shares under Forward Equity Offering	—	1,695
Weighted average common shares outstanding for diluted EPS	89,497	84,794
Income per common share – basic		
Continuing operations	$ 0.07	0.01
Discontinued operations	0.07	0.01
Net income attributable to common stockholders	$ 0.14	0.02
Income per common share – diluted		
Continuing operations	$ 0.07	0.01
Discontinued operations	0.07	0.01
Net income attributable to common stockholders	$ 0.14	0.02

Income (Loss) allocated to noncontrolling interests of the Operating Partnership has been excluded from the numerator and Exchangeable Operating Partnership units have been omitted from the denominator for the purpose of computing diluted earnings per share since the effect of including these amounts in the numerator and denominator would have no impact. Weighted average Exchangeable Operating Partnership units outstanding for the three months ended March 31, 2012 and 2011 were 177,164.

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

Operating Partnership Earnings per Unit

The following summarizes the calculation of basic and diluted earnings per unit for the periods ended March 31, 2012 and 2011, respectively (in thousands except per unit data):

		2012	2011
Numerator:			
Income from continuing operations	$	20,324	7,011
Discontinued operations		6,411	1,119
Net income		26,735	8,130
Less: Preferred unit distributions		13,308	5,850
Less: Noncontrolling interests		192	82
Net income attributable to common unit holders		13,235	2,198
Less: Dividends paid on unvested restricted units		231	240
Net income attributable to common unit holders - basic		13,004	1,958
Add: Dividends paid on Treasury Method restricted units		14	15
Net income for common unit holders - diluted	$	13,018	1,973
Denominator:			
Weighted average common units outstanding for basic EPU		89,674	83,630
Incremental units under Forward Equity Offering		—	1,695
Weighted average common units outstanding for diluted EPU		89,674	85,325
Income per common unit – basic			
Continuing operations	$	0.07	0.01
Discontinued operations		0.07	0.01
Net income attributable to common unit holders	$	0.14	0.02
Income per common unit – diluted			
Continuing operations	$	0.07	0.01
Discontinued operations		0.07	0.01
Net income attributable to common unit holders	$	0.14	0.02

REGENCY CENTERS CORPORATION AND REGENCY CENTERS, L.P.
Notes to Consolidated Financial Statements
March 31, 2012

10. Commitments and Contingencies

The Company is involved in litigation on a number of matters and is subject to certain claims which arise in the normal course of business, none of which, in the opinion of management, is expected to have a material adverse effect on the Company's consolidated financial position, results of operations, or liquidity. The Company is also subject to numerous environmental laws and regulations as they apply to real estate pertaining to chemicals used by the dry cleaning industry, the existence of asbestos in older shopping centers, and underground petroleum storage tanks. The Company believes that the ultimate disposition of currently known environmental matters will not have a material effect on its financial position, liquidity, or operations; however, it can give no assurance that existing environmental studies with respect to the shopping centers have revealed all potential environmental liabilities; that any previous owner, occupant or tenant did not create any material environmental condition not known to it; that the current environmental condition of the shopping centers will not be affected by tenants and occupants, by the condition of nearby properties, or by unrelated third parties; or that changes in applicable environmental laws and regulations or their interpretation will not result in additional environmental liability to the Company.

The Company has the right to issue letters of credit under the Line up to an amount not to exceed $60.0 million which reduces the credit availability under the Line. The Company also has stand alone letters of credit with other banks. These letters of credit are primarily issued as collateral to facilitate the construction of development projects. As of March 31, 2012 and December 31, 2011, the Company had $22.4 million and $17.4 million letters of credit outstanding, respectively.

Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

In addition to historical information, the following information contains forward-looking statements as defined under federal securities laws. These forward-looking statements include statements about anticipated changes in our revenues, the size of our development program, earnings per share and unit, returns and portfolio value, and expectations about our liquidity. These statements are based on current expectations, estimates and projections about the real estate industry and markets in which Regency Centers Corporation (the “Parent Company”) and Regency Centers, L.P. (the “Operating Partnership”), collectively “Regency” or the "Company”, operate, and management's beliefs and assumptions. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Such risks and uncertainties include, but are not limited to, changes in national and local economic conditions; financial difficulties of tenants; competitive market conditions, including timing and pricing of acquisitions and sales of properties and out-parcels; changes in leasing activity and market rents; timing of development starts; meeting development schedules; our inability to exercise voting control over the co-investment partnerships through which we own or develop many of our properties; consequences of any armed conflict or terrorist attack against the United States; and the ability to obtain governmental approvals. For additional information, see “Risk Factors” included in our Annual Report on Form 10-K for the year ended December 31, 2011. The following discussion should be read in conjunction with the accompanying Consolidated Financial Statements and Notes thereto of Regency Centers Corporation and Regency Centers, L.P. appearing elsewhere herein. We do not undertake any obligation to release publicly any revisions to such forward-looking statements to reflect events or uncertainties after the date hereof or to reflect the occurrence of uncertain events.

Overview of Our Strategy

Regency Centers Corporation began its operations as a REIT in 1993 and is the managing general partner in Regency Centers, L.P. We are focused on achieving total shareholder returns in excess of REIT shopping center averages, and sustaining growth in our net asset value and our earnings over an extended period of time. We work to achieve these goals through owning, operating, and investing in a high-quality portfolio of primarily grocery-anchored shopping centers that are leased by market-dominant grocers, category-leading anchors, specialty retailers, and restaurants located in areas with above average household incomes and population densities. All of our operating, investing, and financing activities are performed through the Operating Partnership, its wholly-owned subsidiaries, and through its investments in real estate partnerships with third parties (also referred to as co-investment partnerships or joint ventures). The Parent Company currently owns approximately 99.8% of the outstanding common partnership units of the Operating Partnership.

At March 31, 2012, we directly owned 217 shopping centers (the “Consolidated Properties”) located in 24 states representing 23.9 million square feet of gross leasable area (“GLA”). Through co-investment partnerships, we own partial ownership interests in 148 shopping centers (the “Unconsolidated Properties”) located in 24 states and the District of Columbia representing 18.5 million square feet of GLA.

We earn revenues and generate cash flow by leasing space in our shopping centers to grocery stores, major retail anchors, side-shop retailers, and restaurants, including ground leasing or selling building pads (out-parcels) to these same types of tenants. Historically, we have experienced growth in revenues by increasing occupancy and rental rates in our existing shopping centers and by acquiring and developing new shopping centers. Increasing occupancy in our shopping centers to pre-recessionary levels of approximately 95% and achieving positive rental rate growth are key objectives of our strategic plan. At March 31, 2012, the consolidated operating shopping centers were 93.4% leased, as compared to 90.9% at March 31, 2011.

We closely monitor the operating performance and rent collections of all tenants in our shopping centers, especially those tenants operating retail formats that are experiencing significant changes in competition, business practice, and store closings in other locations. We also evaluate consumer preferences, shopping behaviors, and demographics to anticipate both challenges and opportunities in the changing retail industry that may affect our tenants.

We continue to monitor tenants who have co-tenancy clauses in their lease agreements. These tenants are typically located in larger format community shopping centers that contain multiple anchor tenants whose leases contain these types of clauses. Co-tenancy clauses have several variants: they may allow a tenant to postpone a store opening if certain other tenants fail to open their store; they may allow a tenant the opportunity to close their store prior to lease expiration if another tenant closes their store prior to lease expiration; or more commonly, they may allow a tenant to pay reduced levels of rent until a certain number of tenants open their stores within the same shopping center. In markets where we have centers that contain leases with these types of clauses and economic weakness persists, we could experience reductions in rent and occupancy related to tenants exercising their co-tenancy clauses.

We grow our shopping center portfolio through acquisitions of operating centers and new shopping center development. We will continue to use our unique combination of development capabilities, market presence, and anchor relationships to invest in value-added opportunities sourced from land owners and joint venture partners, the redevelopment of existing centers, and the development of land. Development is customer driven, meaning we generally have an executed lease from the anchor before we start construction. Developments serve the growth needs of our anchors and specialty retailers, resulting in modern shopping centers with long-term anchor leases that produce attractive returns on our invested capital. This development process typically requires two to four years once construction has commenced, but can vary subject to the size and complexity of the project. We fund our acquisition and development activity from various capital sources including new debt, equity and through capital recycling. Capital recycling involves identifying non-strategic assets from our real estate portfolio, selling those in the open market, and reinvesting the sale proceeds into new higher quality developments and acquisitions that will generate sustainable revenue growth and attractive returns.

Co-investment partnerships provide us with an additional capital source for shopping center acquisitions, as well as, the opportunity to earn fees for asset management, property management, and other investing and financing services. As asset manager, we are engaged by our partners to apply similar operating, investment and capital strategies to the portfolios owned by the co-investment partnerships as those applied to the portfolio that we wholly-own. Co-investment partnerships grow their shopping center investments through acquisitions from third parties or direct purchases from us. Although selling properties to co-investment partnerships reduces our direct ownership interest, it provides a source of capital that further strengthens our balance sheet while we continue to share, to the extent of our ownership interest, in the risks and rewards of shopping centers that meet our high quality standards and long-term investment strategy.

Shopping Center Portfolio

The following table summarizes general information related to the Consolidated Properties in our shopping center portfolio:

	March 31, 2012	December 31, 2011
Number of Properties	217	217
Properties in Development	9	7
Gross Leasable Area	23,897,060	23,750,107
% Leased – Operating and Development	92.2 %	92.2 %
% Leased – Operating	93.4 %	93.1 %

The following table summarizes general information related to the Unconsolidated Properties owned in co-investment partnerships in our shopping center portfolio:

	March 31, 2012	December 31, 2011
Number of Properties	148	147
Properties in Development	—	—
Gross Leasable Area	18,538,370	18,398,810
% Leased – Operating and Development	94.7 %	94.8 %
% Leased – Operating	94.7 %	94.8 %

We seek to reduce our operating and leasing risks through diversification which we achieve by geographically diversifying our shopping centers, avoiding dependence on any single property, market, or tenant, and owning a portion of our shopping centers through co-investment partnerships.

The following table summarizes our four largest tenants, each of which is a grocery tenant, occupying our shopping centers at March 31, 2012:

Grocery Anchor	Number of Stores (1)	Percentage of Company-owned GLA (2)	Percentage of Annualized Base Rent (2)
Kroger	50	6.8 %	4.1 %
Publix	56	6.8 %	4.4 %
Safeway	56	5.5 %	3.6 %
Supervalu	28	2.8 %	2.2 %

(1) Includes stores owned by grocery anchors that are attached to our centers.
(2) Includes Regency's pro-rata share of Unconsolidated Properties and excludes those owned by anchors.

Although base rent is supported by long-term lease contracts, tenants who file bankruptcy have the legal right to reject any or all of their leases and close related stores. In the event that a tenant with a significant number of leases in our shopping centers files bankruptcy and cancels its leases, we could experience a significant reduction in our revenues. We are closely monitoring industry trends and sales data to help us identify declines in retail categories or tenants who might be experiencing financial difficulties as a result of slowing sales, lack of credit, changes in retail formats or increased competition. As a result of our findings, we may reduce new leasing, suspend leasing, or curtail the allowance for the construction of leasehold improvements within a certain retail category or to a specific retailer.

We continuously monitor the financial condition of our tenants. We communicate often with those tenants who have announced store closings or filed bankruptcy. We are not currently aware of the pending bankruptcy or announced store closings of any tenants in our shopping centers that would individually cause a material reduction in our revenues, and no tenant represents more than 5% of our annual base rent on a pro-rata basis.

24

Liquidity and Capital Resources

Our Parent Company has no capital commitments other than its guarantees of the commitments of our Operating Partnership. The Parent Company will from time to time access the capital markets for the purpose of issuing new equity and will simultaneously contribute all of the offering proceeds to the Operating Partnership in exchange for additional partnership units. All debt is issued by our Operating Partnership or by our co-investment partnerships. Accordingly, the discussion below regarding liquidity and capital resources is that of the Company as well as our pro-rata share of the co-investment partnerships. The following table summarizes net cash flows related to operating, investing, and financing activities of the Company for the three months ended March 31, 2012, and 2011 (in thousands):

2012 2014

$
2,475,933

$
830,697

$
1,645,236

$
2,202

95.8
%

55.0
%
2013

$
2,374,350

$
815,865

$
1,558,485

$
2,119

95.4
%

55.5
%
Change

$
101,583

$
14,832

$
86,751

$
83

0.4
%

(0.5
%)
Change

4.3
%

1.8
%

5.6
%

3.9
%

Note: Same store results/statistics include the stabilized apartment units acquired in the Archstone Acquisition that are owned and managed by the Company.

(1)Average rental rate is defined as total rental revenues divided by the weighted average occupied apartment units for the period.

The following table provides comparative same store operating expenses for the 2014 Same Store Properties:

44

Table of Contents

2014 vs. 2013
Same Store Operating Expenses for 97,911 Same Store Apartment Units
$ in thousands

	Actual 2014	Actual 2013	$ Change	% Change	% of Actual 2014 Operating Expenses
Real estate taxes	$287,214	$271,888	$15,326	5.6 %	34.6 %
On-site payroll (1)	174,273	174,589	(316)	(0.2 %)	21.0 %
Utilities (2)	125,235	119,253	5,982	5.0 %	15.1 %
Repairs and maintenance (3)	100,496	100,319	177	0.2 %	12.1 %
Property management costs (4)	74,278	78,354	(4,076)	(5.2 %)	8.9 %
Insurance	24,354	24,626	(272)	(1.1 %)	2.9 %
Leasing and advertising	10,802	12,072	(1,270)	(10.5 %)	1.3 %
Other on-site operating expenses (5)	34,045	34,764	(719)	(2.1 %)	4.1 %
Same store operating expenses	$830,697	$815,865	$14,832	1.8 %	100.0 %

(1) On-site payroll – Includes payroll and related expenses for on-site personnel including property managers, leasing consultants and maintenance staff.

(2) Utilities – Represents gross expenses prior to any recoveries under the Resident Utility Billing System (“RUBS”). Recoveries are reflected in rental income.

(3) Repairs and maintenance – Includes general maintenance costs, apartment unit turnover costs including interior painting, routine landscaping, security, exterminating, fire protection, snow removal, elevator, roof and parking lot repairs and other miscellaneous building repair costs.

(4) Property management costs – Includes payroll and related expenses for departments, or portions of departments, that directly support on-site management. These include such departments as regional and corporate property management, property accounting, human resources, training, marketing and revenue management, procurement, real estate tax, property legal services and information technology.

(5) Other on-site operating expenses – Includes ground lease costs and administrative costs such as office supplies, telephone and data charges and association and business licensing fees.

The following table presents a reconciliation of operating income per the consolidated statements of operations and comprehensive income to NOI for the 2014 Same Store Properties:

	Year Ended December 31, 2014	2013
	(Amounts in thousands)	
Operating income	$921,375	$512,322
Adjustments:		
Archstone pre-ownership operating results	—	55,694
Non-same store operating results	(81,940)	(47,445)
Fee and asset management revenue	(9,437)	(9,698)
Fee and asset management expense	5,429	6,460
Depreciation	758,861	978,973
General and administrative	50,948	62,179
Same store NOI	$1,645,236	$1,558,485

Table of Contents

For properties that the Company acquired prior to January 1, 2014 and expects to continue to own through December 31, 2015, the Company anticipates the following same store results for the full year ending December 31, 2015:

2015 Same Store Assumptions	
Physical occupancy	95.8%
Revenue change	3.75% to 4.5%
Expense change	2.5% to 3.5%
NOI change	4.0% to 5.5%

The Company anticipates consolidated rental acquisitions of $500.0 million and consolidated rental dispositions of $500.0 million and expects that acquisitions will have a 1.00% lower cap rate than dispositions for the full year ending December 31, 2015.

These 2015 assumptions are based on current expectations and are forward-looking.

Non-same store operating results increased approximately $34.5 million and consist primarily of properties acquired in calendar years 2013 and 2014 as well as operations from the Company’s completed development properties, but exclude the 18,465 stabilized apartment units acquired in the Archstone Acquisition that are owned and managed by the Company. This increase primarily resulted from:

Development and newly stabilized development properties in lease-up of $20.6 million;
Operating properties acquired in 2013 and 2014 of $13.8 million (excluding operating properties acquired in the Archstone Acquisition);
Other miscellaneous properties (including three master-leased properties acquired in the Archstone Acquisition) of $1.7 million; and
Partially offset by a decrease in operating activities from other miscellaneous operations.

See also Note 17 in the Notes to Consolidated Financial Statements for additional discussion regarding the Company’s segment disclosures.

Fee and asset management revenues, net of fee and asset management expenses, increased approximately $0.8 million or 23.8% primarily as a result of higher revenue earned on management of the Company's military housing ventures at Fort Lewis and McChord Air Force base and lower expenses, partially offset by lower fees earned on management of the Company’s unconsolidated development joint ventures.

Property management expenses from continuing operations include off-site expenses associated with the self-management of the Company’s properties as well as management fees paid to any third party management companies. These expenses decreased approximately $4.7 million or 5.6%. This decrease is primarily attributable to a decrease in payroll-related costs, office rent, education/conferences and legal and professional fees.

Depreciation expense from continuing operations, which includes depreciation on non-real estate assets, decreased approximately $220.1 million or 22.5% primarily as a result of in-place residential lease intangibles which are generally amortized over a six month period and can significantly elevate depreciation expense following an acquisition, especially during 2013 as a direct result of the Archstone Acquisition, partially offset by additional depreciation expense on properties acquired in 2014, development properties placed in service and capital expenditures for all properties owned.

General and administrative expenses from continuing operations, which include corporate operating expenses, decreased approximately $11.2 million or 18.1% primarily due to a decrease in payroll-related costs and office rent. The Company anticipates that general and administrative expenses will approximate $51.0 million to $53.0 million for the year ending December 31, 2015, excluding approximately $9.7 million in duplicative costs related to the Company's revised executive compensation program. The above assumption is based on current expectations and is forward-looking.

Interest and other income from continuing operations decreased approximately $0.8 million or 15.5% primarily due to proceeds received from the sale of certain investment securities during the year ended December 31, 2013 that did not reoccur in 2014, partially offset by proceeds received from various insurance/litigation settlements totaling $2.8 million during the year ended December 31, 2014 that did not occur in 2013. The Company anticipates that interest and other income will approximate $0.5 million for the year ending December 31, 2015. The above assumption is based on current expectations and is forward-looking.

Table of Contents

Other expenses from continuing operations decreased approximately $20.6 million or 69.4% primarily due to the closing of the Archstone Acquisition during the year ended December 31, 2013 and the significant decline in transaction activity during the year ended December 31, 2014.

Interest expense from continuing operations, including amortization of deferred financing costs, decreased approximately $140.8 million or 23.1% primarily as a result of $122.8 million of higher debt extinguishment costs incurred on early debt prepayments and write-offs of unamortized deferred financing costs in 2013 vs. 2014 related to managing the Company's post Archstone 2017 maturities profile and higher capitalized interest in 2014. During the year ended December 31, 2014, the Company capitalized interest costs of approximately $52.8 million as compared to $47.3 million for the year ended December 31, 2013. This capitalization of interest primarily relates to consolidated projects under development. The effective interest cost on all indebtedness for the year ended December 31, 2014 was 4.74% as compared to 4.91% (excluding $107.6 million in net debt extinguishment costs) for the year ended December 31, 2013. The Company anticipates that interest expense from continuing operations will approximate $442.8 million to $455.1 million (excluding debt extinguishment costs) for the year ending December 31, 2015. The above assumption is based on current expectations and is forward-looking.

Income and other tax expense from continuing operations increased approximately $0.2 million or 19.2% primarily due to increases in estimated taxes related to properties sold by the Company's TRS in 2014 vs. 2013, partially offset by a reduction and timing of all other taxes. The Company anticipates that income and other tax expense will approximate $1.0 million to $1.5 million for the year ending December 31, 2015. The above assumption is based on current expectations and is forward-looking.

Loss from investments in unconsolidated entities decreased by $50.2 million or 86.3% primarily due to indirect costs incurred in 2013 from the Archstone Acquisition through the Company's joint ventures with AVB such as severance and retention bonuses that have significantly decreased in 2014.

Net gain on sales of real estate properties increased $212.7 million as a result of the sale of ten consolidated apartment properties during the year ended December 31, 2014 that did not meet the new criteria for reporting discontinued operations. See Notes 2 and 11 in the Notes to Consolidated Financial Statements for further discussion.

Net gain on sales of land parcels decreased approximately $7.0 million or 56.8% due to the gain on sale of three land parcels during the year ended December 31, 2014 as compared to seven land sales during the year ended December 31, 2013.

Discontinued operations, net decreased approximately $2.1 billion or 99.9% between the periods under comparison. This decrease is primarily due to substantially higher sales volume during the year ended December 31, 2013 compared to the same period in 2014 and due to the Company's adoption of the new discontinued operations standard effective January 1, 2014. See Note 11 in the Notes to Consolidated Financial Statements for further discussion.

Comparison of the year ended December 31, 2013 to the year ended December 31, 2012

For the year ended December 31, 2013, the Company reported diluted earnings per share of $5.16 compared to $2.70 per share for the year ended December 31, 2012. The difference is primarily due to higher gains from property sales in 2013 vs. 2012 and higher total property net operating income driven by the positive impact of the Company's same store and stabilized Archstone properties, partially offset by $73.9 million of merger-related expenses incurred in connection with the Archstone Acquisition, $121.7 million of costs incurred in connection with early debt extinguishment of existing mortgage notes payable to manage the Company's post Archstone 2017 maturities profile, higher depreciation as a direct result of the Archstone Transaction, the issuance of Common Shares to the public in December 2012 and to an affiliate of Lehman Brothers Holdings Inc. in February 2013 as partial consideration for the

Archstone Acquisition and the Company's recognition of $150.0 million in Archstone-related termination fees in 2012.

For the year ended December 31, 2013, loss from continuing operations increased approximately $328.5 million when compared to the year ended December 31, 2012. The decrease in continuing operations is discussed below.

Revenues from the 2013 Same Store Properties increased $76.0 million primarily as a result of an increase in average rental rates charged to residents, slightly higher occupancy and a decrease in turnover. Expenses from the 2013 Same Store Properties increased $20.2 million primarily due to increases in real estate taxes, utilities and repairs and maintenance costs, partially offset by lower property management costs. The following tables provide comparative same store results and statistics for the 2013 Same Store Properties:

Table of Contents

2013 vs. 2012
Same Store Results/Statistics for 80,247 Same Store Apartment Units
$ in thousands (except for Average Rental Rate)

	Results			Statistics		
Description	Revenues	Expenses	NOI	Average Rental Rate (1)	Occupancy	Turnover
2013	$1,769,280	$607,243	$1,162,037	$1,926	95.4 %	55.6 %
2012	$1,693,239	$587,037	$1,106,202	$1,846	95.3 %	56.3 %
Change	$76,041	$20,206	$55,835	$80	0.1 %	(0.7 %)
Change	4.5 %	3.4 %	5.0 %	4.3 %		

(1) Average rental rate is defined as total rental revenues divided by the weighted average occupied apartment units for the period.

The following table provides comparative same store operating expenses for the 2013 Same Store Properties:

2013 vs. 2012
Same Store Operating Expenses for 80,247 Same Store Apartment Units
$ in thousands

	Actual 2013	Actual 2012	$ Change	% Change	% of Actual 2013 Operating Expenses
Real estate taxes	$200,315	$185,646	$14,669	7.9 %	33.0 %
On-site payroll (1)	129,543	127,198	2,345	1.8 %	21.3 %
Utilities (2)	89,941	86,326	3,615	4.2 %	14.8 %
Repairs and maintenance (3)	82,280	78,729	3,551	4.5 %	13.6 %
Property management costs (4)	58,386	63,496	(5,110)	(8.0 %)	9.6 %
Insurance	19,585	18,427	1,158	6.3 %	3.2 %
Leasing and advertising	9,486	9,225	261	2.8 %	1.6 %
Other on-site operating expenses (5)	17,707	17,990	(283)	(1.6 %)	2.9 %
Same store operating expenses	$607,243	$587,037	$20,206	3.4 %	100.0 %

(1) On-site payroll – Includes payroll and related expenses for on-site personnel including property managers, leasing consultants and maintenance staff.

(2) Utilities – Represents gross expenses prior to any recoveries under the Resident Utility Billing System (“RUBS”). Recoveries are reflected in rental income.

(3) Repairs and maintenance – Includes general maintenance costs, apartment unit turnover costs including interior painting, routine landscaping, security, exterminating, fire protection, snow removal, elevator, roof and parking lot repairs and other miscellaneous building repair costs.

(4) Property management costs – Includes payroll and related expenses for departments, or portions of departments, that directly support on-site management. These include such departments as regional and corporate property management, property accounting, human resources, training, marketing and revenue management, procurement, real estate tax, property legal services and information technology.

(5) Other on-site operating expenses – Includes ground lease costs and administrative costs such as office supplies, telephone and data charges and association and business licensing fees.

Non-same store operating results increased approximately $377.3 million and consist primarily of properties acquired in calendar years 2012 and 2013, as well as operations from the Company's completed development properties. Although the operations of both the non-same store assets and the same store assets have been positively impacted during the year ended December 31, 2013, the non-same store assets have contributed a greater percentage of total NOI to the Company's overall operating results primarily due to 2012 and 2013 acquisitions, increasing occupancy for properties in lease-up and a longer ownership period in 2013 than 2012. This increase primarily resulted from:

Development and other miscellaneous properties in lease-up of $7.2 million;
Operating properties acquired in 2013 as part of the Archstone Transaction of $346.0 million;
Other properties acquired in 2012 and 2013 of $23.7 million;

Table of Contents

Newly stabilized development and other miscellaneous properties of $5.5 million; and
Partially offset by an allocation of property management costs not included in same store results and operating activities from other miscellaneous operations.

See also Note 17 in the Notes to Consolidated Financial Statements for additional discussion regarding the Company's segment disclosures.

Fee and asset management revenues, net of fee and asset management expenses, decreased approximately $1.7 million or 34.1% primarily as a result of higher expenses and lower revenue earned on management of the Company's military housing ventures at Fort Lewis and McChord Air Force Base, partially offset by fees earned on management of the Company’s unconsolidated development joint ventures.

Property management expenses from continuing operations include off-site expenses associated with the self-management of the Company’s properties as well as management fees paid to any third party management companies. These expenses increased approximately $2.4 million or 3.0%. This increase is primarily attributable to an increase in payroll-related costs and an increase in computer operations due to the modernization of employee technology, partially offset by the timing of legal and professional fees.

Depreciation expense from continuing operations, which includes depreciation on non-real estate assets, increased approximately $418.3 million or 74.6% primarily as a result of additional depreciation expense on properties acquired in 2013 (including the Archstone properties), development properties placed in service and capital expenditures for all properties owned, partially offset by a decrease in the amortization of furniture, fixtures and equipment that were fully depreciated. In-place residential lease intangibles are generally amortized over a six month period and can significantly elevate depreciation expense following an acquisition, especially during 2013 as a direct result of the Archstone Acquisition.

General and administrative expenses from continuing operations, which include corporate operating expenses, increased approximately $14.9 million or 31.6% primarily due to an increase in payroll-related costs, which is largely a result of higher and accelerated long-term compensation expense for retirement eligible employees and higher compensation related to the Archstone Transaction, as well as an increase in office rent.

Interest and other income from continuing operations decreased $145.8 million or 96.5% primarily due to the Company recognizing $150.0 million in Archstone-related termination fees during the year ended December 31, 2012, partially offset by proceeds received from the sale of investment securities and technology investments during the year ended December 31, 2013.

Other expenses from continuing operations, which includes direct costs incurred from the Archstone Acquisition such as investment banking and legal/accounting costs, increased approximately $1.8 million or 6.6% as a result of the closing of the Archstone Acquisition during the year ended December 31, 2013, partially offset by lower property pursuit costs as the Company focused on its pursuit of Archstone.

Interest expense from continuing operations, including amortization of deferred financing costs, increased approximately $132.5 million or 27.8% primarily as a result of the following:

$121.7 million of costs incurred on early debt extinguishments in 2013 on existing mortgage notes payable to manage the Company's post Archstone 2017 maturities profile;
Interest expense on the Company's $750.0 million delayed draw term loan facility which was fully drawn on February 27, 2013; and

Interest expense on $500.0 million of unsecured notes that closed in April 2013.
The above increases to interest expense were partially offset by the following:
Higher capitalized interest in 2013 (see below);
The repayment of $253.9 million of 6.625% unsecured notes in March 2012;
The repayment of $221.1 million of 5.500% unsecured notes in October 2012;
The repayment of a $543.0 million mortgage pool in March 2013;
The repayment of $400.0 million of 5.200% unsecured notes in April 2013;
The repayment of $963.5 million of 5.883% Pool 4 mortgage debt in October 2013; and
The partial paydown of $825.0 million of 6.256% Pool 3 mortgage debt in October 2013.

During the year ended December 31, 2013, the Company capitalized interest costs of approximately $47.3 million as compared to $22.5 million for the year ended December 31, 2012. This capitalization of interest primarily relates to consolidated projects under development. The effective interest cost on all indebtedness for the year ended December 31, 2013 was 4.91% (excluding $107.6 million in net debt extinguishment costs) as compared to 5.37% for the year ended December 31, 2012.

Income and other tax expense from continuing operations increased approximately $0.7 million primarily due to increases in taxes related to land parcel sales owned by the Company's TRS as well as increases in all other taxes.

Loss from investments in unconsolidated entities, which includes indirect costs incurred from the Archstone Acquisition through the Company's joint ventures with AVB, increased by $58.1 million primarily as a result of severance obligations and retention bonuses in connection with the Archstone Acquisition through our 60% interest in unconsolidated joint ventures as well as the gain on sale of one unconsolidated land parcel during the year ended December 31, 2013 as compared to no sales during the year ended December 31, 2012.

Net gain on sales of land parcels increased approximately $12.2 million due to the gain on sale of seven land parcels during the year ended December 31, 2013 as compared to no land sales during the year ended December 31, 2012.

Discontinued operations, net increased approximately $1.4 billion between the periods under comparison. This increase is primarily due to higher gains on sales from dispositions during the year ended December 31, 2013 compared to the same period in 2012, partially offset by properties sold in 2013 that reflect operations for a partial period in 2013 in contrast to a full period in 2012. See Note 11 in the Notes to Consolidated Financial Statements for further discussion.

Liquidity and Capital Resources

EQR issues public equity from time to time and guarantees certain debt of ERPOP. EQR does not have any indebtedness as all debt is incurred by the Operating Partnership.

As of January 1, 2014, the Company had approximately $53.5 million of cash and cash equivalents and it had $2.35 billion available under its revolving credit facility (net of $34.9 million which was restricted/dedicated to support letters of credit and net of $115.0 million outstanding). After taking into effect the various transactions discussed in the following paragraphs and the net cash provided by operating activities, the Company’s cash and cash equivalents balance at December 31, 2014 was approximately $40.1 million and the amount available on its revolving credit facility was $2.12 billion (net of $43.8 million which was restricted/dedicated to support letters of credit and net of $333.0 million outstanding).

During the year ended December 31, 2014, the Company generated proceeds from various transactions, which included the following:

Disposed of ten consolidated properties and three land parcels, receiving net proceeds of approximately $522.6 million;

Issued $450.0 million of five-year 2.375% fixed rate public notes, receiving net proceeds of $449.6 million before underwriting fees and other expenses, at an all-in effective interest rate of 2.52%;

Issued $750.0 million of thirty-year 4.50% fixed rate public notes, receiving net proceeds of $744.7 million before underwriting fees, hedge termination costs and other expenses, at an all-in effective interest rate of 4.57%;

Received approximately $79.6 million representing the Company's pro rata share of the proceeds/distributions that have been repatriated to the Residual JV as a result of the disposition of the German portfolio fund, the German management company and the remaining wholly-owned German real estate assets that were acquired by the Residual JV as part of the Archstone Acquisition (see Note 6);

Received approximately $20.3 million for the sale of one unconsolidated property in which the Company had an 85% interest; and

Issued approximately 2.2 million Common Shares related to share option exercises and ESPP purchases and received net proceeds of $86.0 million, which were contributed to the capital of the Operating Partnership in exchange for additional OP Units (on a one-for-one Common Share per OP Unit basis).

During the year ended December 31, 2014, the above proceeds along with net cash flow from operations and availability on the Company's revolving line of credit were primarily utilized to:

Acquire six rental properties, two land parcels and additional development rights at one of its existing land sites for approximately $470.0 million;
Acquire its partner's 95% interest in one previously unconsolidated property for cash consideration of approximately $44.8 million;
Invest $530.4 million primarily in development projects;

Table of Contents

- Repay $100.7 million of mortgage loans;
- Repay its $750.0 million unsecured term loan facility in conjunction with the note issuances discussed above;
- Repay $500.0 million of 5.250% unsecured notes at maturity; and
- Repurchase 31,240 Common Shares, utilizing cash of $1.8 million (see Note 3).

On February 27, 2013, the Company issued 34,468,085 Common Shares to an affiliate of Lehman Brothers Holdings Inc. as partial consideration for the portion of the Archstone Portfolio acquired by the Company. The shares had a total value of $1.9 billion based on the February 27, 2013 closing price of EQR Common Shares of $55.99 per share. Concurrent with this transaction, ERPOP issued 34,468,085 OP Units to EQR. On March 7, 2013, EQR filed a shelf registration statement relating to the resale of these shares by the selling shareholders. Lehman has since sold all of these Common Shares.

In September 2009, EQR announced the establishment of an At-The-Market ("ATM") share offering program which would allow EQR to sell Common Shares from time to time into the existing trading market at current market prices as well as through negotiated transactions. Per the terms of ERPOP's partnership agreement, EQR contributes the net proceeds from all equity offerings to the capital of ERPOP in exchange for additional OP Units (on a one-for-one Common Share per OP Unit basis). EQR may, but shall have no obligation to, sell Common Shares through the ATM share offering program in amounts and at times to be determined by EQR. Actual sales will depend on a variety of factors to be determined by EQR from time to time, including (among others) market conditions, the trading price of EQR's Common Shares and determinations of the appropriate sources of funding for EQR. On July 30, 2013, the Board of Trustees approved an increase to the amount of shares which be may offered under the ATM program to 13.0 million Common Shares and extended the program maturity to July 2016. EQR has not issued any shares under this program since September 14, 2012. Through February 20, 2015, EQR has cumulatively issued approximately 16.7 million Common Shares at an average price of $48.53 per share for total consideration of approximately $809.9 million.

Depending on its analysis of market prices, economic conditions and other opportunities for the investment of available capital, EQR may repurchase its Common Shares pursuant to its existing share repurchase program authorized by the Board of Trustees. Effective July 30, 2013, the Board of Trustees approved an increase and modification to the Company's share repurchase program to allow for the potential repurchase of up to 13.0 million shares. EQR repurchased approximately $1.8 million (31,240 shares at a price of $56.87 per share) of its Common Shares (all related to the vesting of employees' restricted shares) during the year ended December 31, 2014. No open market repurchases have occurred since 2008. As of February 20, 2015, EQR has remaining authorization to repurchase an additional 12,968,760 of its shares. See Note 3 in the Notes to Consolidated Financial Statements for further discussion.

Depending on its analysis of prevailing market conditions, liquidity requirements, contractual restrictions and other factors, the Company may from time to time seek to repurchase and retire its outstanding debt in open market or privately negotiated transactions.

The Company's total debt summary and debt maturity schedules as of December 31, 2014 are as follows:

51

Table of Contents

Debt Summary as of December 31, 2014
(Amounts in thousands)

	Amounts (1)	% of Total	Weighted Average Rates (1)	Weighted Average Maturities (years)
Secured	$5,086,515	46.9 %	4.21 %	7.5
Unsecured	5,758,346	53.1 %	4.79 %	7.7
Total	$10,844,861	100.0 %	4.52 %	7.6
Fixed Rate Debt:				
Secured – Conventional	$4,351,301	40.1 %	4.82 %	5.9
Unsecured – Public	4,974,154	45.9 %	5.45 %	8.3
Fixed Rate Debt	9,325,455	86.0 %	5.15 %	7.2
Floating Rate Debt:				
Secured – Conventional	7,985	0.1 %	2.08 %	19.1
Secured – Tax Exempt	727,229	6.7 %	0.66 %	16.2
Unsecured – Public (2)	451,192	4.1 %	1.15 %	4.5
Unsecured – Revolving Credit Facility	333,000	3.1 %	0.95 %	3.3
Floating Rate Debt	1,519,406	14.0 %	0.92 %	9.9
Total	$10,844,861	100.0 %	4.52 %	7.6

(1) Net of the effect of any derivative instruments. Weighted average rates are for the year ended December 31, 2014.
(2) Fair value interest rate swaps convert the $450.0 million 2.375% notes due July 1, 2019 to a floating interest rate of 90-Day LIBOR plus 0.61%.
Note: The Company capitalized interest of approximately $52.8 million and $47.3 million during the years ended December 31, 2014 and 2013, respectively.

Debt Maturity Schedule as of December 31, 2014
(Amounts in thousands)

Year	Fixed Rate (1)	Floating Rate (1)	Total	% of Total	Weighted Average Rates on Fixed Rate Debt (1)	Weighted Average Rates on Total Debt (1)
2015	$408,420	$—	$408,420	3.8 %	6.32 %	6.32 %
2016	1,192,798	—	1,192,798	11.0 %	5.34 %	5.34 %
2017	1,346,252	456	1,346,708	12.4 %	6.16 %	6.16 %
2018	83,851	430,659 (2)	514,510	4.7 %	5.61 %	1.72 %
2019	806,106	472,363	1,278,469	11.8 %	5.48 %	3.76 %
2020	1,678,020	809	1,678,829	15.5 %	5.49 %	5.49 %
2021	1,194,624	856	1,195,480	11.0 %	4.63 %	4.63 %
2022	228,273	905	229,178	2.1 %	3.16 %	3.17 %
2023	1,331,497	956	1,332,453	12.3 %	3.74 %	3.74 %
2024	2,497	1,011	3,508	—	4.97 %	5.14 %
2025+	1,022,417	673,977	1,696,394	15.7 %	4.97 %	3.17 %
Premium/(Discount)	30,700	(62,586)	(31,886)	(0.3%)	N/A	N/A

Total	$9,325,455	$1,519,406	$10,844,861	100.0 %	5.13 %	4.49 %

(1) Net of the effect of any derivative instruments. Weighted average rates are as of December 31, 2014.

(2) Includes $333.0 million outstanding on the Company's unsecured revolving credit facility. As of December 31, 2014, there was approximately $2.12 billion available on this facility.

The following table provides a summary of the Company's unsecured debt as of December 31, 2014:

Table of Contents

Unsecured Debt Summary as of December 31, 2014
(Amounts in thousands)

	Coupon Rate	Due Date		Face Amount	Unamortized Premium/ (Discount)	Net Balance
Fixed Rate Notes:						
	6.584%	04/13/15		$300,000	$(27)	$299,973
	5.125%	03/15/16		500,000	(63)	499,937
	5.375%	08/01/16		400,000	(294)	399,706
	5.750%	06/15/17		650,000	(1,272)	648,728
	7.125%	10/15/17		150,000	(181)	149,819
	2.375%	07/01/19	(1)	450,000	(405)	449,595
Fair Value Derivative Adjustments			(1)	(450,000)	405	(449,595)
	4.750%	07/15/20		600,000	(2,518)	597,482
	4.625%	12/15/21		1,000,000	(2,635)	997,365
	3.000%	04/15/23		500,000	(3,671)	496,329
	7.570%	08/15/26		140,000	—	140,000
	4.500%	07/01/44		750,000	(5,185)	744,815
				4,990,000	(15,846)	4,974,154
Floating Rate Notes:						
		07/01/19	(1)	450,000	(405)	449,595
Fair Value Derivative Adjustments		07/01/19	(1)	1,597	—	1,597
				451,597	(405)	451,192
Revolving Credit Facility:	LIBOR+1.05%	04/01/18	(2)(3)	333,000	—	333,000
Total Unsecured Debt				$5,774,597	$(16,251)	$5,758,346

(1) Fair value interest rate swaps convert the $450.0 million 2.375% notes due July 1, 2019 to a floating interest rate of 90-Day LIBOR plus 0.61%.
(2) Facility is private. All other unsecured debt is public.
(3) Represents the Company's $2.5 billion unsecured revolving credit facility maturing April 1, 2018. The interest rate on advances under the credit facility will generally be LIBOR plus a spread (currently 1.05%) and an annual facility fee (currently 15 basis points). Both the spread and the facility fee are dependent on the credit rating of the Company's long-term debt. As of December 31, 2014, there was approximately $2.12 billion available on this facility.

EQR and ERPOP currently have an active universal shelf registration statement for the issuance of equity and debt securities that automatically became effective upon filing with the SEC on July 30, 2013 and expires on July 30, 2016. In July 2013, the Board of Trustees also approved an increase to the amount of shares which may be offered under the ATM program to 13.0 million Common Shares and extended the program maturity to July 2016. Per the terms of ERPOP’s partnership agreement, EQR contributes the net proceeds of all equity offerings to the capital of ERPOP in exchange for additional OP Units (on a one-for-one Common Share per OP Unit basis) or preference units (on a one-for-one preferred share per preference unit basis).

The Company’s “Consolidated Debt-to-Total Market Capitalization Ratio” as of December 31, 2014 is presented in the following table. The Company calculates the equity component of its market capitalization as the sum of (i) the total outstanding Common Shares and assumed conversion of all Units at the equivalent market value of the closing price of the Company’s Common Shares on the New York Stock Exchange and (ii) the liquidation value of all perpetual preferred shares outstanding.

Table of Contents

Equity Residential
Capital Structure as of December 31, 2014
(Amounts in thousands except for share/unit and per share amounts)

Secured Debt				$5,086,515	46.9	%		
Unsecured Debt				5,758,346	53.1	%		
Total Debt				10,844,861	100.0	%	28.5	%
Common Shares (includes Restricted Shares)	362,855,454	96.2	%					
Units (includes OP Units and restricted units)	14,298,691	3.8	%					
Total Shares and Units	377,154,145	100.0	%					
Common Share Price at December 31, 2014	$71.84							
				27,094,754	99.8	%		
Perpetual Preferred Equity (see below)				50,000	0.2	%		
Total Equity				27,144,754	100.0	%	71.5	%
Total Market Capitalization				$37,989,615			100.0	%

Equity Residential
Perpetual Preferred Equity as of December 31, 2014
(Amounts in thousands except for share and per share amounts)

Series	Redemption Date	Outstanding Shares	Liquidation Value	Annual Dividend Per Share	Annual Dividend Amount
Preferred Shares:					
8.29% Series K	12/10/26	1,000,000	$50,000	$4.145	$4,145
Total Perpetual Preferred Equity		1,000,000	$50,000		$4,145

The Operating Partnership's "Consolidated Debt-to-Total Market Capitalization Ratio" as of December 31, 2014 is presented in the following table. The Operating Partnership calculates the equity component of its market capitalization as the sum of (i) the total outstanding Units at the equivalent market value of the closing price of the Company's Common Shares on the New York Stock Exchange and (ii) the liquidation value of all perpetual preference units outstanding.

ERP Operating Limited Partnership
Capital Structure as of December 31, 2014
(Amounts in thousands except for unit and per unit amounts)

Secured Debt		$5,086,515	46.9	%		
Unsecured Debt		5,758,346	53.1	%		
Total Debt		10,844,861	100.0	%	28.5	%
Total outstanding Units	377,154,145					
Common Share Price at December 31, 2014	$71.84					
		27,094,754	99.8	%		
Perpetual Preference Units (see below)		50,000	0.2	%		
Total Equity		27,144,754	100.0	%	71.5	%

Total Market Capitalization	$37,989,615	100.0 %

ERP Operating Limited Partnership
Perpetual Preference Units as of December 31, 2014
(Amounts in thousands except for unit and per unit amounts)

Series	Redemption Date	Outstanding Units	Liquidation Value	Annual Dividend Per Unit	Annual Dividend Amount
Preference Units:					
8.29% Series K	12/10/26	1,000,000	$50,000	$4.145	$4,145
Total Perpetual Preference Units		1,000,000	$50,000		$4,145

Table of Contents

The Company generally expects to meet its short-term liquidity requirements, including capital expenditures related to maintaining its existing properties and scheduled unsecured note and mortgage note repayments, through its working capital, net cash provided by operating activities and borrowings under the Company’s revolving credit facility and commercial paper program. Under normal operating conditions, the Company considers its cash provided by operating activities to be adequate to meet operating requirements and payments of distributions.

The Company has a flexible dividend policy which it believes will generate payouts closely aligned with the actual annual operating results of the Company’s core business and provide transparency to investors. Beginning in 2014, the Company began paying its annual dividend based on 65% of the midpoint of the range of Normalized FFO guidance customarily provided as part of the Company's fourth quarter earnings release. The Company's 2014 annual dividend payout was $2.00 per share and the Company paid four quarterly dividends of $0.50 per share in 2014. The Company expects the 2015 annual dividend payout will be $2.21 per share and the Company intends to pay four quarterly dividends of $0.5525 per share in 2015. All future dividends remain subject to the discretion of the Board of Trustees. The above assumption is based on current expectations and is forward-looking. While our current dividend policy makes it less likely we will over distribute, it will also lead to a dividend reduction more quickly should operating results deteriorate. However, whether due to changes in the dividend policy or otherwise, there may be times when the Company experiences shortfalls in its coverage of distributions, which may cause the Company to consider reducing its distributions and/or using the proceeds from property dispositions or additional financing transactions to make up the difference. Should these shortfalls occur for lengthy periods of time or be material in nature, the Company's financial condition may be adversely affected and it may not be able to maintain its current distribution levels. The Company believes that its expected 2015 operating cash flow will be sufficient to cover capital expenditures and distributions.

The Company also expects to meet its long-term liquidity requirements, such as lump sum unsecured note and mortgage debt maturities, property acquisitions, financing of construction and development activities through the issuance of secured and unsecured debt and equity securities, including additional OP Units, proceeds received from the disposition of certain properties and joint ventures and cash generated from operations after all distributions. In addition, the Company has significant unencumbered properties available to secure additional mortgage borrowings in the event that the public capital markets are unavailable or the cost of alternative sources of capital is too high. The fair value of and cash flow from these unencumbered properties are in excess of the requirements the Company must maintain in order to comply with covenants under its unsecured notes and line of credit. Of the $27.7 billion in investment in real estate on the Company’s balance sheet at December 31, 2014, $19.1 billion or 69.1% was unencumbered. However, there can be no assurances that these sources of capital will be available to the Company in the future on acceptable terms or otherwise.

As of February 20, 2015, ERPOP’s long-term credit ratings from Standard & Poor’s (“S&P”), Moody’s and Fitch for its outstanding senior debt was BBB+ (positive outlook), Baa1 (positive outlook) and BBB+, respectively. As of February 20, 2015, EQR’s long-term equity ratings from S&P, Moody’s and Fitch for its outstanding preferred equity was BBB+ (positive outlook), Baa2 (positive outlook) and BBB-, respectively. As of February 20, 2015, ERPOP's short-term credit ratings from S&P, Moody's and Fitch for its outstanding commercial paper was A-2, P-2 and F-2, respectively. EQR does not have short-term credit ratings.

On January 11, 2013, the Company replaced its existing $1.75 billion facility with a $2.5 billion unsecured revolving credit facility maturing April 1, 2018. The Company has the ability to increase available borrowings by an additional $500.0 million by adding additional banks to the facility or obtaining the agreement of existing banks to increase their commitments. The interest rate on advances under the facility will generally be LIBOR plus a spread (currently 1.05%) and the Company pays an annual facility fee (currently 15 basis points). Both the spread and the facility fee are dependent on the credit rating of the Company’s long-term debt. As of February 20, 2015, there was available borrowings of $1.94 billion on the revolving credit facility (net of $43.8 million which was restricted/dedicated to support letters of credit, net of $300.0 million outstanding on the credit facility and net of $220.0 million outstanding on the commercial paper program) (see Note 18 in the Notes to Consolidated Financial Statements for additional discussion of the commercial paper program). This facility may, among other potential uses, be used to fund property acquisitions, costs for certain properties under development and short-term liquidity requirements.

See Note 18 in the Notes to Consolidated Financial Statements for discussion of the events which occurred subsequent to December 31, 2014.

Capitalization of Fixed Assets and Improvements to Real Estate

Our policy with respect to capital expenditures is generally to capitalize expenditures that improve the value of the property or extend the useful life of the component asset of the property. We track improvements to real estate in two major categories and several subcategories:

Replacements (inside the apartment unit). These include:

Table of Contents

- flooring such as carpets, hardwood, vinyl or tile;
- appliances;
- mechanical equipment such as individual furnace/air units, hot water heaters, etc;
- furniture and fixtures such as kitchen/bath cabinets, light fixtures, ceiling fans, sinks, tubs, toilets, mirrors, countertops, etc; and
- blinds.

All replacements are depreciated over a five to ten-year estimated useful life. We expense as incurred all make-ready maintenance and turnover costs such as cleaning, interior painting of individual apartment units and the repair of any replacement item noted above.

Building improvements (outside the apartment unit). These include:

- roof replacement and major repairs;
- paving or major resurfacing of parking lots, curbs and sidewalks;
- amenities and common areas such as pools, exterior sports and playground equipment, lobbies, clubhouses, laundry rooms, alarm and security systems and offices;
- major building mechanical equipment systems;
- interior and exterior structural repair and exterior painting and siding;
- major landscaping and grounds improvement; and
- vehicles and office and maintenance equipment.

All building improvements are depreciated over a five to fifteen-year estimated useful life. We capitalize building improvements and upgrades only if the item: (i) exceeds $2,500 (selected projects must exceed $10,000); (ii) extends the useful life of the asset; and (iii) improves the value of the asset.

For the year ended December 31, 2014, our actual improvements to real estate totaled approximately $186.0 million. This includes the following (amounts in thousands except for apartment unit and per apartment unit amounts):

Capital Expenditures to Real Estate
For the Year Ended December 31, 2014

	Total Apartment Units (1)	Replacements (2)	Avg. Per Apartment Unit	Building Improvements	Avg. Per Apartment Unit	Total	Avg. Per Apartment Unit
Same Store Properties (3)	97,911	$85,045	$869	$93,988	$960	$179,033	$1,829
Non-Same Store Properties (4)	5,000	236	60	5,513	1,410	5,749	1,470
Other (5)	—	920		255		1,175	
Total	102,911	$86,201		$99,756		$185,957	

(1) Total Apartment Units – Excludes 1,281 unconsolidated apartment units and 5,033 military housing apartment units for which repairs and maintenance expenses and capital expenditures to real estate are self-funded and do not consolidate into the Company’s results.

(2) Replacements – Includes new expenditures inside the apartment units such as appliances, mechanical equipment, fixtures and flooring, including carpeting. Replacements for same store properties also include $51.4 million spent in 2014 on apartment unit renovations/rehabs (primarily kitchens and baths) on 6,111 same store apartment units (equating to about $8,400 per apartment unit rehabbed) designed to reposition these assets for higher rental levels in their respective markets.

(3) Same Store Properties – Primarily includes all properties acquired or completed and stabilized prior to January 1, 2013, less properties subsequently sold. Also includes 18,465 stabilized apartment units acquired in the Archstone

Acquisition that are owned and managed by the Company.

(4) Non-Same Store Properties – Primarily includes all properties acquired during 2013 and 2014, plus any properties in lease-up and not stabilized as of January 1, 2013, but excludes 18,465 stabilized apartment units acquired in the Archstone Acquisition that are owned and managed by the Company. Per apartment unit amounts are based on a weighted average of 3,911 apartment units.

(5) Other – Primarily includes expenditures for properties sold.

For the year ended December 31, 2013, our actual improvements to real estate totaled approximately $135.8 million. This includes the following (amounts in thousands except for apartment unit and per apartment unit amounts):

Table of Contents

Capital Expenditures to Real Estate
For the Year Ended December 31, 2013

	Total Apartment Units (1)	Replacements (2)	Avg. Per Apartment Unit	Building Improvements	Avg. Per Apartment Unit	Total	Avg. Per Apartment Unit
Same Store Properties (3)	80,247	$45,184	$563	$49,308	$615	$94,492	$1,178
Non-Same Store Properties (4)	22,826	16,668	855	19,246	988	35,914	1,843
Other (5)	—	3,197		2,213		5,410	
Total	103,073	$65,049		$70,767		$135,816	

(1) Total Apartment Units – Excludes 1,669 unconsolidated apartment units and 5,113 military housing apartment units for which repairs and maintenance expenses and capital expenditures to real estate are self-funded and do not consolidate into the Company's results.

(2) Replacements – Includes new expenditures inside the apartment units such as appliances, mechanical equipment, fixtures and flooring, including carpeting. Replacements for same store properties also include $19.5 million spent in 2013 on apartment unit renovations/rehabs (primarily kitchens and baths) on 2,560 same store apartment units (equating to about $7,600 per apartment unit rehabbed) designed to reposition these assets for higher rental levels in their respective markets. The Company also completed apartment unit renovations/ rehabs (primarily kitchens and baths) on 1,200 non-same store apartment units (primarily Archstone properties), equating to a total cost of approximately $11.9 million.

(3) Same Store Properties – Primarily includes all properties acquired or completed and stabilized prior to January 1, 2012, less properties subsequently sold.

(4) Non-Same Store Properties – Primarily includes all properties acquired during 2012 and 2013, plus any properties in lease-up and not stabilized as of January 1, 2012. Per apartment unit amounts are based on a weighted average of 19,493 apartment units. Includes approximately ten months of activity for the Archstone properties.

(5) Other – Primarily includes expenditures for properties sold.

In 2014, the Company spent $1,829 per apartment unit of capital expenditures, inclusive of apartment unit renovation/rehab costs, or $1,304 per apartment unit excluding apartment unit renovation/rehab costs on its same store properties. These amounts represented an increase in the cost per unit over 2013, which was primarily driven by increases in building improvement costs (i.e roofs, mechanical systems and siding) for the Archstone assets as well as certain large building improvement projects the Company had planned to complete in 2013 but were delayed and instead completed in 2014. The Company also accelerated its renovation/rehab efforts in 2014.

In 2015, the Company estimates that it will spend approximately $1,850 per apartment unit of capital expenditures, inclusive of apartment unit renovation/rehab costs, or $1,250 per apartment unit excluding apartment unit renovation/rehab costs on its same store properties. In 2015, the Company expects to spend approximately $60.0 million for all unit renovation/rehab costs (primarily on same store properties) at a weighted average cost of $9,000 per apartment unit rehabbed. These anticipated amounts represent an increase in the cost per unit over 2014, which is primarily driven by increases in planned renovation/rehab efforts in 2015 with plans to continue to create value from our properties by doing those rehabs that meet our investment parameters. The above assumptions are based on current expectations and are forward-looking.

During the year ended December 31, 2014, the Company's total non-real estate capital additions, such as computer software, computer equipment, and furniture and fixtures and leasehold improvements to the Company's property management offices and its corporate offices, were approximately $5.3 million. The Company expects to fund

approximately $4.8 million in total non-real estate capital additions in 2015. The above assumption is based on current expectations and is forward-looking.
Capital expenditures to real estate and non-real estate capital additions are generally funded from net cash provided by operating activities and from investment cash flow.
Derivative Instruments

In the normal course of business, the Company is exposed to the effect of interest rate changes. The Company seeks to manage these risks by following established risk management policies and procedures including the use of derivatives to hedge interest rate risk on debt instruments. The Company may also use derivatives to manage its exposure to foreign exchange rates or manage commodity prices in the daily operations of the business.

The Company has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors. When viewed in conjunction with the underlying and offsetting exposure that the derivatives are designed to hedge, the Company has not sustained a material loss from these instruments nor does it anticipate any material adverse effect on its net income or financial position in the future from the use of derivatives it currently has in place.

See Note 9 in the Notes to Consolidated Financial Statements for additional discussion of derivative instruments at December 31, 2014.

Other

Total distributions paid in January 2015 amounted to $188.6 million (excluding distributions on Partially Owned Properties), which included certain distributions declared during the fourth quarter ended December 31, 2014.

Off-Balance Sheet Arrangements and Contractual Obligations

Archstone Acquisition

On February 27, 2013, in conjunction with the Archstone Acquisition, the Company acquired unconsolidated interests in certain joint ventures. The Company does not believe that these investments have a materially different impact upon its liquidity, cash flows, capital resources, credit or market risk than its other consolidated operating and/or development activities. Details of these interests follow by project:

Waterton Tenside – This venture was formed to develop and operate a 336 unit apartment property located in Atlanta, Georgia. The Company has a 20% equity interest with an initial basis of $5.1 million. The partner is the managing member and developed the project. The project is encumbered by a non-recourse mortgage loan that has a current outstanding balance of $30.0 million, bears interest at 3.66% and matures December 1, 2018. The Company does not have substantive kick-out or participating rights. As a result, the entity is unconsolidated and recorded using the equity method of accounting.

On February 27, 2013, in connection with the Archstone Acquisition, subsidiaries of the Company and AVB entered into three limited liability company agreements (collectively, the “Residual JV”). The Residual JV owns certain non-core Archstone assets, such as interests in a four property portfolio of apartment buildings and succeeded to certain residual Archstone liabilities, such as liability for various employment-related matters. The Residual JV is owned 60% by the Company and 40% by AVB and the Company's initial investment was $147.6 million. The Residual JV is managed by a Management Committee consisting of two members from each of the Company and AVB. Both partners have equal participation in the Management Committee and all significant participating rights are shared by both partners. As a result, the Residual JV is unconsolidated and recorded using the equity method of accounting.

During the year ended December 31, 2014, the Company closed on the sale of its unconsolidated interest in the German portfolio fund, the German management company and the remaining wholly-owned German real estate assets. With these sales, all German real estate assets that were acquired by the Residual JV as part of the Archstone Acquisition have now been sold. The Company's pro rata share of the proceeds/distributions that have been repatriated to the Residual JV and received by the Company as a result of the German dispositions was approximately $79.6 million during the year ended December 31, 2014 and $98.5 million cumulatively since the closing of the Archstone Acquisition.

On February 27, 2013, in connection with the Archstone Acquisition, a subsidiary of the Company and AVB entered into a limited liability company agreement (the “Legacy JV”), through which they assumed obligations of Archstone in the form of preferred interests, some of which are governed by tax protection arrangements. During the year ended December 31, 2013, the Company purchased with AVB $65.0 million (of which the Company's 60% share was $39.0 million) of the preferred interests assumed by the Legacy JV. At December 31, 2014, the remaining preferred interests have an aggregate liquidation value of $74.6 million, our share of which is included in other liabilities in the accompanying consolidated balance sheets. Obligations of the Legacy JV are borne 60% by the Company and 40% by AVB. The Legacy JV is managed by a Management Committee consisting of two members from each of the

Company and AVB. Both partners have equal participation in the Management Committee and all significant participating rights are shared by both partners. As a result, the Legacy JV is unconsolidated and recorded using the equity method of accounting.

Other

The Company admitted an 80% institutional partner to two separate entities/transactions (Nexus Sawgrass in December 2010 and Domain in August 2011), each owning a developable land parcel, in exchange for $40.1 million in cash and retained a 20% equity interest in both of these entities. These projects are now unconsolidated. Details of these projects follow:

- Nexus Sawgrass – This development project was completed and stabilized during the quarter ended September 30, 2014. Total project costs were approximately $78.6 million and construction was predominantly funded with a long-term, non-

Table of Contents

recourse secured loan from the partner. The mortgage loan has a maximum debt commitment of $48.7 million and a current unconsolidated outstanding balance of $48.6 million; the loan bears interest at 5.60% and matures January 1, 2021.

- Domain – This development project is substantially complete. Total project costs are expected to be approximately $155.8 million and construction was predominantly funded with a long-term, non-recourse secured loan from the partner. The mortgage loan has a maximum debt commitment of $98.6 million and a current unconsolidated outstanding balance of $96.8 million; the loan bears interest at 5.75% and matures January 1, 2022.

While the Company is the managing member of both of the joint ventures, was responsible for constructing both of the projects and has given certain construction cost overrun guarantees, the joint venture partner has significant participating rights and has active involvement in and oversight of the ongoing projects. The Company currently has no further funding obligations related to these projects. The Company's strategy with respect to these ventures was to reduce its financial risk related to the development of the properties. However, management does not believe that these investments have a materially different impact upon the Company's liquidity, cash flows, capital resources, credit or market risk than its other consolidated development activities.

As of December 31, 2014, the Company has 15 consolidated projects (including Prism at Park Avenue South in New York City, which the Company is jointly developing with Toll Brothers – see Note 16 in the Notes to Consolidated Financial Statements for further discussion) totaling 4,917 apartment units in various stages of development with estimated completion dates ranging through September 30, 2017, as well as other completed consolidated and unconsolidated development projects that are in various stages of lease up or are stabilized. The development agreements currently in place are discussed in detail in Note 16 of the Company’s Consolidated Financial Statements.

See also Notes 2 and 6 in the Notes to Consolidated Financial Statements for additional discussion regarding the Company’s investments in partially owned entities.

The following table summarizes the Company’s contractual obligations for the next five years and thereafter as of December 31, 2014:

Payments Due by Year (in thousands)							
Contractual Obligations	2015	2016	2017	2018	2019	Thereafter	Total
Debt:							
Principal (a)	$408,420	$1,192,798	$1,346,708	$514,510	$1,278,469	$6,103,956	$10,844,861
Interest (b)	473,737	424,032	373,894	337,493	286,335	1,410,656	3,306,147
Operating Leases:							
Minimum Rent Payments (c)	15,268	15,385	15,318	15,298	15,224	860,071	936,564
Other Long-Term Liabilities:							
Deferred Compensation (d)	1,382	1,714	1,714	1,714	1,120	5,149	12,793
Total	$898,807	$1,633,929	$1,737,634	$869,015	$1,581,148	$8,379,832	$15,100,365

(a) Amounts include aggregate principal payments only.

(b) Amounts include interest expected to be incurred on the Company’s secured and unsecured debt based on obligations outstanding at December 31, 2014 and inclusive of capitalized interest. For floating rate debt, the current rate in effect for the most recent payment through December 31, 2014 is assumed to be in effect through the respective maturity date of each instrument.

(c) Minimum basic rent due for various office space the Company leases and fixed base rent due on ground leases for 14 properties/parcels.

(d) Estimated payments to the Company's Chairman, Vice Chairman and one former CEO based on actual and planned retirement dates.

Critical Accounting Policies and Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to use judgment in the application of accounting policies, including making estimates and assumptions. If our judgment or interpretation of the facts and circumstances relating to various transactions had been different or different assumptions were made, it is possible that different accounting policies would have been applied, resulting in different financial results or different presentation of our financial statements.

The Company’s significant accounting policies are described in Note 2 in the Notes to Consolidated Financial Statements. These policies were followed in preparing the consolidated financial statements at and for the year ended December 31, 2014 and are consistent with the year ended December 31, 2013.

Table of Contents

The Company has identified five significant accounting policies as critical accounting policies. These critical accounting policies are those that have the most impact on the reporting of our financial condition and those requiring significant judgments and estimates. With respect to these critical accounting policies, management believes that the application of judgments and estimates is consistently applied and produces financial information that fairly presents the results of operations for all periods presented. The five critical accounting policies are:

Acquisition of Investment Properties

The Company allocates the purchase price of properties to net tangible and identified intangible assets acquired based on their fair values. In making estimates of fair values for purposes of allocating purchase price, the Company utilizes a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. The Company also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets acquired.

Impairment of Long-Lived Assets

The Company periodically evaluates its long-lived assets, including its investments in real estate, for indicators of impairment. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions and legal and environmental concerns, as well as the Company’s ability to hold and its intent with regard to each asset. Future events could occur which would cause the Company to conclude that impairment indicators exist and an impairment loss is warranted.

Depreciation of Investment in Real Estate

The Company depreciates the building component of its investment in real estate over a 30-year estimated useful life, building improvements over a 5-year to 15-year estimated useful life and both the furniture, fixtures and equipment and replacement components over a 5-year to 10-year estimated useful life, all of which are judgmental determinations.

Cost Capitalization

See the Capitalization of Fixed Assets and Improvements to Real Estate section for a discussion of the Company’s policy with respect to capitalization vs. expensing of fixed asset/repair and maintenance costs. In addition, the Company capitalizes an allocation of the payroll and associated costs of employees directly responsible for and who spend their time on the execution and supervision of major capital and/or renovation projects. These costs are reflected on the balance sheets as increases to depreciable property.

For all development projects, the Company uses its professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. The Company capitalizes interest, real estate taxes and insurance and payroll and associated costs for those individuals directly responsible for and who spend their time on development activities, with capitalization ceasing no later than 90 days following issuance of the certificate of occupancy. These costs are reflected on the balance sheets as construction-in-progress for each specific property. The Company expenses as incurred all payroll costs of on-site employees working directly at our properties, except as noted above on our development properties prior to certificate of occupancy issuance and on specific major renovations at selected properties when additional incremental employees are hired.

During the years ended December 31, 2014, 2013 and 2012, the Company capitalized $22.4 million, $16.5 million and $14.3 million, respectively, of payroll and associated costs of employees directly responsible for and who spend their time on the execution and supervision of development activities as well as major capital and/or renovation projects.

Fair Value of Financial Instruments, Including Derivative Instruments

The valuation of financial instruments requires the Company to make estimates and judgments that affect the fair value of the instruments. The Company, where possible, bases the fair values of its financial instruments, including its derivative instruments, on listed market prices and third party quotes. Where these are not available, the Company bases its estimates on current instruments with similar terms and maturities or on other factors relevant to the financial instruments.

Table of Contents

Funds From Operations and Normalized Funds From Operations

For the year ended December 31, 2014, Funds From Operations ("FFO") available to Common Shares and Units / Units and Normalized FFO available to Common Shares and Units / Units increased $318.5 million, or 36.5%, and increased $139.4 million, or 13.2%, respectively, as compared to the year ended December 31, 2013. For the year ended December 31, 2013, FFO available to Common Shares and Units / Units and Normalized FFO available to Common Shares and Units / Units decreased $120.8 million, or 12.2%, and increased $173.8 million, or 19.7%, respectively, as compared to the year ended December 31, 2012.

The following is the Company's and the Operating Partnership's reconciliation of net income to FFO available to Common Shares and Units / Units and Normalized FFO available to Common Shares and Units / Units for each of the five years ended December 31, 2014:

Funds From Operations and Normalized Funds From Operations
(Amounts in thousands)

	Year Ended December 31,				
	2014	2013	2012	2011	2010
Net income	$658,683	$1,905,353	$881,204	$935,197	$295,983
Net (income) loss attributable to Noncontrolling Interests – Partially Owned Properties	(2,544)	538	(844)	(832)	726
Preferred/preference distributions	(4,145)	(4,145)	(10,355)	(13,865)	(14,368)
Premium on redemption of Preferred Shares/Preference Units	—	—	(5,152)	—	—
Net income available to Common Shares and Units / Units	651,994	1,901,746	864,853	920,500	282,341
Adjustments:					
Depreciation	758,861	978,973	560,669	506,175	470,593
Depreciation – Non-real estate additions	(4,643)	(4,806)	(5,346)	(5,519)	(6,566)
Depreciation – Partially Owned Properties	(4,285)	(6,499)	(3,193)	(3,062)	(3,532)
Depreciation – Unconsolidated Properties	6,754	3,661	—	—	1,913
Net (gain) on sales of unconsolidated entities – operating assets	(4,902)	(7)	—	—	(28,101)
Net (gain) on sales of real estate properties	(212,685)	—	—	—	—
Discontinued operations:					
Depreciation	—	34,380	124,323	157,353	202,588
Net (gain) on sales of discontinued operations	(179)	(2,036,505)	(548,278)	(826,489)	(297,956)
Net incremental gain (loss) on sales of condominium units	—	8	(11)	1,993	1,506
Gain on sale of Equity Corporate Housing (ECH)	—	1,470	200	1,202	—
FFO available to Common Shares and Units / Units (1) (3) (4)	1,190,915	872,421	993,217	752,153	622,786
Adjustments:					
Asset impairment and valuation allowances	—	—	—	—	45,380
Property acquisition costs and write-off of pursuit costs	8,248	79,365	21,649	14,557	11,928
Debt extinguishment (gains) losses, including prepayment penalties, preferred share/ preference unit redemptions and non-cash convertible debt discounts	(1,110)	121,730	16,293	12,300	8,594

(Gains) losses on sales of non-operating assets, net of income and other tax expense (benefit)	(1,866)	(17,908)	(255)	(6,976)	(80)
Other miscellaneous non-comparable items	259	1,465	(147,635)	(12,369)	(6,186)
Normalized FFO available to Common Shares and Units / Units (2) (3) (4)	$1,196,446	$1,057,073	$883,269	$759,665	$682,422
FFO (1) (3)	$1,195,060	$876,566	$1,008,724	$766,018	$637,154
Preferred/preference distributions	(4,145)	(4,145)	(10,355)	(13,865)	(14,368)
Premium on redemption of Preferred Shares/Preference Units	—	—	(5,152)	—	—
FFO available to Common Shares and Units / Units (1) (3) (4)	$1,190,915	$872,421	$993,217	$752,153	$622,786
Normalized FFO (2) (3)	$1,200,591	$1,061,218	$893,624	$773,530	$696,790
Preferred/preference distributions	(4,145)	(4,145)	(10,355)	(13,865)	(14,368)
Normalized FFO available to Common Shares and Units / Units (2) (3) (4)	$1,196,446	$1,057,073	$883,269	$759,665	$682,422

(1) The National Association of Real Estate Investment Trusts ("NAREIT") defines funds from operations ("FFO") (April 2002 White Paper) as net income (computed in accordance with accounting principles generally accepted in the United States ("GAAP")), excluding gains (or losses) from sales and impairment write-downs of depreciable operating properties, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be

61

Table of Contents

calculated to reflect funds from operations on the same basis. The April 2002 White Paper states that gain or loss on sales of property is excluded from FFO for previously depreciated operating properties only. Once the Company commences the conversion of apartment units to condominiums, it simultaneously discontinues depreciation of such property.

(2) Normalized funds from operations ("Normalized FFO") begins with FFO and excludes:
the impact of any expenses relating to non-operating asset impairment and valuation allowances;
property acquisition and other transaction costs related to mergers and acquisitions and pursuit cost write-offs;
gains and losses from early debt extinguishment, including prepayment penalties, preferred share/preference unit redemptions and the cost related to the implied option value of non-cash convertible debt discounts;
gains and losses on the sales of non-operating assets, including gains and losses from land parcel and condominium sales, net of the effect of income tax benefits or expenses; and
other miscellaneous non-comparable items.

(3) The Company believes that FFO and FFO available to Common Shares and Units / Units are helpful to investors as supplemental measures of the operating performance of a real estate company, because they are recognized measures of performance by the real estate industry and by excluding gains or losses related to dispositions of depreciable property 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 and FFO available to Common Shares and Units / Units can help compare the operating performance of a company's real estate between periods or as compared to different companies. The Company also believes that Normalized FFO and Normalized FFO available to Common Shares and Units / Units are helpful to investors as supplemental measures of the operating performance of a real estate company because they allow investors to compare the Company's operating performance 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, FFO available to Common Shares and Units / Units, Normalized FFO and Normalized FFO available to Common Shares and Units / Units do not represent net income, net income available to Common Shares / Units or net cash flows from operating activities in accordance with GAAP. Therefore, FFO, FFO available to Common Shares and Units / Units, Normalized FFO and Normalized FFO available to Common Shares and Units / Units should not be exclusively considered as alternatives to net income, net income available to Common Shares / Units or net cash flows from operating activities as determined by GAAP or as a measure of liquidity. The Company's calculation of FFO, FFO available to Common Shares and Units / Units, Normalized FFO and Normalized FFO available to Common Shares and Units / Units may differ from other real estate companies due to, among other items, variations in cost capitalization policies for capital expenditures and, accordingly, may not be comparable to such other real estate companies.

(4) FFO available to Common Shares and Units / Units and Normalized FFO available to Common Shares and Units / Units are calculated on a basis consistent with net income available to Common Shares / Units and reflects adjustments to net income for preferred distributions and premiums on redemption of preferred shares/preference units in accordance with accounting principles generally accepted in the United States. The equity positions of various individuals and entities that contributed their properties to the Operating Partnership in exchange for OP Units are collectively referred to as the "Noncontrolling Interests – Operating Partnership". Subject to certain restrictions, the Noncontrolling Interests – Operating Partnership may exchange their OP Units for Common Shares on a one-for-one basis.

Item 7A. Quantitative and Qualitative Disclosures about Market Risk

Market risks relating to the Company's financial instruments result primarily from changes in short-term LIBOR interest rates and changes in the Securities Industry and Financial Markets Association ("SIFMA") index for tax-exempt debt. The Company also has foreign exchange exposure related to undistributed cash remaining after the sale of its interests in German residential real estate that were acquired as part of the Archstone Transaction.

The Company’s exposure to market risk for changes in interest rates relates primarily to the unsecured revolving credit facility as well as floating rate tax-exempt debt. The Company typically incurs fixed rate debt obligations to finance acquisitions while it typically incurs floating rate debt obligations to finance working capital needs and as a temporary measure in advance of securing long-term fixed rate financing. The Company continuously evaluates its level of floating rate debt with respect to total debt and other factors, including its assessment of the current and future economic environment. To the extent the Company carries substantial cash balances, this will tend to partially counterbalance any increase or decrease in interest rates.

The Company also utilizes certain derivative financial instruments to manage market risk. Interest rate protection agreements are used to convert floating rate debt to a fixed rate basis or vice versa as well as to partially lock in rates on future debt issuances. Derivatives are used for hedging purposes rather than speculation. The Company does not enter into financial instruments for trading purposes. See also Note 9 to the Notes to Consolidated Financial Statements for additional discussion of derivative instruments.

The fair values of the Company’s financial instruments (including such items in the financial statement captions as cash and cash equivalents, other assets, accounts payable and accrued expenses and other liabilities) approximate their carrying or contract values based on their nature, terms and interest rates that approximate current market rates. The fair value of the Company’s mortgage notes payable and unsecured debt (including its line of credit) were approximately $5.1 billion and $6.1 billion, respectively, at December 31, 2014.

At December 31, 2014, the Company had total outstanding floating rate debt of approximately $1.5 billion, or 14.0% of total debt, net of the effects of any derivative instruments. If market rates of interest on all of the floating rate debt permanently increased by 9 basis points (a 10% increase from the Company’s existing weighted average interest rates), the increase in interest expense on the floating rate debt would decrease future earnings and cash flows by approximately $1.4 million. If market rates of interest on all of the floating rate debt permanently decreased by 9 basis points (a 10% decrease from the Company’s existing weighted average interest rates), the decrease in interest expense on the floating rate debt would increase future earnings and cash flows by approximately $1.4 million.

At December 31, 2014, the Company had total outstanding fixed rate debt of approximately $9.3 billion, or 86.0% of total debt, net of the effects of any derivative instruments. If market rates of interest permanently increased by 52 basis points (a 10% increase from the Company’s existing weighted average interest rates), the estimated fair value of the Company’s fixed rate debt would be approximately $8.5 billion. If market rates of interest permanently decreased by 52 basis points (a 10% decrease from the Company’s existing weighted average interest rates), the estimated fair value of the Company’s fixed rate debt would be approximately $10.4 billion.

At December 31, 2014, the Company’s derivative instruments had a net liability fair value of approximately $12.2 million. If market rates of interest permanently increased by 24 basis points (a 10% increase from the Company’s existing weighted average interest rates), the net liability fair value of the Company’s derivative instruments would be approximately $7.2 million. If market rates of interest permanently decreased by 24 basis points (a 10% decrease from the Company’s existing weighted average interest rates), the net liability fair value of the Company’s derivative instruments would be approximately $17.4 million.

At December 31, 2013, the Company had total outstanding floating rate debt of approximately $1.6 billion, or 15.3% of total debt, net of the effects of any derivative instruments. If market rates of interest on all of the floating rate debt permanently increased by 12 basis points (a 10% increase from the Company's existing weighted average interest rates), the increase in interest expense on the floating rate debt would decrease future earnings and cash flows by approximately $2.0 million. If market rates of interest on all of the floating rate debt permanently decreased by 12 basis points (a 10% decrease from the Company's existing weighted average interest rates), the decrease in interest expense on the floating rate debt would increase future earnings and cash flows by approximately $2.0 million.

At December 31, 2013, the Company had total outstanding fixed rate debt of approximately $9.1 billion, or 84.7% of total debt, net of the effects of any derivative instruments. If market rates of interest permanently increased by 51 basis points (a 10% increase from the Company's existing weighted average interest rates), the estimated fair value of the Company's fixed rate debt would be approximately $8.3 billion. If market rates of interest permanently decreased by 51 basis points (a 10% decrease from the Company's existing weighted average interest rates), the estimated fair value of the Company's fixed rate debt would be approximately $10.1 billion.

At December 31, 2013, the Company's derivative instruments had a net asset fair value of approximately $18.7 million. If market rates of interest permanently increased by 33 basis points (a 10% increase from the Company's existing weighted average interest rates), the net asset fair value of the Company's derivative instruments would be approximately $28.0 million. If market rates of interest permanently decreased by 33 basis points (a 10% decrease from the Company's existing weighted average interest rates), the net asset fair value of the Company's derivative instruments would be approximately $9.4 million.

These amounts were determined by considering the impact of hypothetical interest rates on the Company’s financial instruments. The foregoing assumptions apply to the entire amount of the Company’s debt and derivative instruments and do not differentiate among maturities. These analyses do not consider the effects of the changes in overall economic activity that could exist in such an environment. Further, in the event of changes of such magnitude, management would likely take actions to further mitigate its exposure to the changes. However, due to the uncertainty of the specific actions that would be taken and their possible effects, this analysis assumes no changes in the Company's financial structure or results.

The Company cannot predict the effect of adverse changes in interest rates on its debt and derivative instruments and, therefore, its exposure to market risk, nor can there be any assurance that long-term debt will be available at advantageous pricing. Consequently, future results may differ materially from the estimated adverse changes discussed above.

Item 8. Financial Statements and Supplementary Data

See Index to Consolidated Financial Statements and Schedule on page F-1 of this Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

None.

Item 9A. Controls and Procedures

Equity Residential

(a) Evaluation of Disclosure Controls and Procedures:

Effective as of December 31, 2014, the Company carried out an evaluation, under the supervision and with the participation of the Company's management, including the Chief Executive Officer and Chief Financial Officer, of the effectiveness of the Company's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed by the Company in its Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) Management's Report on Internal Control over Financial Reporting:

Equity Residential's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of management, including the Company's Chief Executive Officer and Chief Financial Officer, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

Based on the Company's evaluation under the framework in Internal Control – Integrated Framework, management concluded that its internal control over financial reporting was effective as of December 31, 2014. Our internal control over financial reporting has been audited as of December 31, 2014 by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

(c) Changes in Internal Control over Financial Reporting:

There were no changes to the internal control over financial reporting of the Company identified in connection with the Company's evaluation referred to above that occurred during the fourth quarter of 2014 that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

ERP Operating Limited Partnership

(a) Evaluation of Disclosure Controls and Procedures:

Effective as of December 31, 2014, the Operating Partnership carried out an evaluation, under the supervision and with the participation of the Operating Partnership's management, including the Chief Executive Officer and Chief Financial Officer of EQR, of the effectiveness of the Operating Partnership's disclosure controls and procedures pursuant to Exchange Act Rules 13a-15 and 15d-15. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that the disclosure controls and procedures are effective to ensure that information required to be disclosed by the Operating Partnership in its Exchange Act filings is recorded, processed, summarized and reported within the time periods specified in the SEC's rules and forms.

(b) Management's Report on Internal Control over Financial Reporting:

ERP Operating Limited Partnership's management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Rule 13a-15(f) under the Exchange Act. Under the supervision and with the participation of management, including the Chief Executive Officer and Chief Financial Officer of the Operating Partnership's general partner, management conducted an evaluation of the effectiveness of internal control over financial reporting based on the framework in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework).

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can only provide reasonable assurance with respect to financial statement preparation and presentation.

Based on the Operating Partnership's evaluation under the framework in Internal Control – Integrated Framework, management concluded that its internal control over financial reporting was effective as of December 31, 2014. Our internal control

Table of Contents

over financial reporting has been audited as of December 31, 2014 by Ernst & Young LLP, an independent registered public accounting firm, as stated in their report which is included herein.

(c) Changes in Internal Control over Financial Reporting:
There were no changes to the internal control over financial reporting of the Operating Partnership identified in connection with the Operating Partnership's evaluation referred to above that occurred during the fourth quarter of 2014 that have materially affected, or are reasonably likely to materially affect, the Operating Partnership's internal control over financial reporting.

Item 9B. Other Information
None.

Table of Contents

PART III

Items 10, 11, 12, 13 and 14.
Trustees, Executive Officers and Corporate Governance; Executive Compensation; Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters; Certain Relationships and Related Transactions, and Trustee Independence; and Principal Accounting Fees and Services.
The information required by Item 10, Item 11, Item 12, Item 13 and Item 14 is incorporated by reference to, and will be contained in, Equity Residential's Proxy Statement, which the Company intends to file no later than 120 days after the end of its fiscal year ended December 31, 2014, and thus these items have been omitted in accordance with General Instruction G(3) to Form 10-K. Equity Residential is the general partner and 96.2% owner of ERP Operating Limited Partnership.

Table of Contents

PART IV

Item 15. Exhibits and Financial Statement Schedules.

(a) The following documents are filed as part of this Report:

(1) Financial Statements: See Index to Consolidated Financial Statements and Schedule on page F-1 of this Form 10-K.

(2) Exhibits: See the Exhibit Index.

(3) Financial Statement Schedules: See Index to Consolidated Financial Statements and Schedule on page F-1 of this Form 10-K.

Table of Contents

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, each registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

EQUITY RESIDENTIAL

By: /s/ David J. Neithercut
David J. Neithercut
President and Chief Executive Officer
(Principal Executive Officer)
Date: February 26, 2015

ERP OPERATING LIMITED PARTNERSHIP
BY: EQUITY RESIDENTIAL
ITS GENERAL PARTNER

By: /s/ David J. Neithercut
David J. Neithercut
President and Chief Executive Officer
(Principal Executive Officer)
Date: February 26, 2015

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP

POWER OF ATTORNEY

KNOW ALL MEN/WOMEN BY THESE PRESENTS, that each person whose signature appears below, hereby constitutes and appoints David J. Neithercut, Mark J. Parrell and Ian S. Kaufman, or any of them, his or her attorneys-in-fact and agents, with full power of substitution and resubstitution for him or her in any and all capacities, to do all acts and things which said attorneys and agents, or any of them, deem advisable to enable the company to comply with the Securities Exchange Act of 1934, as amended, and any requirements or regulations of the Securities and Exchange Commission in respect thereof, in connection with the company's filing of an annual report on Form 10-K for the company's fiscal year 2014, including specifically, but without limitation of the general authority hereby granted, the power and authority to sign his or her name as a trustee or officer, or both, of the company, as indicated below opposite his or her signature, to the Form 10-K, and any amendment thereto; and each of the undersigned does hereby fully ratify and confirm all that said attorneys and agents, or any of them, or the substitute of any of them, shall do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of each registrant and in the capacities set forth below and on the dates indicated:

Name	Title	Date
/s/ David J. Neithercut David J. Neithercut	President, Chief Executive Officer and Trustee (Principal Executive Officer)	February 26, 2015
/s/ Mark J. Parrell Mark J. Parrell	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	February 26, 2015
/s/ Ian S. Kaufman Ian S. Kaufman	Senior Vice President and Chief Accounting Officer (Principal Accounting Officer)	February 26, 2015
/s/ John W. Alexander John W. Alexander	Trustee	February 26, 2015
/s/ Charles L. Atwood Charles L. Atwood	Trustee	February 26, 2015
/s/ Linda Walker Bynoe Linda Walker Bynoe	Trustee	February 26, 2015
/s/ Mary Kay Haben Mary Kay Haben	Trustee	February 26, 2015
/s/ Bradley A. Keywell Bradley A. Keywell	Trustee	February 26, 2015
/s/ John E. Neal John E. Neal	Trustee	February 26, 2015

/s/ Mark S. Shapiro Mark S. Shapiro	Trustee	February 26, 2015
/s/ Stephen E. Sterrett Stephen E. Sterrett	Trustee	February 26, 2015
/s/ B. Joseph White B. Joseph White	Trustee	February 26, 2015
/s/ Gerald A. Spector Gerald A. Spector	Vice Chairman of the Board of Trustees	February 26, 2015
/s/ Samuel Zell Samuel Zell	Chairman of the Board of Trustees	February 26, 2015

Table of Contents

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND SCHEDULE

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP

SCHEDULE FILED AS PART OF THIS REPORT

All other schedules have been omitted because they are inapplicable, not required or the information is included elsewhere in the consolidated financial statements or notes thereto.

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
To the Board of Trustees and Shareholders
Equity Residential

We have audited the accompanying consolidated balance sheets of Equity Residential (the “Company”) as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the accompanying index to the consolidated financial statements and schedule. These financial statements and schedule are the responsibility of the Company’s management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Equity Residential at December 31, 2014 and 2013 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Company changed its method for reporting discontinued operations as a result of the adoption of Accounting Standards Update No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," effective January 1, 2014.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Equity Residential’s internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2015

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Partners
ERP Operating Limited Partnership

We have audited the accompanying consolidated balance sheets of ERP Operating Limited Partnership (the “Operating Partnership”) as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehensive income, changes in capital and cash flows for each of the three years in the period ended December 31, 2014. Our audits also included the financial statement schedule listed in the accompanying index to the consolidated financial statements and schedule. These financial statements and schedule are the responsibility of the Operating Partnership's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of ERP Operating Limited Partnership at December 31, 2014 and 2013 and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

As discussed in Note 2 to the consolidated financial statements, the Operating Partnership changed its method for reporting discontinued operations as a result of the adoption of Accounting Standards Update No. 2014-08, "Reporting Discontinued Operations and Disclosures of Disposals of Components of an Entity," effective January 1, 2014.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), ERP Operating Limited Partnership's internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) and our report dated February 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2015

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Board of Trustees and Shareholders
Equity Residential

We have audited Equity Residential's (the "Company") internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the "COSO Criteria"). Equity Residential's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Equity Residential maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO Criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Equity Residential as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2014 of Equity Residential and our report dated February 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2015

Table of Contents

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM
ON INTERNAL CONTROL OVER FINANCIAL REPORTING

To the Partners
ERP Operating Limited Partnership

We have audited ERP Operating Limited Partnership's (the “Operating Partnership”) internal control over financial reporting as of December 31, 2014, based on criteria established in Internal Control – Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (2013 framework) (the “COSO Criteria”). ERP Operating Limited Partnership's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management’s Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the Operating Partnership's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, ERP Operating Limited Partnership maintained, in all material respects, effective internal control over financial reporting as of December 31, 2014, based on the COSO Criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of ERP Operating Limited Partnership as of December 31, 2014 and 2013 and the related consolidated statements of operations and comprehensive income, changes in capital and cash flows for each of the three years in the period ended December 31, 2014 of ERP Operating Limited Partnership and our report dated February 26, 2015 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP
ERNST & YOUNG LLP

Chicago, Illinois
February 26, 2015

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands except for share amounts)

	December 31, 2014	December 31, 2013
ASSETS		
Investment in real estate		
Land	$6,295,404	$6,192,512
Depreciable property	19,851,504	19,226,047
Projects under development	1,343,919	988,867
Land held for development	184,556	393,522
Investment in real estate	27,675,383	26,800,948
Accumulated depreciation	(5,432,805)	(4,807,709)
Investment in real estate, net	22,242,578	21,993,239
Cash and cash equivalents	40,080	53,534
Investments in unconsolidated entities	105,434	178,526
Deposits – restricted	72,303	103,567
Escrow deposits – mortgage	48,085	42,636
Deferred financing costs, net	58,380	58,486
Other assets	383,754	404,557
Total assets	$22,950,614	$22,834,545
LIABILITIES AND EQUITY		
Liabilities:		
Mortgage notes payable	$5,086,515	$5,174,166
Notes, net	5,425,346	5,477,088
Lines of credit	333,000	115,000
Accounts payable and accrued expenses	153,590	118,791
Accrued interest payable	89,540	78,309
Other liabilities	389,915	347,748
Security deposits	75,633	71,592
Distributions payable	188,566	243,511
Total liabilities	11,742,105	11,626,205
Commitments and contingencies		
Redeemable Noncontrolling Interests – Operating Partnership	500,733	363,144
Equity:		
Shareholders' equity:		
Preferred Shares of beneficial interest, $0.01 par value; 100,000,000 shares authorized; 1,000,000 shares issued and outstanding as of December 31, 2014 and December 31, 2013	50,000	50,000
Common Shares of beneficial interest, $0.01 par value; 1,000,000,000 shares authorized; 362,855,454 shares issued and outstanding as of December 31, 2014 and 360,479,260 shares issued and outstanding as of December 31, 2013	3,629	3,605
Paid in capital	8,536,340	8,561,500
Retained earnings	1,950,639	2,047,258

Accumulated other comprehensive (loss)	(172,152)	(155,162)
Total shareholders’ equity	10,368,456	10,507,201
Noncontrolling Interests:		
Operating Partnership	214,411	211,412
Partially Owned Properties	124,909	126,583
Total Noncontrolling Interests	339,320	337,995
Total equity	10,707,776	10,845,196
Total liabilities and equity	$22,950,614	$22,834,545

See accompanying notes

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Amounts in thousands except per share data)

	Year Ended December 31,		
	2014	2013	2012
REVENUES			
Rental income	$2,605,311	$2,378,004	$1,737,929
Fee and asset management	9,437	9,698	9,573
Total revenues	2,614,748	2,387,702	1,747,502
EXPENSES			
Property and maintenance	473,098	449,427	332,219
Real estate taxes and insurance	325,401	293,999	206,723
Property management	79,636	84,342	81,902
Fee and asset management	5,429	6,460	4,663
Depreciation	758,861	978,973	560,669
General and administrative	50,948	62,179	47,233
Total expenses	1,693,373	1,875,380	1,233,409
Operating income	921,375	512,322	514,093
Interest and other income	4,462	5,283	151,060
Other expenses	(9,073)	(29,630)	(27,796)
Interest:			
Expense incurred, net	(457,191)	(586,854)	(455,236)
Amortization of deferred financing costs	(11,088)	(22,197)	(21,295)
Income (loss) before income and other taxes, (loss) from investments in unconsolidated entities, net gain on sales of real estate properties and land parcels and discontinued operations	448,485	(121,076)	160,826
Income and other tax (expense) benefit	(1,394)	(1,169)	(514)
(Loss) from investments in unconsolidated entities	(7,952)	(58,156)	(14)
Net gain on sales of real estate properties	212,685	—	—
Net gain on sales of land parcels	5,277	12,227	—
Income (loss) from continuing operations	657,101	(168,174)	160,298
Discontinued operations, net	1,582	2,073,527	720,906
Net income	658,683	1,905,353	881,204
Net (income) loss attributable to Noncontrolling Interests:			
Operating Partnership	(24,831)	(75,278)	(38,641)
Partially Owned Properties	(2,544)	538	(844)
Net income attributable to controlling interests	631,308	1,830,613	841,719
Preferred distributions	(4,145)	(4,145)	(10,355)
Premium on redemption of Preferred Shares	—	—	(5,152)
Net income available to Common Shares	$627,163	$1,826,468	$826,212
Earnings per share – basic:			
	$1.73	$(0.47)	$0.45

Income (loss) from continuing operations available to Common Shares			
Net income available to Common Shares	$1.74	$5.16	$2.73
Weighted average Common Shares outstanding	361,181	354,305	302,701
Earnings per share – diluted:			
Income (loss) from continuing operations available to Common Shares	$1.72	$(0.47)	$0.45
Net income available to Common Shares	$1.73	$5.16	$2.70
Weighted average Common Shares outstanding	377,735	354,305	319,766
Distributions declared per Common Share outstanding	$2.00	$1.85	$1.78

See accompanying notes

F-7

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Continued)
(Amounts in thousands except per share data)

	Year Ended December 31,		
	2014	2013	2012
Comprehensive income:			
Net income	$658,683	$1,905,353	$881,204
Other comprehensive (loss) income:			
Other comprehensive (loss) income – derivative instruments:			
Unrealized holding (losses) gains arising during the year	(33,306)	18,771	(11,772)
Losses reclassified into earnings from other comprehensive income	16,868	20,141	14,678
Other comprehensive income (loss) – other instruments:			
Unrealized holding gains arising during the year	—	583	664
(Gains) realized during the year	—	(2,122)	—
Other comprehensive (loss) income – foreign currency:			
Currency translation adjustments arising during the year	(552)	613	—
Other comprehensive (loss) income	(16,990)	37,986	3,570
Comprehensive income	641,693	1,943,339	884,774
Comprehensive (income) attributable to Noncontrolling Interests	(26,728)	(76,204)	(39,624)
Comprehensive income attributable to controlling interests	$614,965	$1,867,135	$845,150

See accompanying notes
F-8

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended December 31, 2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$658,683	$1,905,353	$881,204
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	758,861	1,013,353	684,992
Amortization of deferred financing costs	11,088	22,425	21,435
Amortization of above/below market leases	3,222	898	—
Amortization of discounts and premiums on debt	(13,520)	(156,439)	(8,181)
Amortization of deferred settlements on derivative instruments	16,334	19,607	14,144
Write-off of pursuit costs	3,607	5,184	9,056
Loss from investments in unconsolidated entities	7,952	58,156	14
Distributions from unconsolidated entities – return on capital	5,570	2,481	575
Net (gain) on sales of investment securities	(57)	(4,203)	—
Net (gain) on sales of real estate properties	(212,685)	—	—
Net (gain) on sales of land parcels	(5,277)	(12,227)	—
Net (gain) on sales of discontinued operations	(179)	(2,036,505)	(548,278)
Unrealized (gain) loss on derivative instruments	(60)	70	(1)
Compensation paid with Company Common Shares	27,543	35,474	24,832
Changes in assets and liabilities:			
(Increase) decrease in deposits – restricted	(1,740)	3,684	(4,091)
Decrease in mortgage deposits	1,452	1,813	176
Decrease (increase) in other assets	21,773	3,742	(20,411)
Increase (decrease) in accounts payable and accrued expenses	17,797	6,229	(2,102)
Increase (decrease) in accrued interest payable	11,231	(9,219)	(11,898)
Increase in other liabilities	8,437	15,401	2,987
Increase (decrease) in security deposits	4,041	(6,361)	1,702
Net cash provided by operating activities	1,324,073	868,916	1,046,155
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of Archstone, net of cash acquired	—	(4,000,875)	—
Investment in real estate – acquisitions	(469,989)	(108,308)	(843,976)
Investment in real estate – development/other	(530,387)	(377,442)	(180,409)
Capital expenditures to real estate	(185,957)	(135,816)	(152,828)
Non-real estate capital additions	(5,286)	(4,134)	(8,821)
Interest capitalized for real estate and unconsolidated entities under development	(52,782)	(47,321)	(22,509)
Proceeds from disposition of real estate, net	522,647	4,551,454	1,049,219
Investments in unconsolidated entities	(15,768)	(66,471)	(5,291)
Distributions from unconsolidated entities – return of capital	103,793	25,471	—
Proceeds from sale of investment securities	57	4,878	—
Decrease (increase) in deposits on real estate acquisitions and investments, net	33,004	143,694	(97,984)

Decrease in mortgage deposits	798	7,893	1,444
Consolidation of previously unconsolidated properties	(44,796)	—	—
Net cash (used for) investing activities	(644,666)	(6,977)	(261,155)

See accompanying notes
F-9

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Amounts in thousands)

	Year Ended December 31, 2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:			
Debt financing costs	$(10,982)	$(16,526)	$(21,209)
Mortgage deposits	(7,699)	(5,631)	(57)
Mortgage notes payable:			
Proceeds	—	902,886	26,495
Restricted cash	—	—	2,370
Lump sum payoffs	(88,788)	(2,532,682)	(350,247)
Scheduled principal repayments	(11,869)	(12,658)	(14,088)
Notes, net:			
Proceeds	1,194,277	1,245,550	—
Lump sum payoffs	(1,250,000)	(400,000)	(975,991)
Lines of credit:			
Proceeds	7,167,000	9,832,000	5,876,000
Repayments	(6,949,000)	(9,717,000)	(5,876,000)
(Payments on) settlement of derivative instruments	(758)	(44,063)	—
Proceeds from sale of Common Shares	—	—	1,417,040
Proceeds from Employee Share Purchase Plan (ESPP)	3,392	3,401	5,399
Proceeds from exercise of options	82,573	17,252	49,039
Common Shares repurchased and retired	(1,777)	—	—
Redemption of Preferred Shares	—	—	(150,000)
Premium on redemption of Preferred Shares	—	—	(23)
Payment of offering costs	(41)	(1,047)	(39,359)
Other financing activities, net	(49)	(48)	(48)
Acquisition of Noncontrolling Interests – Partially Owned Properties	(5,501)	—	(13)
Contributions – Noncontrolling Interests – Partially Owned Properties	5,684	27,660	8,221
Contributions – Noncontrolling Interests – Operating Partnership	3	5	5
Distributions:			
Common Shares	(776,659)	(681,610)	(473,451)
Preferred Shares	(4,145)	(4,145)	(13,416)
Noncontrolling Interests – Operating Partnership	(30,744)	(27,897)	(21,915)
Noncontrolling Interests – Partially Owned Properties	(7,778)	(6,442)	(5,083)
Net cash (used for) financing activities	(692,861)	(1,420,995)	(556,331)
Net (decrease) increase in cash and cash equivalents	(13,454)	(559,056)	228,669
Cash and cash equivalents, beginning of year	53,534	612,590	383,921
Cash and cash equivalents, end of year	$40,080	$53,534	$612,590

See accompanying notes

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Amounts in thousands)

	Year Ended December 31,		
	2014	2013	2012
SUPPLEMENTAL INFORMATION:			
Cash paid for interest, net of amounts capitalized	$443,125	$722,963	$464,785
Net cash paid for income and other taxes	$1,517	$1,152	$673
Real estate acquisitions/dispositions/other:			
Mortgage loans assumed	$28,910	$—	$137,644
Valuation of OP Units issued	$—	$—	$66,606
Amortization of deferred financing costs:			
Investment in real estate, net	$—	$(152)	$—
Deferred financing costs, net	$11,088	$22,577	$21,435
Amortization of discounts and premiums on debt:			
Mortgage notes payable	$(15,904)	$(158,625)	$(10,333)
Notes, net	$2,384	$2,186	$2,152
Amortization of deferred settlements on derivative instruments:			
Other liabilities	$(534)	$(534)	$(534)
Accumulated other comprehensive income	$16,868	$20,141	$14,678
Loss from investments in unconsolidated entities:			
Investments in unconsolidated entities	$4,610	$53,066	$14
Other liabilities	$3,342	$5,090	$—
Distributions from unconsolidated entities – return on capital:			
Investments in unconsolidated entities	$5,360	$2,448	$575
Other liabilities	$210	$33	$—
Unrealized (gain) loss on derivative instruments:			
Other assets	$10,160	$(17,139)	$7,448
Mortgage notes payable	$—	$—	$(2,589)
Notes, net	$1,597	$(1,523)	$(4,860)
Other liabilities	$21,489	$(39)	$11,772
Accumulated other comprehensive income	$(33,306)	$18,771	$(11,772)
Acquisition of Archstone, net of cash acquired:			
Investment in real estate, net	$39,929	$(8,687,355)	$—
Investments in unconsolidated entities	$(33,993)	$(225,568)	$—
Deposits – restricted	$—	$(528)	$—
Escrow deposits – mortgage	$—	$(37,582)	$—
Deferred financing costs, net	$—	$(25,780)	$—
Other assets	$(2,586)	$(215,622)	$—
Mortgage notes payable	$—	$3,076,876	$—
Accounts payable and accrued expenses	$(146)	$16,984	$—
Accrued interest payable	$—	$11,305	$—
Other liabilities	$(3,204)	$117,299	$—
Security deposits	$—	$10,965	$—
Issuance of Common Shares	$—	$1,929,868	$—
Noncontrolling Interests – Partially Owned Properties	$—	$28,263	$—
Interest capitalized for real estate and unconsolidated entities under development:			

Investment in real estate, net	$(52,717)	$(45,533)	$(21,661)
Investments in unconsolidated entities	$(65)	$(1,788)	$(848)
Investments in unconsolidated entities:			
Investments in unconsolidated entities	$(6,318)	$(13,656)	$(5,291)
Other liabilities	$(9,450)	$(52,815)	$—
Consolidation of previously unconsolidated properties:			
Investment in real estate, net	$(64,319)	$—	$—
Investments in unconsolidated entities	$(847)	$—	$—
Accounts payable and accrued expenses	$1,987	$—	$—
Other liabilities	$18,383	$—	$—

See accompanying notes
F-11

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Amounts in thousands)

	Year Ended December 31,		
	2014	2013	2012
SUPPLEMENTAL INFORMATION (continued):			
(Payments on) settlement of derivative instruments:			
Other assets	$6,623	$(50)	$—
Other liabilities	$(7,381)	$(44,013)	$—
Other:			
Receivable on sale of Common Shares	$—	$—	$28,457
Foreign currency translation adjustments	$552	$(613)	$—

See accompanying notes
F-12

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in thousands)

	Year Ended December 31,		
SHAREHOLDERS' EQUITY	2014	2013	2012
PREFERRED SHARES			
Balance, beginning of year	$50,000	$50,000	$200,000
Redemption of 6.48% Series N Cumulative Redeemable	—	—	(150,000)
Balance, end of year	$50,000	$50,000	$50,000
COMMON SHARES, $0.01 PAR VALUE			
Balance, beginning of year	$3,605	$3,251	$2,975
Conversion of OP Units into Common Shares	1	1	7
Issuance of Common Shares	—	345	250
Exercise of share options	21	5	16
Employee Share Purchase Plan (ESPP)	—	1	1
Share-based employee compensation expense:			
Restricted shares	2	2	2
Balance, end of year	$3,629	$3,605	$3,251
PAID IN CAPITAL			
Balance, beginning of year	$8,561,500	$6,542,355	$5,047,186
Common Share Issuance:			
Conversion of OP Units into Common Shares	2,364	1,698	18,922
Issuance of Common Shares	—	1,929,523	1,388,333
Exercise of share options	82,552	17,247	49,023
Employee Share Purchase Plan (ESPP)	3,392	3,400	5,398
Share-based employee compensation expense:			
Restricted shares	9,902	13,262	8,934
Share options	7,349	10,514	11,752
ESPP discount	859	632	965
Common Shares repurchased and retired	(1,777)	—	—
Offering costs	(41)	(1,047)	(39,359)
Premium on redemption of Preferred Shares – original issuance costs	—	—	5,129
Supplemental Executive Retirement Plan (SERP)	7,374	(422)	282
Acquisition of Noncontrolling Interests – Partially Owned Properties	(2,308)	—	1,293
Change in market value of Redeemable Noncontrolling Interests – Operating Partnership	(139,818)	79,667	38,734
Adjustment for Noncontrolling Interests ownership in Operating Partnership	4,992	(35,329)	5,763
Balance, end of year	$8,536,340	$8,561,500	$6,542,355

See accompanying notes

Table of Contents

EQUITY RESIDENTIAL
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (Continued)
(Amounts in thousands)

	Year Ended December 31,		
SHAREHOLDERS' EQUITY (continued)	2014	2013	2012
RETAINED EARNINGS			
Balance, beginning of year	$2,047,258	$887,355	$615,572
Net income attributable to controlling interests	631,308	1,830,613	841,719
Common Share distributions	(723,782)	(666,565)	(554,429)
Preferred Share distributions	(4,145)	(4,145)	(10,355)
Premium on redemption of Preferred Shares – cash charge	—	—	(23)
Premium on redemption of Preferred Shares – original issuance costs	—	—	(5,129)
Balance, end of year	$1,950,639	$2,047,258	$887,355
ACCUMULATED OTHER COMPREHENSIVE (LOSS)			
Balance, beginning of year	$(155,162)	$(193,148)	$(196,718)
Accumulated other comprehensive (loss) income – derivative instruments:			
Unrealized holding (losses) gains arising during the year	(33,306)	18,771	(11,772)
Losses reclassified into earnings from other comprehensive income	16,868	20,141	14,678
Accumulated other comprehensive income (loss) – other instruments:			
Unrealized holding gains arising during the year	—	583	664
(Gains) realized during the year	—	(2,122)	—
Accumulated other comprehensive (loss) income – foreign currency:			
Currency translation adjustments arising during the year	(552)	613	—
Balance, end of year	$(172,152)	$(155,162)	$(193,148)
NONCONTROLLING INTERESTS			
OPERATING PARTNERSHIP			
Balance, beginning of year	$211,412	$159,606	$119,536
Issuance of OP Units to Noncontrolling Interests	—	—	66,606
Issuance of restricted units to Noncontrolling Interests	3	5	5
Conversion of OP Units held by Noncontrolling Interests into OP Units held by General Partner	(2,365)	(1,699)	(18,929)
Equity compensation associated with Noncontrolling Interests	11,969	13,609	5,307
Net income attributable to Noncontrolling Interests	24,831	75,278	38,641
Distributions to Noncontrolling Interests	(28,676)	(26,277)	(25,095)
Change in carrying value of Redeemable Noncontrolling Interests – Operating Partnership	2,229	(44,439)	(20,702)
Adjustment for Noncontrolling Interests ownership in Operating Partnership	(4,992)	35,329	(5,763)
Balance, end of year	$214,411	$211,412	$159,606

PARTIALLY OWNED PROPERTIES			
Balance, beginning of year	$126,583	$77,688	$74,306
Net income (loss) attributable to Noncontrolling Interests	2,544	(538)	844
Contributions by Noncontrolling Interests	5,684	27,660	8,221
Distributions to Noncontrolling Interests	(7,827)	(6,490)	(5,131)
Acquisition of Archstone	—	28,263	—
Acquisition of Noncontrolling Interests – Partially Owned Properties	(2,244)	—	(1,306)
Other	169	—	754
Balance, end of year	$124,909	$126,583	$77,688

See accompanying notes

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED BALANCE SHEETS
(Amounts in thousands)

	December 31, 2014	December 31, 2013
ASSETS		
Investment in real estate		
Land	$6,295,404	$6,192,512
Depreciable property	19,851,504	19,226,047
Projects under development	1,343,919	988,867
Land held for development	184,556	393,522
Investment in real estate	27,675,383	26,800,948
Accumulated depreciation	(5,432,805)	(4,807,709)
Investment in real estate, net	22,242,578	21,993,239
Cash and cash equivalents	40,080	53,534
Investments in unconsolidated entities	105,434	178,526
Deposits – restricted	72,303	103,567
Escrow deposits – mortgage	48,085	42,636
Deferred financing costs, net	58,380	58,486
Other assets	383,754	404,557
Total assets	$22,950,614	$22,834,545
LIABILITIES AND CAPITAL		
Liabilities:		
Mortgage notes payable	$5,086,515	$5,174,166
Notes, net	5,425,346	5,477,088
Lines of credit	333,000	115,000
Accounts payable and accrued expenses	153,590	118,791
Accrued interest payable	89,540	78,309
Other liabilities	389,915	347,748
Security deposits	75,633	71,592
Distributions payable	188,566	243,511
Total liabilities	11,742,105	11,626,205
Commitments and contingencies		
Redeemable Limited Partners	500,733	363,144
Capital:		
Partners' Capital:		
Preference Units	50,000	50,000
General Partner	10,490,608	10,612,363
Limited Partners	214,411	211,412
Accumulated other comprehensive (loss)	(172,152)	(155,162)
Total partners' capital	10,582,867	10,718,613
Noncontrolling Interests – Partially Owned Properties	124,909	126,583
Total capital	10,707,776	10,845,196
Total liabilities and capital	$22,950,614	$22,834,545

See accompanying notes

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME
(Amounts in thousands except per Unit data)

	Year Ended December 31,		
	2014	2013	2012
REVENUES			
Rental income	$2,605,311	$2,378,004	$1,737,929
Fee and asset management	9,437	9,698	9,573
Total revenues	2,614,748	2,387,702	1,747,502
EXPENSES			
Property and maintenance	473,098	449,427	332,219
Real estate taxes and insurance	325,401	293,999	206,723
Property management	79,636	84,342	81,902
Fee and asset management	5,429	6,460	4,663
Depreciation	758,861	978,973	560,669
General and administrative	50,948	62,179	47,233
Total expenses	1,693,373	1,875,380	1,233,409
Operating income	921,375	512,322	514,093
Interest and other income	4,462	5,283	151,060
Other expenses	(9,073)	(29,630)	(27,796)
Interest:			
Expense incurred, net	(457,191)	(586,854)	(455,236)
Amortization of deferred financing costs	(11,088)	(22,197)	(21,295)
Income (loss) before income and other taxes, (loss) from investments in unconsolidated entities, net gain on sales of real estate properties and land parcels and discontinued operations	448,485	(121,076)	160,826
Income and other tax (expense) benefit	(1,394)	(1,169)	(514)
(Loss) from investments in unconsolidated entities	(7,952)	(58,156)	(14)
Net gain on sales of real estate properties	212,685	—	—
Net gain on sales of land parcels	5,277	12,227	—
Income (loss) from continuing operations	657,101	(168,174)	160,298
Discontinued operations, net	1,582	2,073,527	720,906
Net income	658,683	1,905,353	881,204
Net (income) loss attributable to Noncontrolling Interests – Partially Owned Properties	(2,544)	538	(844)
Net income attributable to controlling interests	$656,139	$1,905,891	$880,360
ALLOCATION OF NET INCOME:			
Preference Units	$4,145	$4,145	$10,355
Premium on redemption of Preference Units	$—	$—	$5,152
General Partner	$627,163	$1,826,468	$826,212

Limited Partners	24,831	75,278	38,641
Net income available to Units	$651,994	$1,901,746	$864,853
Earnings per Unit – basic:			
Income (loss) from continuing operations available to Units	$1.73	$(0.47)	$0.45
Net income available to Units	$1.74	$5.16	$2.73
Weighted average Units outstanding	374,899	368,038	316,554
Earnings per Unit – diluted:			
Income (loss) from continuing operations available to Units	$1.72	$(0.47)	$0.45
Net income available to Units	$1.73	$5.16	$2.70
Weighted average Units outstanding	377,735	368,038	319,766
Distributions declared per Unit outstanding	$2.00	$1.85	$1.78

See accompanying notes
F-16

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF OPERATIONS AND COMPREHENSIVE INCOME (Continued)
(Amounts in thousands except per Unit data)

	Year Ended December 31,		
	2014	2013	2012
Comprehensive income:			
Net income	$658,683	$1,905,353	$881,204
Other comprehensive (loss) income:			
Other comprehensive (loss) income – derivative instruments:			
Unrealized holding (losses) gains arising during the year	(33,306)	18,771	(11,772)
Losses reclassified into earnings from other comprehensive income	16,868	20,141	14,678
Other comprehensive income (loss) – other instruments:			
Unrealized holding gains arising during the year	—	583	664
(Gains) realized during the year	—	(2,122)	—
Other comprehensive (loss) income – foreign currency:			
Currency translation adjustments arising during the year	(552)	613	—
Other comprehensive (loss) income	(16,990)	37,986	3,570
Comprehensive income	641,693	1,943,339	884,774
Comprehensive (income) loss attributable to Noncontrolling Interests – Partially Owned Properties	(2,544)	538	(844)
Comprehensive income attributable to controlling interests	$639,149	$1,943,877	$883,930

See accompanying notes

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income	$658,683	$1,905,353	$881,204
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation	758,861	1,013,353	684,992
Amortization of deferred financing costs	11,088	22,425	21,435
Amortization of above/below market leases	3,222	898	—
Amortization of discounts and premiums on debt	(13,520)	(156,439)	(8,181)
Amortization of deferred settlements on derivative instruments	16,334	19,607	14,144
Write-off of pursuit costs	3,607	5,184	9,056
Loss from investments in unconsolidated entities	7,952	58,156	14
Distributions from unconsolidated entities – return on capital	5,570	2,481	575
Net (gain) on sales of investment securities	(57)	(4,203)	—
Net (gain) on sales of real estate properties	(212,685)	—	—
Net (gain) on sales of land parcels	(5,277)	(12,227)	—
Net (gain) on sales of discontinued operations	(179)	(2,036,505)	(548,278)
Unrealized (gain) loss on derivative instruments	(60)	70	(1)
Compensation paid with Company Common Shares	27,543	35,474	24,832
Changes in assets and liabilities:			
(Increase) decrease in deposits – restricted	(1,740)	3,684	(4,091)
Decrease in mortgage deposits	1,452	1,813	176
Decrease (increase) in other assets	21,773	3,742	(20,411)
Increase (decrease) in accounts payable and accrued expenses	17,797	6,229	(2,102)
Increase (decrease) in accrued interest payable	11,231	(9,219)	(11,898)
Increase in other liabilities	8,437	15,401	2,987
Increase (decrease) in security deposits	4,041	(6,361)	1,702
Net cash provided by operating activities	1,324,073	868,916	1,046,155
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of Archstone, net of cash acquired	—	(4,000,875)	—
Investment in real estate – acquisitions	(469,989)	(108,308)	(843,976)
Investment in real estate – development/other	(530,387)	(377,442)	(180,409)
Capital expenditures to real estate	(185,957)	(135,816)	(152,828)
Non-real estate capital additions	(5,286)	(4,134)	(8,821)
Interest capitalized for real estate and unconsolidated entities under development	(52,782)	(47,321)	(22,509)
Proceeds from disposition of real estate, net	522,647	4,551,454	1,049,219
Investments in unconsolidated entities	(15,768)	(66,471)	(5,291)
Distributions from unconsolidated entities – return of capital	103,793	25,471	—
Proceeds from sale of investment securities	57	4,878	—
Decrease (increase) in deposits on real estate acquisitions and investments, net	33,004	143,694	(97,984)

Decrease in mortgage deposits	798	7,893	1,444
Consolidation of previously unconsolidated properties	(44,796)	—	—
Net cash (used for) investing activities	(644,666)	(6,977)	(261,155)

See accompanying notes

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Amounts in thousands)

	Year Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM FINANCING ACTIVITIES:			
Debt financing costs	$(10,982)	$(16,526)	$(21,209)
Mortgage deposits	(7,699)	(5,631)	(57)
Mortgage notes payable:			
Proceeds	—	902,886	26,495
Restricted cash	—	—	2,370
Lump sum payoffs	(88,788)	(2,532,682)	(350,247)
Scheduled principal repayments	(11,869)	(12,658)	(14,088)
Notes, net:			
Proceeds	1,194,277	1,245,550	—
Lump sum payoffs	(1,250,000)	(400,000)	(975,991)
Lines of credit:			
Proceeds	7,167,000	9,832,000	5,876,000
Repayments	(6,949,000)	(9,717,000)	(5,876,000)
(Payments on) settlement of derivative instruments	(758)	(44,063)	—
Proceeds from sale of OP Units	—	—	1,417,040
Proceeds from EQR's Employee Share Purchase Plan (ESPP)	3,392	3,401	5,399
Proceeds from exercise of EQR options	82,573	17,252	49,039
OP units repurchased and retired	(1,777)	—	—
Redemption of Preference Units	—	—	(150,000)
Premium on redemption of Preference Units	—	—	(23)
Payment of offering costs	(41)	(1,047)	(39,359)
Other financing activities, net	(49)	(48)	(48)
Acquisition of Noncontrolling Interests – Partially Owned Properties	(5,501)	—	(13)
Contributions – Noncontrolling Interests – Partially Owned Properties	5,684	27,660	8,221
Contributions – Limited Partners	3	5	5
Distributions:			
OP Units – General Partner	(776,659)	(681,610)	(473,451)
Preference Units	(4,145)	(4,145)	(13,416)
OP Units – Limited Partners	(30,744)	(27,897)	(21,915)
Noncontrolling Interests – Partially Owned Properties	(7,778)	(6,442)	(5,083)
Net cash (used for) financing activities	(692,861)	(1,420,995)	(556,331)
Net (decrease) increase in cash and cash equivalents	(13,454)	(559,056)	228,669
Cash and cash equivalents, beginning of year	53,534	612,590	383,921
Cash and cash equivalents, end of year	$40,080	$53,534	$612,590

See accompanying notes

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Amounts in thousands)

	Year Ended December 31,		
	2014	2013	2012
SUPPLEMENTAL INFORMATION:			
Cash paid for interest, net of amounts capitalized	$443,125	$722,963	$464,785
Net cash paid for income and other taxes	$1,517	$1,152	$673
Real estate acquisitions/dispositions/other:			
Mortgage loans assumed	$28,910	$—	$137,644
Valuation of OP Units issued	$—	$—	$66,606
Amortization of deferred financing costs:			
Investment in real estate, net	$—	$(152)	$—
Deferred financing costs, net	$11,088	$22,577	$21,435
Amortization of discounts and premiums on debt:			
Mortgage notes payable	$(15,904)	$(158,625)	$(10,333)
Notes, net	$2,384	$2,186	$2,152
Amortization of deferred settlements on derivative instruments:			
Other liabilities	$(534)	$(534)	$(534)
Accumulated other comprehensive income	$16,868	$20,141	$14,678
Loss from investments in unconsolidated entities:			
Investments in unconsolidated entities	$4,610	$53,066	$14
Other liabilities	$3,342	$5,090	$—
Distributions from unconsolidated entities – return on capital:			
Investments in unconsolidated entities	$5,360	$2,448	$575
Other liabilities	$210	$33	$—
Unrealized (gain) loss on derivative instruments:			
Other assets	$10,160	$(17,139)	$7,448
Mortgage notes payable	$—	$—	$(2,589)
Notes, net	$1,597	$(1,523)	$(4,860)
Other liabilities	$21,489	$(39)	$11,772
Accumulated other comprehensive income	$(33,306)	$18,771	$(11,772)
Acquisition of Archstone, net of cash acquired:			
Investment in real estate, net	$39,929	$(8,687,355)	$—
Investments in unconsolidated entities	$(33,993)	$(225,568)	$—
Deposits – restricted	$—	$(528)	$—
Escrow deposits – mortgage	$—	$(37,582)	$—
Deferred financing costs, net	$—	$(25,780)	$—
Other assets	$(2,586)	$(215,622)	$—
Mortgage notes payable	$—	$3,076,876	$—
Accounts payable and accrued expenses	$(146)	$16,984	$—
Accrued interest payable	$—	$11,305	$—
Other liabilities	$(3,204)	$117,299	$—
Security deposits	$—	$10,965	$—
Issuance of OP Units	$—	$1,929,868	$—
Noncontrolling Interests – Partially Owned Properties	$—	$28,263	$—
Interest capitalized for real estate and unconsolidated entities under development:			

Investment in real estate, net	$(52,717)	$(45,533)	$(21,661)
Investments in unconsolidated entities	$(65)	$(1,788)	$(848)
Investments in unconsolidated entities:			
Investments in unconsolidated entities	$(6,318)	$(13,656)	$(5,291)
Other liabilities	$(9,450)	$(52,815)	$—
Consolidation of previously unconsolidated properties:			
Investment in real estate, net	$(64,319)	$—	$—
Investments in unconsolidated entities	$(847)	$—	$—
Accounts payable and accrued expenses	$1,987	$—	$—
Other liabilities	$18,383	$—	$—

See accompanying notes

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)
(Amounts in thousands)

	Year Ended December 31,		
	2014	2013	2012
SUPPLEMENTAL INFORMATION (continued):			
(Payments on) settlement of derivative instruments:			
Other assets	$6,623	$(50)	$—
Other liabilities	$(7,381)	$(44,013)	$—
Other:			
Receivable on sale of OP Units	$—	$—	$28,457
Foreign currency translation adjustments	$552	$(613)	$—

See accompanying notes
F-21

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL
(Amounts in thousands)

	Year Ended December 31,		
PARTNERS' CAPITAL	2014	2013	2012
PREFERENCE UNITS			
Balance, beginning of year	$50,000	$50,000	$200,000
Redemption of 6.48% Series N Cumulative Redeemable	—	—	(150,000)
Balance, end of year	$50,000	$50,000	$50,000
GENERAL PARTNER			
Balance, beginning of year	$10,612,363	$7,432,961	$5,665,733
OP Unit Issuance:			
Conversion of OP Units held by Limited Partners into OP Units held by General Partner	2,365	1,699	18,929
Issuance of OP Units	—	1,929,868	1,388,583
Exercise of EQR share options	82,573	17,252	49,039
EQR's Employee Share Purchase Plan (ESPP)	3,392	3,401	5,399
Share-based employee compensation expense:			
EQR restricted shares	9,904	13,264	8,936
EQR share options	7,349	10,514	11,752
EQR ESPP discount	859	632	965
OP Units repurchased and retired	(1,777)	—	—
Offering costs	(41)	(1,047)	(39,359)
Premium on redemption of Preference Units – original issuance costs	—	—	5,129
Net income available to Units – General Partner	627,163	1,826,468	826,212
OP Units – General Partner distributions	(723,782)	(666,565)	(554,429)
Supplemental Executive Retirement Plan (SERP)	7,374	(422)	282
Acquisition of Noncontrolling Interests – Partially Owned Properties	(2,308)	—	1,293
Change in market value of Redeemable Limited Partners	(139,818)	79,667	38,734
Adjustment for Limited Partners ownership in Operating Partnership	4,992	(35,329)	5,763
Balance, end of year	$10,490,608	$10,612,363	$7,432,961
LIMITED PARTNERS			
Balance, beginning of year	$211,412	$159,606	$119,536
Issuance of OP Units to Limited Partners	—	—	66,606
Issuance of restricted units to Limited Partners	3	5	5
Conversion of OP Units held by Limited Partners into OP Units held by General Partner	(2,365)	(1,699)	(18,929)
Equity compensation associated with Units – Limited Partners	11,969	13,609	5,307
Net income available to Units – Limited Partners	24,831	75,278	38,641
Units – Limited Partners distributions	(28,676)	(26,277)	(25,095)
Change in carrying value of Redeemable Limited Partners	2,229	(44,439)	(20,702)
	(4,992)	35,329	(5,763)

Adjustment for Limited Partners ownership in Operating Partnership			
Balance, end of year	$214,411	$211,412	$159,606

See accompanying notes

F-22

Table of Contents

ERP OPERATING LIMITED PARTNERSHIP
CONSOLIDATED STATEMENTS OF CHANGES IN CAPITAL (Continued)
(Amounts in thousands)

	Year Ended December 31,		
PARTNERS' CAPITAL (continued)	2014	2013	2012
ACCUMULATED OTHER COMPREHENSIVE (LOSS)			
Balance, beginning of year	$(155,162)	$(193,148)	$(196,718)
Accumulated other comprehensive (loss) income – derivative instruments:			
Unrealized holding (losses) gains arising during the year	(33,306)	18,771	(11,772)
Losses reclassified into earnings from other comprehensive income	16,868	20,141	14,678
Accumulated other comprehensive income (loss) – other instruments:			
Unrealized holding gains arising during the year	—	583	664
(Gains) realized during the year	—	(2,122)	—
Accumulated other comprehensive (loss) income – foreign currency:			
Currency translation adjustments arising during the year	(552)	613	—
Balance, end of year	$(172,152)	$(155,162)	$(193,148)
NONCONTROLLING INTERESTS			
NONCONTROLLING INTERESTS – PARTIALLY OWNED PROPERTIES			
Balance, beginning of year	$126,583	$77,688	$74,306
Net income (loss) attributable to Noncontrolling Interests	2,544	(538)	844
Contributions by Noncontrolling Interests	5,684	27,660	8,221
Distributions to Noncontrolling Interests	(7,827)	(6,490)	(5,131)
Acquisition of Archstone	—	28,263	—
Acquisition of Noncontrolling Interests – Partially Owned Properties	(2,244)	—	(1,306)
Other	169	—	754
Balance, end of year	$124,909	$126,583	$77,688

See accompanying notes
F-23

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Business

Equity Residential (“EQR”), a Maryland real estate investment trust (“REIT”) formed in March 1993, is an S&P 500 company focused on the acquisition, development and management of high quality apartment properties in top United States growth markets. ERP Operating Limited Partnership ("ERPOP"), an Illinois limited partnership, was formed in May 1993 to conduct the multifamily residential property business of Equity Residential. EQR has elected to be taxed as a REIT. References to the "Company," "we," "us" or "our" mean collectively EQR, ERPOP and those entities/subsidiaries owned or controlled by EQR and/or ERPOP. References to the "Operating Partnership" mean collectively ERPOP and those entities/subsidiaries owned or controlled by ERPOP. Unless otherwise indicated, the notes to consolidated financial statements apply to both the Company and the Operating Partnership.

EQR is the general partner of, and as of December 31, 2014 owned an approximate 96.2% ownership interest in, ERPOP. All of the Company's property ownership, development and related business operations are conducted through the Operating Partnership and EQR has no material assets or liabilities other than its investment in ERPOP. EQR issues public equity from time to time but does not have any indebtedness as all debt is incurred by the Operating Partnership. The Operating Partnership holds substantially all of the assets of the Company, including the Company's ownership interests in its joint ventures. The Operating Partnership conducts the operations of the business and is structured as a partnership with no publicly traded equity.

As of December 31, 2014, the Company, directly or indirectly through investments in title holding entities, owned all or a portion of 391 properties located in 12 states and the District of Columbia consisting of 109,225 apartment units. The ownership breakdown includes (table does not include various uncompleted development properties):

	Properties	Apartment Units
Wholly Owned Properties	364	98,287
Master-Leased Properties – Consolidated	3	853
Partially Owned Properties – Consolidated	19	3,771
Partially Owned Properties – Unconsolidated	3	1,281
Military Housing	2	5,033
	391	109,225

The “Wholly Owned Properties” are accounted for under the consolidation method of accounting. The "Master-Leased Properties – Consolidated" are wholly owned by the Company but the entire project is leased to a third party corporate housing provider. These properties are consolidated and reflected as real estate assets while the master leases are accounted for as operating leases. The “Partially Owned Properties – Consolidated” are controlled by the Company but have partners with noncontrolling interests and are accounted for under the consolidation method of accounting. The “Partially Owned Properties – Unconsolidated” are controlled by the Company's partners but the Company has noncontrolling interests and are accounted for under the equity method of accounting. The “Military Housing” properties consist of investments in limited liability companies that, as a result of the terms of the operating agreements, are accounted for as management contract rights with all fees recognized as fee and asset management revenue.

The Company maintains long-term ground leases for 13 operating properties and one of its wholly owned development properties and land parcels. The Company owns the building and improvements and leases the land underlying the improvements under long-term ground leases. The leases expire beginning in 2026 and running through 2110. These properties are consolidated and reflected as real estate assets while the ground leases are accounted for as operating leases.

2. Summary of Significant Accounting Policies

Basis of Presentation

Due to the Company's ability as general partner to control either through ownership or by contract the Operating Partnership and its subsidiaries, the Operating Partnership and each such subsidiary has been consolidated with the Company for financial reporting purposes, except for three unconsolidated operating properties and our military housing properties.

Table of Contents

Real Estate Assets and Depreciation of Investment in Real Estate

An acquiring entity is required to recognize all assets acquired and liabilities assumed in a transaction at the acquisition-date fair value with limited exceptions. In addition, an acquiring entity is required to expense acquisition-related costs as incurred, value noncontrolling interests at fair value at the acquisition date and expense restructuring costs associated with an acquired business.

The Company allocates the purchase price of properties to net tangible and identified intangible assets acquired based on their fair values. In making estimates of fair values for purposes of allocating purchase price, the Company utilizes a number of sources, including independent appraisals that may be obtained in connection with the acquisition or financing of the respective property, our own analysis of recently acquired and existing comparable properties in our portfolio and other market data. The Company also considers information obtained about each property as a result of its pre-acquisition due diligence, marketing and leasing activities in estimating the fair value of the tangible and intangible assets/liabilities acquired. The Company allocates the purchase price of acquired real estate to various components as follows:

- Land – Based on actual purchase price adjusted to fair value (as necessary) if acquired separately or market research/comparables if acquired with an operating property.
- Furniture, Fixtures and Equipment – Ranges between $3,000 and $13,000 per apartment unit acquired as an estimate of the fair value of the appliances and fixtures inside an apartment unit. The per-apartment unit amount applied depends on the type of apartment building acquired. Depreciation is calculated on the straight-line method over an estimated useful life of five to ten years.
- Lease Intangibles – The Company considers the value of acquired in-place leases and above/below market leases and the amortization period is the average remaining term of each respective acquired lease. In-place residential leases' average term at acquisition approximates six months. See Note 4 for more information on above and below market leases.
- Other Intangible Assets – The Company considers whether it has acquired other intangible assets, including any customer relationship intangibles and the amortization period is the estimated useful life of the acquired intangible asset.
- Building – Based on the fair value determined on an “as-if vacant” basis. Depreciation is calculated on the straight-line method over an estimated useful life of thirty years.
- Site Improvements – Based on replacement cost, which approximates fair value. Depreciation is calculated on the straight-line method over an estimated useful life of eight years.
- Long-Term Debt – The Company calculates the fair value by discounting the remaining contractual cash flows on each instrument at the current market rate for those borrowings.

Replacements inside an apartment unit such as appliances and carpeting are depreciated over an estimated useful life of five to ten years. Expenditures for ordinary maintenance and repairs are expensed to operations as incurred and significant renovations and improvements that improve and/or extend the useful life of the asset are capitalized over their estimated useful life, generally five to fifteen years. Initial direct leasing costs are expensed as incurred as such expense approximates the deferral and amortization of initial direct leasing costs over the lease terms. Property sales or dispositions are recorded when title transfers to unrelated third parties, contingencies have been removed and sufficient cash consideration has been received by the Company. Upon disposition, the related costs and accumulated depreciation are removed from the respective accounts. Any gain or loss on sale is recognized in accordance with accounting principles generally accepted in the United States.

The Company classifies real estate assets as real estate held for disposition when it is certain a property will be disposed of (see further discussion below).

The Company classifies properties under development and/or expansion and properties in the lease-up phase (including land) as construction-in-progress until construction has been completed and all certificates of occupancy permits have been obtained.

Impairment of Long-Lived Assets

The Company periodically evaluates its long-lived assets, including its investments in real estate, for indicators of impairment. The judgments regarding the existence of impairment indicators are based on factors such as operational performance, market conditions and legal and environmental concerns, as well as the Company’s ability to hold and its intent with regard to each asset. Future events could occur which would cause the Company to conclude that impairment indicators exist and an impairment loss is warranted. If impairment indicators exist, the Company performs the following:

Table of Contents

For long-lived assets to be held and used, the Company compares the expected future undiscounted cash flows for the long-lived asset against the carrying amount of that asset. If the sum of the estimated undiscounted cash flows is less than the carrying amount of the asset, the Company would record an impairment loss for the difference between the estimated fair value and the carrying amount of the asset.

For long-lived assets to be disposed of, an impairment loss is recognized when the estimated fair value of the asset, less the estimated cost to sell, is less than the carrying amount of the asset measured at the time that the Company has determined it will sell the asset. Long-lived assets held for disposition and the related liabilities are separately reported, with the long-lived assets reported at the lower of their carrying amounts or their estimated fair values, less their costs to sell, and are not depreciated after reclassification to real estate held for disposition.

Cost Capitalization

See the Real Estate Assets and Depreciation of Investment in Real Estate section for a discussion of the Company's policy with respect to capitalization vs. expensing of fixed asset/repair and maintenance costs. In addition, the Company capitalizes an allocation of the payroll and associated costs of employees directly responsible for and who spend their time on the execution and supervision of major capital and/or renovation projects. These costs are reflected on the balance sheets as increases to depreciable property.

For all development projects, the Company uses its professional judgment in determining whether such costs meet the criteria for capitalization or must be expensed as incurred. The Company capitalizes interest, real estate taxes and insurance and payroll and associated costs for those individuals directly responsible for and who spend their time on development activities, with capitalization ceasing no later than 90 days following issuance of the certificate of occupancy. These costs are reflected on the balance sheets as construction-in-progress for each specific property. The Company expenses as incurred all payroll costs of on-site employees working directly at our properties, except as noted above on our development properties prior to certificate of occupancy issuance and on specific major renovations at selected properties when additional incremental employees are hired.

During the years ended December 31, 2014, 2013 and 2012, the Company capitalized $22.4 million, $16.5 million and $14.3 million, respectively, of payroll and associated costs of employees directly responsible for and who spend their time on the execution and supervision of development activities as well as major capital and/or renovation projects.

Cash and Cash Equivalents

The Company considers all demand deposits, money market accounts and investments in certificates of deposit and repurchase agreements purchased with a maturity of three months or less at the date of purchase to be cash equivalents. The Company maintains its cash and cash equivalents at financial institutions. The combined account balances at one or more institutions typically exceed the Federal Depository Insurance Corporation ("FDIC") insurance coverage, and, as a result, there is a concentration of credit risk related to amounts on deposit in excess of FDIC insurance coverage. The Company believes that the risk is not significant, as the Company does not anticipate the financial institutions' non-performance.

Investment Securities

Investment securities are included in other assets in the consolidated balance sheets. These securities are classified as held-to-maturity and carried at amortized cost if management has the positive intent and ability to hold the securities to maturity. Otherwise, the securities are classified as available-for-sale and carried at estimated fair value with unrealized gains and losses included in accumulated other comprehensive (loss), a separate component of shareholders' equity/partners' capital. As of December 31, 2014 and 2013, the Company did not hold any investment securities.

Deferred Financing Costs

Deferred financing costs include fees and costs incurred to obtain the Company's lines of credit and long-term financings. These costs are amortized over the terms of the related debt. Unamortized financing costs are written off when debt is retired before the maturity date. The accumulated amortization of such deferred financing costs was $37.7 million and $33.4 million at December 31, 2014 and 2013, respectively.

Fair Value of Financial Instruments, Including Derivative Instruments

The valuation of financial instruments requires the Company to make estimates and judgments that affect the fair value of the instruments. The Company, where possible, bases the fair values of its financial instruments, including its derivative instruments, on listed market prices and third party quotes. Where these are not available, the Company bases its estimates on

current instruments with similar terms and maturities or on other factors relevant to the financial instruments.
In the normal course of business, the Company is exposed to the effect of interest rate changes. The Company seeks to manage these risks by following established risk management policies and procedures including the use of derivatives to hedge interest rate risk on debt instruments. The Company may also use derivatives to manage its exposure to foreign exchange rates or manage commodity prices in the daily operations of the business.
The Company has a policy of only entering into contracts with major financial institutions based upon their credit ratings and other factors. When viewed in conjunction with the underlying and offsetting exposure that the derivatives are designed to hedge, the Company has not sustained a material loss from these instruments nor does it anticipate any material adverse effect on its net income or financial position in the future from the use of derivatives it currently has in place.
The Company recognizes all derivatives as either assets or liabilities in the consolidated balance sheets and measures those instruments at fair value. In addition, fair value adjustments will affect either shareholders' equity/partners' capital or net income depending on whether the derivative instruments qualify as a hedge for accounting purposes and, if so, the nature of the hedging activity. When the terms of an underlying transaction are modified, or when the underlying transaction is terminated or completed, all changes in the fair value of the instrument are marked-to-market with changes in value included in net income each period until the instrument matures. Any derivative instrument used for risk management that does not meet the hedging criteria is marked-to-market each period. The Company does not use derivatives for trading or speculative purposes.

Revenue Recognition
Rental income attributable to leases is recorded on a straight-line basis, which is not materially different than if it were recorded when due from residents and recognized monthly as it was earned. Leases entered into between a resident and a property for the rental of an apartment unit are generally year-to-year, renewable upon consent of both parties on an annual or monthly basis. Retail/commercial leases generally have five to ten year lease terms with market based renewal options. Fee and asset management revenue and interest income are recorded on an accrual basis.
Share-Based Compensation
The Company expenses share-based compensation such as restricted shares, restricted units and share options. Any common share of beneficial interest, $0.01 par value per share (the "Common Shares") issued pursuant to EQR's incentive equity compensation and employee share purchase plans will result in ERPOP issuing units of limited partnership interest ("OP Units") to EQR on a one-for-one basis, with ERPOP receiving the net cash proceeds of such issuances.
The fair value of the option grants are recognized over the requisite service/vesting period of the options. The fair value for the Company's share options was estimated at the time the share options were granted using the Black-Scholes option pricing model with the primary grant in each year having the following weighted average assumptions:

	2014	2013	2012
Expected volatility (1)	27.0%	26.9%	27.4%
Expected life (2)	5 years	5 years	5 years
Expected dividend yield (3)	3.78%	4.12%	4.35%
Risk-free interest rate (4)	1.50%	0.84%	0.71%
Option valuation per share	$9.12	$7.90	$8.54

(1) Expected volatility – Estimated based on the historical ten-year volatility of EQR's share price measured on a monthly basis.
(2) Expected life – Approximates the actual weighted average life of all share options granted since the Company went public in 1993.

(3) Expected dividend yield – Calculated by averaging the historical annual yield on EQR shares for a period matching the expected life of each grant, with the annual yield calculated by dividing actual dividends by the average price of EQR's shares in a given year.

(4) Risk-free interest rate – The most current U.S. Treasury rate available prior to the grant date for a period matching the expected life of each grant.

The valuation method and assumptions are the same as those the Company used in accounting for option expense in its consolidated financial statements. The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options that have no vesting restrictions and are fully transferable. This model is only one method of valuing options. Because the Company's share options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, the actual value of the options to the recipient may be significantly different.

Table of Contents

Income and Other Taxes

Due to the structure of EQR as a REIT and the nature of the operations of its operating properties, no provision for federal income taxes has been made at the EQR level. In addition, ERPOP generally is not liable for federal income taxes as the partners recognize their proportionate share of income or loss in their tax returns; therefore no provision for federal income taxes has been made at the ERPOP level. Historically, the Company has generally only incurred certain state and local income, excise and franchise taxes. The Company has elected Taxable REIT Subsidiary ("TRS") status for certain of its corporate subsidiaries and as a result, these entities will incur both federal and state income taxes on any taxable income of such entities after consideration of any net operating losses.

Deferred tax assets and liabilities applicable to the TRS are recognized for future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases. These assets and liabilities are measured using enacted tax rates for which the temporary differences are expected to be recovered or settled. The effects of changes in tax rates on deferred tax assets and liabilities are recognized in earnings in the period enacted. The Company's deferred tax assets are generally the result of tax affected suspended interest deductions, net operating losses, differing depreciable lives on capitalized assets and the timing of expense recognition for certain accrued liabilities. As of December 31, 2014, the Company has recorded a deferred tax asset of approximately $46.7 million, which is fully offset by a valuation allowance due to the uncertainty in forecasting future TRS taxable income.

The Company provided for income, franchise and excise taxes allocated as follows in the consolidated statements of operations and comprehensive income for the years ended December 31, 2014, 2013 and 2012 (amounts in thousands):

	Year Ended December 31,		
	2014	2013	2012
Income and other tax expense (benefit) (1)	$1,394	$1,169	$514
Discontinued operations, net (2)	8	449	34
Provision for income, franchise and excise taxes (3)	$1,402	$1,618	$548

(1) Primarily includes state and local income, excise and franchise taxes.

(2) Primarily represents state and local income, excise and franchise taxes on operating properties sold prior to January 1, 2014 and included in discontinued operations. The amounts included in discontinued operations for the year ending December 31, 2014 represent trailing activity for properties sold in 2013 and prior years. None of the properties sold during the year ended December 31, 2014 met the new criteria for reporting discontinued operations.

(3) All provisions for income tax amounts are current and none are deferred.

The Company's TRSs have approximately $35.1 million of net operating loss ("NOL") carryforwards available as of January 1, 2015 that will expire between 2029 and 2032.

During the years ended December 31, 2014, 2013 and 2012, the Company's tax treatment of dividends and distributions were as follows:

	Year Ended December 31,		
	2014	2013	2012
Tax treatment of dividends and distributions:			
Ordinary dividends	$1.475	$0.662	$1.375
Qualified dividends	0.088	0.050	—
Long-term capital gain	0.280	0.870	0.253
Unrecaptured section 1250 gain	0.157	0.268	0.152

Dividends and distributions declared per Common Share/Unit outstanding	$2.000	$1.850	$1.780

The cost of land and depreciable property, net of accumulated depreciation, for federal income tax purposes as of December 31, 2014 and 2013 was approximately $16.7 billion and $15.2 billion, respectively.

Table of Contents

Noncontrolling Interests

A noncontrolling interest in a subsidiary (minority interest) is in most cases an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements and separate from the parent company's equity. In addition, consolidated net income is required to be reported at amounts that include the amounts attributable to both the parent and the noncontrolling interest and the amount of consolidated net income attributable to the parent and the noncontrolling interest are required to be disclosed on the face of the consolidated statements of operations and comprehensive income. See Note 3 for further discussion.

Operating Partnership: Net income is allocated to noncontrolling interests based on their respective ownership percentage of the Operating Partnership. The ownership percentage is calculated by dividing the number of OP Units held by the noncontrolling interests by the total OP Units held by the noncontrolling interests and EQR. Issuance of additional Common Shares and OP Units changes the ownership interests of both the noncontrolling interests and EQR. Such transactions and the related proceeds are treated as capital transactions.

Partially Owned Properties: The Company reflects noncontrolling interests in partially owned properties on the balance sheet for the portion of properties consolidated by the Company that are not wholly owned by the Company. The earnings or losses from those properties attributable to the noncontrolling interests are reflected as noncontrolling interests in partially owned properties in the consolidated statements of operations and comprehensive income.

Partners' Capital

The "Limited Partners" of ERPOP include various individuals and entities that contributed their properties to ERPOP in exchange for OP Units. The "General Partner" of ERPOP is EQR. Net income is allocated to the Limited Partners based on their respective ownership percentage of the Operating Partnership. The ownership percentage is calculated by dividing the number of OP Units held by the Limited Partners by the total OP Units held by the Limited Partners and the General Partner. Issuance of additional Common Shares and OP Units changes the ownership interests of both the Limited Partners and EQR. Such transactions and the related proceeds are treated as capital transactions.

Redeemable Noncontrolling Interests – Operating Partnership / Redeemable Limited Partners

The Company classifies Redeemable Noncontrolling Interests – Operating Partnership / Redeemable Limited Partners in the mezzanine section of the consolidated balance sheets for the portion of OP Units that EQR is required, either by contract or securities law, to deliver registered Common Shares to the exchanging OP Unit holder. The redeemable noncontrolling interest units / redeemable limited partner units are adjusted to the greater of carrying value or fair market value based on the Common Share price of EQR at the end of each respective reporting period. See Note 3 for further discussion.

Use of Estimates

In preparation of the Company's financial statements in conformity with accounting principles generally accepted in the United States, management makes estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Reclassifications

Certain reclassifications considered necessary for a fair presentation have been made to the prior period financial statements in order to conform to the current year presentation. These reclassifications have not changed the results of operations or equity/capital.

Other

The Company is the controlling partner in various consolidated partnerships owning 19 properties and 3,771 apartment units and various completed and uncompleted development properties having a noncontrolling interest book value of $124.9 million at December 31, 2014. The Company is required to make certain disclosures regarding noncontrolling interests in consolidated limited-life subsidiaries. Of the consolidated entities described above, the Company is the controlling partner in limited-life partnerships owning six properties having a noncontrolling interest deficit balance of $10.9 million. These six partnership agreements contain provisions that require the partnerships to be liquidated through the sale of their assets upon reaching a date specified in each respective partnership agreement. The Company, as controlling partner, has an obligation to cause the property owning partnerships to distribute the proceeds of liquidation to the Noncontrolling Interests in these Partially Owned Properties only to the extent that the net proceeds received by the partnerships from the sale of their assets warrant a distribution based on the partnership agreements. As of December 31, 2014, the Company estimates the value of Noncontrolling Interest distributions for these six properties would have been approximately $62.9 million ("Settlement Value") had the partnerships been liquidated. This Settlement Value is based on estimated third party consideration realized by the partnerships upon disposition of the six Partially Owned Properties and is net of all other assets and liabilities, including yield maintenance on the mortgages encumbering the properties, that would have been due on December 31, 2014 had those mortgages been prepaid. Due to, among other things, the inherent uncertainty in the sale of real estate assets, the amount of any potential distribution to the Noncontrolling Interests in the Company's Partially Owned Properties is subject to change. To the extent that the partnerships' underlying assets are worth less than the underlying liabilities, the Company has no obligation to remit any consideration to the Noncontrolling Interests in these Partially Owned Properties.

Effective January 1, 2012, companies are required to separately disclose the amounts and reasons for any transfers of assets and liabilities into and out of Level 1 and Level 2 of the fair value hierarchy. For fair value measurements using significant unobservable inputs (Level 3), companies are required to disclose quantitative information about the significant unobservable inputs used for all Level 3 measurements and a description of the Company's valuation processes in determining fair value. In addition, companies are required to provide a qualitative discussion about the sensitivity of recurring Level 3 measurements to changes in the unobservable inputs disclosed, including the interrelationship between inputs. Companies are also required to disclose information about when the current use of a non-financial asset measured at fair value differs from its highest and best use and the hierarchy classification for items whose fair value is not recorded on the balance sheet but is disclosed in the notes. This does not have a material effect on the Company's consolidated results of operations or financial position. See Notes 4 and 9 for further discussion.

Effective January 1, 2013, companies are required to report, in one place, information about reclassifications out of accumulated other comprehensive income ("AOCI"). Companies are also required to report changes in AOCI balances. For significant items reclassified out of AOCI to net income in their entirety in the same reporting period, reporting is required about the effect of the reclassifications on the respective line items in the statement where net income is presented. For items that are not reclassified to net income in their entirety in the same reporting period, a cross reference to other disclosures currently required under US GAAP is required in the notes. This does not have a material effect on the Company's consolidated results of operations or financial position. See Note 9 for further discussion.

In April 2014, the Financial Accounting Standards Board (the "FASB") issued new guidance for reporting discontinued operations. Only disposals representing a strategic shift in operations that has a major effect on a company's operations and financial results will be presented as discontinued operations. Companies will be required to expand their disclosures about discontinued operations to provide more information on the assets, liabilities, income and expenses of the discontinued operations. Companies will also be required to disclose the pre-tax income attributable to a disposal of a significant part of a company that does not qualify for discontinued operations reporting. Application of this guidance is prospective from the date of adoption and early adoption is permitted, but only for disposals (or classifications as held for sale) that have not been reported in financial statements previously issued. The new standard is effective January 1, 2015, but the Company early adopted it as allowed effective January 1, 2014. Adoption of this standard resulted in and will likely continue to result in substantially fewer of the Company's dispositions meeting the discontinued operations qualifications. See Note 11 for further discussion.

In May 2014, the FASB issued a comprehensive new revenue recognition standard entitled Revenue from Contracts with Customers that will supersede nearly all existing revenue recognition guidance. The new standard specifically excludes lease contracts. The new standard’s core principle is that a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. Companies will likely need to use more judgment and make more estimates than under current revenue recognition guidance. These may include identifying performance obligations in the contract, estimating the amount of variable consideration, if any, to include in the transaction price and allocating the transaction price to each separate performance obligation. The new standard will be effective for the Company beginning on January 1, 2017 and early adoption is not permitted. The new standard may be applied retrospectively to each prior period presented or retrospectively with the cumulative effect recognized as of the date of adoption. The Company has not yet selected a transition method and is currently evaluating the impact of adopting the new standard on its consolidated results of operations and financial position.

In August 2014, the FASB issued a new standard that will explicitly require management to assess an entity's ability to continue as a going concern and to provide related footnote disclosures in certain circumstances. In connection with each annual and interim period, management will assess whether there is substantial doubt about an entity's ability to continue as a going concern within one year after the issuance date. Disclosures will be required if conditions give rise to substantial doubt, however to determine the specific disclosures, management will need to assess whether its plans will alleviate substantial doubt. The new standard is effective for the annual period ending after December 15, 2016. The Company does not expect that this will have a material effect on its consolidated results of operations or financial position.

In February 2015, the FASB issued new consolidation guidance which makes changes to both the variable interest model and the voting model. Among other changes, the new standard specifically eliminates the presumption in the current voting model that a general partner controls a limited partnership or similar entity unless that presumption can be overcome. Generally, only a single limited partner that is able to exercise substantive kick-out rights will consolidate. The new standard will be effective for the Company beginning on January 1, 2016 and early adoption is permitted, including adoption in an interim period. The new standard must be applied using a modified retrospective approach by recording a cumulative-effect adjustment to equity/capital as of the beginning of the period of adoption or retrospectively to each period presented. The Company has not yet selected a transition method and is currently evaluating the impact of adopting the new standard on its consolidated results of operations and financial position.

3. Equity, Capital and Other Interests

Equity and Redeemable Noncontrolling Interests of Equity Residential

The following tables present the changes in the Company's issued and outstanding Common Shares and "Units" (which includes OP Units and restricted units (formerly known as Long-Term Incentive Plan ("LTIP") Units)) for the years ended December 31, 2014, 2013 and 2012:

	2014	2013	2012
Common Shares			
Common Shares outstanding at January 1,	360,479,260	325,054,654	297,508,185
Common Shares Issued:			
Conversion of OP Units	94,671	67,939	675,817
Issuance of Common Shares	—	34,468,085	25,023,919
Exercise of share options	2,086,380	586,017	1,608,427
Employee Share Purchase Plan (ESPP)	68,807	73,468	110,054
Restricted share grants, net	169,722	229,097	128,252
Common Shares Other:			
Conversion of restricted shares to restricted units	(12,146)	—	—
Repurchased and retired	(31,240)	—	—
Common Shares outstanding at December 31,	362,855,454	360,479,260	325,054,654
Units			
Units outstanding at January 1,	14,180,376	13,968,758	13,492,543
Restricted units, net	200,840	279,557	70,235
OP Units issued through acquisitions	—	—	1,081,797
Conversion of restricted shares to restricted units	12,146	—	—
Conversion of OP Units to Common Shares	(94,671)	(67,939)	(675,817)
Units outstanding at December 31,	14,298,691	14,180,376	13,968,758
Total Common Shares and Units outstanding at December 31,	377,154,145	374,659,636	339,023,412
Units Ownership Interest in Operating Partnership	3.8%	3.8%	4.1%
OP Units Issued:			
Acquisitions – per unit	—	—	$61.57
Acquisitions – valuation	—	—	$66.6 million

The equity positions of various individuals and entities that contributed their properties to the Operating Partnership in exchange for OP Units, as well as the equity positions of the holders of restricted units, are collectively referred to as the “Noncontrolling Interests – Operating Partnership”. Subject to certain exceptions (including the “book-up” requirements of restricted units), the Noncontrolling Interests – Operating Partnership may exchange their Units with EQR for Common Shares on a one-for-one basis. The carrying value of the Noncontrolling Interests – Operating Partnership (including redeemable interests) is allocated based on the number of Noncontrolling Interests – Operating Partnership Units in total in proportion to the number of Noncontrolling Interests – Operating Partnership Units in total plus the number of Common Shares. Net income is allocated to the Noncontrolling Interests – Operating Partnership based on the weighted average ownership percentage during the period.

The Operating Partnership has the right but not the obligation to make a cash payment instead of issuing Common Shares to any and all holders of Noncontrolling Interests – Operating Partnership Units requesting an exchange of their OP Units with EQR. Once the Operating Partnership elects not to redeem the Noncontrolling Interests – Operating Partnership Units for cash, EQR is obligated to deliver Common Shares to the exchanging holder of the Noncontrolling Interests – Operating Partnership Units.

The Noncontrolling Interests – Operating Partnership Units are classified as either mezzanine equity or permanent equity. If EQR is required, either by contract or securities law, to deliver registered Common Shares, such Noncontrolling Interests – Operating Partnership are differentiated and referred to as "Redeemable Noncontrolling Interests – Operating Partnership". Instruments that require settlement in registered shares can not be classified in permanent equity as it is not always completely within an issuer's control to deliver registered shares. Therefore, settlement in cash is assumed and that responsibility for settlement in cash is deemed to fall to the Operating Partnership as the primary source of cash for EQR, resulting in presentation in the mezzanine section of the balance sheet. The Redeemable Noncontrolling Interests – Operating Partnership are adjusted to the greater of carrying value or fair market value based on the Common Share price of EQR at the end of each respective reporting period. EQR has the ability to deliver unregistered Common Shares for the remaining portion of the Noncontrolling Interests – Operating Partnership Units that are classified in permanent equity at December 31, 2014 and 2013.

The carrying value of the Redeemable Noncontrolling Interests – Operating Partnership is allocated based on the number of Redeemable Noncontrolling Interests – Operating Partnership Units in proportion to the number of Noncontrolling Interests – Operating Partnership Units in total. Such percentage of the total carrying value of Units which is ascribed to the Redeemable Noncontrolling Interests – Operating Partnership is then adjusted to the greater of carrying value or fair market value as described above. As of December 31, 2014, the Redeemable Noncontrolling Interests – Operating Partnership have a redemption value of approximately $500.7 million, which represents the value of Common Shares that would be issued in exchange with the Redeemable Noncontrolling Interests – Operating Partnership Units.

The following table presents the changes in the redemption value of the Redeemable Noncontrolling Interests – Operating Partnership for the years ended December 31, 2014, 2013 and 2012, respectively (amounts in thousands):

	2014	2013	2012
Balance at January 1,	$363,144	$398,372	$416,404
Change in market value	139,818	(79,667)	(38,734)
Change in carrying value	(2,229)	44,439	20,702
Balance at December 31,	$500,733	$363,144	$398,372

Net proceeds from EQR Common Share and Preferred Share (see definition below) offerings are contributed by EQR to ERPOP. In return for those contributions, EQR receives a number of OP Units in ERPOP equal to the number of Common Shares it has issued in the equity offering (or in the case of a preferred equity offering, a number of preference units in ERPOP equal in number and having the same terms as the Preferred Shares issued in the equity offering). As a result, the net offering proceeds from Common Shares and Preferred Shares are allocated between shareholders' equity and Noncontrolling Interests – Operating Partnership to account for the change in their respective percentage ownership of the underlying equity of ERPOP.

The Company's declaration of trust authorizes it to issue up to 100,000,000 preferred shares of beneficial interest, $0.01 par value per share (the "Preferred Shares"), with specific rights, preferences and other attributes as the Board of Trustees may determine, which may include preferences, powers and rights that are senior to the rights of holders of the Company's Common Shares.

The following table presents the Company's issued and outstanding Preferred Shares as of December 31, 2014 and 2013:

Table of Contents

	Redemption Date (1)	Annual Dividend per Share (2)	Amounts in thousands December 31, 2014	December 31, 2013
Preferred Shares of beneficial interest, $0.01 par value; 100,000,000 shares authorized:				
8.29% Series K Cumulative Redeemable Preferred; liquidation value $50 per share; 1,000,000 shares issued and outstanding at December 31, 2014 and December 31, 2013	12/10/26	$4.145	$50,000	$50,000
			$50,000	$50,000

(1) On or after the redemption date, redeemable preferred shares may be redeemed for cash at the option of the Company, in whole or in part, at a redemption price equal to the liquidation price per share, plus accrued and unpaid distributions, if any.
(2) Dividends on Preferred Shares are payable quarterly.

Capital and Redeemable Limited Partners of ERP Operating Limited Partnership

The following tables present the changes in the Operating Partnership's issued and outstanding Units and in the limited partners' Units for the years ended December 31, 2014, 2013 and 2012:

	2014	2013	2012
General and Limited Partner Units			
General and Limited Partner Units outstanding at January 1,	374,659,636	339,023,412	311,000,728
Issued to General Partner:			
Issuance of OP Units	—	34,468,085	25,023,919
Exercise of EQR share options	2,086,380	586,017	1,608,427
EQR's Employee Share Purchase Plan (ESPP)	68,807	73,468	110,054
EQR's restricted share grants, net	169,722	229,097	128,252
Issued to Limited Partners:			
Restricted units, net	200,840	279,557	70,235
OP Units issued through acquisitions	—	—	1,081,797
OP Units Other:			
Repurchased and retired	(31,240)	—	—
General and Limited Partner Units outstanding at December 31,	377,154,145	374,659,636	339,023,412
Limited Partner Units			
Limited Partner Units outstanding at January 1,	14,180,376	13,968,758	13,492,543
Limited Partner restricted units, net	200,840	279,557	70,235
Limited Partner OP Units issued through acquisitions	—	—	1,081,797
Conversion of EQR restricted shares to restricted units	12,146	—	—
Conversion of Limited Partner OP Units to EQR Common Shares	(94,671)	(67,939)	(675,817)
Limited Partner Units outstanding at December 31,	14,298,691	14,180,376	13,968,758
Limited Partner Units Ownership Interest in Operating Partnership	3.8%	3.8%	4.1%
Limited Partner OP Units Issued:			
Acquisitions – per unit	—	—	$61.57
Acquisitions – valuation	—	—	$66.6 million

The Limited Partners of the Operating Partnership as of December 31, 2014 include various individuals and entities that contributed their properties to the Operating Partnership in exchange for OP Units, as well as the equity positions of the holders of restricted units. Subject to certain exceptions (including the “book-up” requirements of restricted units), Limited Partners may exchange their Units with EQR for Common Shares on a one-for-one basis. The carrying value of the Limited Partner Units (including redeemable interests) is allocated based on the number of Limited Partner Units in total in proportion to the number of Limited Partner Units in total plus the number of General Partner Units. Net income is allocated to the Limited Partner Units based on the weighted average ownership percentage during the period.

The Operating Partnership has the right but not the obligation to make a cash payment instead of issuing Common Shares to any and all holders of Limited Partner Units requesting an exchange of their OP Units with EQR. Once the Operating Partnership

Table of Contents

elects not to redeem the Limited Partner Units for cash, EQR is obligated to deliver Common Shares to the exchanging limited partner.

The Limited Partner Units are classified as either mezzanine equity or permanent equity. If EQR is required, either by contract or securities law, to deliver registered Common Shares, such Limited Partner Units are differentiated and referred to as “Redeemable Limited Partner Units”. Instruments that require settlement in registered shares can not be classified in permanent equity as it is not always completely within an issuer's control to deliver registered shares. Therefore, settlement in cash is assumed and that responsibility for settlement in cash is deemed to fall to the Operating Partnership as the primary source of cash for EQR, resulting in presentation in the mezzanine section of the balance sheet. The Redeemable Limited Partner Units are adjusted to the greater of carrying value or fair market value based on the Common Share price of EQR at the end of each respective reporting period. EQR has the ability to deliver unregistered Common Shares for the remaining portion of the Limited Partner Units that are classified in permanent equity at December 31, 2014 and 2013.

The carrying value of the Redeemable Limited Partner Units is allocated based on the number of Redeemable Limited Partner Units in proportion to the number of Limited Partner Units in total. Such percentage of the total carrying value of Limited Partner Units which is ascribed to the Redeemable Limited Partner Units is then adjusted to the greater of carrying value or fair market value as described above. As of December 31, 2014, the Redeemable Limited Partner Units have a redemption value of approximately $500.7 million, which represents the value of Common Shares that would be issued in exchange with the Redeemable Limited Partner Units.
The following table presents the changes in the redemption value of the Redeemable Limited Partners for the years ended December 31, 2014, 2013 and 2012, respectively (amounts in thousands):

	2014	2013	2012
Balance at January 1,	$363,144	$398,372	$416,404
Change in market value	139,818	(79,667)	(38,734)
Change in carrying value	(2,229)	44,439	20,702
Balance at December 31,	$500,733	$363,144	$398,372

EQR contributes all net proceeds from its various equity offerings (including proceeds from exercise of options for Common Shares) to ERPOP. In return for those contributions, EQR receives a number of OP Units in ERPOP equal to the number of Common Shares it has issued in the equity offering (or in the case of a preferred equity offering, a number of preference units in ERPOP equal in number and having the same terms as the preferred shares issued in the equity offering).
The following table presents the Operating Partnership's issued and outstanding “Preference Units” as of December 31, 2014 and 2013:

			Amounts in thousands	
	Redemption Date (1)	Annual Dividend per Unit (2)	December 31, 2014	December 31, 2013
Preference Units:				
8.29% Series K Cumulative Redeemable Preference Units; liquidation value $50 per unit; 1,000,000 units issued and outstanding at December 31, 2014 and December 31, 2013	12/10/26	$4.145	$50,000	$50,000

	$50,000	$50,000

(1) On or after the redemption date, redeemable preference units may be redeemed for cash at the option of the Operating Partnership, in whole or in part, at a redemption price equal to the liquidation price per unit, plus accrued and unpaid distributions, if any, in conjunction with the concurrent redemption of the corresponding Company Preferred Shares.

(2) Dividends on Preference Units are payable quarterly.

Other

EQR and ERPOP currently have an active universal shelf registration statement for the issuance of equity and debt securities that automatically became effective upon filing with the SEC on July 30, 2013 and expires on July 30, 2016. In July 2013, the Board of Trustees also approved an increase to the amount of shares which may be offered under the ATM (see definition below) program to 13.0 million Common Shares and extended the program maturity to July 2016. Per the terms of ERPOP's partnership agreement, EQR contributes the net proceeds of all equity offerings to the capital of ERPOP in exchange for additional OP Units (on a one-for-one Common Share per OP Unit basis) or preference units (on a one-for-one preferred share per preference unit basis).

On February 27, 2013, the Company issued 34,468,085 Common Shares to an affiliate of Lehman Brothers Holdings Inc. as partial consideration for the portion of the Archstone Portfolio acquired by the Company (as discussed in Note 4 below). The shares had a total value of $1.9 billion based on the February 27, 2013 closing price of EQR Common Shares of $55.99 per share. Concurrent with this transaction, ERPOP issued 34,468,085 OP Units to EQR. On March 7, 2013, EQR filed a shelf registration statement relating to the resale of these shares by the selling shareholders.

On November 28, 2012, as a partial source of funding for the Archstone Acquisition (see definition below), EQR priced the issuance of 21,850,000 Common Shares at a price of $54.75 per share for total consideration of approximately $1.2 billion, after deducting underwriting commissions of $35.9 million. Concurrent with this transaction, ERPOP issued 21,850,000 OP Units to EQR.

In September 2009, the Company announced the establishment of an At-The-Market (“ATM”) share offering program which would allow EQR to sell Common Shares from time to time into the existing trading market at current market prices as well as through negotiated transactions. Per the terms of ERPOP's partnership agreement, EQR contributes the net proceeds from all equity offerings to the capital of ERPOP in exchange for additional OP Units (on a one-for-one Common Share per OP Unit basis). On July 30, 2013, the Board of Trustees approved an increase to the amount of shares which may be offered under the ATM program to 13.0 million Common Shares and extended the program maturity to July 2016. EQR has not issued any shares under this program since September 14, 2012.

During the year ended December 31, 2012, EQR issued approximately 3.2 million Common Shares at an average price of $60.59 per share for total consideration of approximately $192.3 million through the ATM program. Concurrent with these transactions, ERPOP issued approximately 3.2 million OP Units to EQR.

Effective July 30, 2013, the Board of Trustees approved an increase and modification to the Company's share repurchase program to allow for the potential repurchase of up to 13.0 million Common Shares. Considering the repurchase activity for the year ended December 31, 2014 (see discussion below), EQR has remaining authorization to repurchase an additional 12,968,760 of its shares as of December 31, 2014.

During the year ended December 31, 2014, EQR repurchased 31,240 of its Common Shares at an average price of $56.87 per share for total consideration of $1.8 million. These shares were retired subsequent to the repurchases. Concurrent with these transactions, ERPOP repurchased and retired 31,240 OP Units previously issued to EQR. All of the shares repurchased during the year ended December 31, 2014 were repurchased from employees at the then current market prices to cover the minimum statutory tax withholding obligations related to the vesting of employees' restricted shares. No shares were repurchased during the years ended December 31, 2013 and 2012.

On August 20, 2012, the Company redeemed its Series N Cumulative Redeemable Preferred Shares for cash consideration of $150.0 million plus accrued dividends through the redemption date. Concurrent with this transaction, the Operating Partnership redeemed its corresponding Series N Preference Units. The Company recorded the write-off of approximately $5.1 million in original issuance costs as a premium on the redemption of Preferred Shares/Preference Units.

On April 18, 2012, the Operating Partnership issued 1,081,797 OP Units having a value of $66.6 million (based on the closing price for Common Shares of $61.57 on such date) as partial consideration for the acquisition of one rental property.

During the year ended December 31, 2014, the Company acquired all of its partners' interests in one consolidated partially owned property consisting of 268 apartment units and one consolidated partially owned land parcel for $5.5 million. In conjunction with these transactions, the Company reduced paid in capital (included in general partner's capital in the Operating Partnership's financial statements) by $2.3 million, Noncontrolling Interests – Partially Owned Properties by $2.2 million and other liabilities by $1.0 million.

During the year ended December 31, 2012, the Company acquired all of its partner's interest in one consolidated partially owned land parcel for no cash consideration. In conjunction with this transaction, the Company increased paid in capital (included in general partner's capital in the Operating Partnership's financial statements) by $1.3 million and reduced Noncontrolling Interests – Partially Owned Properties by $1.3 million.

During the year ended December 31, 2014, the Operating Partnership issued the 3.00% Series P Cumulative Redeemable

Table of Contents

Preference Units with a liquidation value of approximately $18.4 million in conjunction with the buyout of its partner's 95% interest in a previously unconsolidated development property. The Series P Preference Units are classified as a liability due in part to the fact that the holder can put the units back to the Operating Partnership for cash. Dividends are paid quarterly on the Series P Preference Units. See Note 4 for further discussion of the buyout.

See Note 6 for a discussion of the Noncontrolling Interests assumed in conjunction with the acquisition of Archstone.

4. Real Estate and Lease Intangibles

The following table summarizes the carrying amounts for the Company’s investment in real estate (at cost) as of December 31, 2014 and 2013 (amounts in thousands):

	2014	2013
Land	$6,295,404	$6,192,512
Depreciable property:		
Buildings and improvements	17,974,337	17,509,609
Furniture, fixtures and equipment	1,365,276	1,214,220
In-Place lease intangibles	511,891	502,218
Projects under development:		
Land	466,764	353,574
Construction-in-progress	877,155	635,293
Land held for development:		
Land	145,366	341,389
Construction-in-progress	39,190	52,133
Investment in real estate	27,675,383	26,800,948
Accumulated depreciation	(5,432,805)	(4,807,709)
Investment in real estate, net	$22,242,578	$21,993,239

The following table summarizes the carrying amounts for the Company's above and below market ground and retail lease intangibles as of December 31, 2014 and 2013 (amounts in thousands):

Description	Balance Sheet Location	2014	2013
Assets			
Ground lease intangibles – below market	Other Assets	$178,251	$178,251
Retail lease intangibles – above market	Other Assets	1,260	1,260
Lease intangible assets		179,511	179,511
Accumulated amortization		(8,913)	(4,364)
Lease intangible assets, net		$170,598	$175,147
Liabilities			
Ground lease intangibles – above market	Other Liabilities	$2,400	$2,400
Retail lease intangibles – below market	Other Liabilities	5,270	5,500
Lease intangible liabilities		7,670	7,900
Accumulated amortization		(2,258)	(1,161)
Lease intangible liabilities, net		$5,412	$6,739

During the years ended December 31, 2014 and 2013, the Company amortized approximately $4.3 million and $3.6 million, respectively, of above and below market ground lease intangibles which is included (net increase) in property and maintenance expense in the accompanying consolidated statements of operations and comprehensive income and approximately $1.1 million and $2.7 million, respectively, of above and below market retail lease intangibles which is included (net increase) in rental income in the accompanying consolidated statements of operations and comprehensive income.

Table of Contents

The weighted average amortization period for above and below market ground lease intangibles and retail lease intangibles is 49.8 years and 2.8 years, respectively.

The following table provides a summary of the aggregate amortization expense for above and below market ground lease intangibles and retail lease intangibles for each of the next five years (amounts in thousands):

	2015	2016	2017	2018	2019
Ground lease intangibles	$4,321	$4,321	$4,321	$4,321	$4,321
Retail lease intangibles	(939)	(896)	(540)	(71)	(71)
Total	$3,382	$3,425	$3,781	$4,250	$4,250

Archstone Acquisition

On February 27, 2013, the Company, AvalonBay Communities, Inc. (“AVB”) and certain of their respective subsidiaries completed their previously announced acquisition (the “Archstone Acquisition” or the "Archstone Transaction") from Archstone Enterprise LP (“Enterprise”) (which subsequently changed its name to Jupiter Enterprise LP), an affiliate of Lehman Brothers Holdings Inc. (“Lehman”) and its affiliates, of all of the assets of Enterprise (including interests in various entities affiliated with Enterprise), constituting a portfolio of apartment properties and other assets (the “Archstone Portfolio”).

The Company acquired assets representing approximately 60% of the Archstone Portfolio which consisted principally of high-quality apartment properties in major markets in the United States. The acquisition allowed the Company to accelerate the completion of its strategic shift into coastal apartment markets. Pursuant to the Archstone Transaction, the Company acquired directly or indirectly, 71 wholly owned, stabilized properties consisting of 20,160 apartment units, one partially owned and consolidated stabilized property consisting of 432 apartment units, one partially owned and unconsolidated stabilized property consisting of 336 apartment units, three consolidated master-leased properties consisting of 853 apartment units, four projects in various stages of construction (two consolidated and two unconsolidated) for 964 apartment units and fourteen land sites for approximately $9.0 billion. During the year ended December 31, 2013, the Company recorded revenues and net operating income ("NOI") of $514.7 million and $352.8 million, respectively, from the acquired assets.

The consideration paid by the Company in connection with the Archstone Acquisition consisted of cash of approximately $4.0 billion (inclusive of $2.0 billion of Archstone secured mortgage principal paid off in conjunction with the closing), 34,468,085 Common Shares (which shares had a total value of $1.9 billion based on the February 27, 2013 closing price of EQR common shares of $55.99 per share) issued to the seller and the assumption of approximately $3.1 billion of mortgage debt (inclusive of a net mark-to-market premium of $127.9 million) and approximately 60% of all of the other assets and liabilities related to the Archstone Portfolio. The cash consideration was funded with proceeds from the issuance of 21,850,000 Common Shares (which shares had a total value of approximately $1.2 billion based on a price of $54.75 per share) in the November/December 2012 public equity offering, asset sales of approximately $4.5 billion that were completed during the year ended December 31, 2013, the Company's $750.0 million unsecured term loan facility (which was subsequently paid off in the second quarter of 2014) and the Company's revolving credit facility.

The Company owns the building and improvements and leases the land underlying the improvements under long-term ground leases that expire beginning in 2042 and running through 2103 for nine of the operating properties acquired and discussed above. These properties are consolidated and reflected as real estate assets while the ground leases are accounted for as operating leases. The Company also leases the three master-leased properties discussed above to third party operators and earns monthly net rental income.

The Company accounted for the acquisition under the acquisition method in accordance with Accounting Standards Codification ("ASC") 805, Business Combinations (“ASC 805”), and the accounting for this business combination is complete and final. The following table summarizes the acquisition date fair values of the assets acquired and liabilities assumed, which the Company determined using Level 1, Level 2 and Level 3 inputs (amounts in thousands):

Land	$2,239,000
Depreciable property:	
Buildings and improvements	5,765,538
Furniture, fixtures and equipment	61,470
In-Place lease intangibles	304,830
Projects under development	36,583
Land held for development	244,097
Investments in unconsolidated entities	230,608
Other assets	195,260
Other liabilities	(108,997)
Net assets acquired	$8,968,389

The allocation of fair values of the assets acquired and liabilities assumed has changed from the allocation reported in "Note 4 – Real Estate and Lease Intangibles" in the Notes to Consolidated Financial Statements included in Part II of our Annual Report on Form 10-K for the year ended December 31, 2013 filed with the SEC on February 27, 2014. The changes to our valuation assumptions were based on more accurate information concerning the subject assets and liabilities and resulted from information not readily available at the acquisition date, final purchase price settlement with our partner in accordance with the terms of the purchase agreement and reclassification adjustments for presentation. None of these changes had a material impact on our Consolidated Financial Statements. The Company's assessment of the fair values and the allocation of the purchase price to the identified tangible and intangible assets/liabilities at March 31, 2014 was its final and best estimate of fair value. As a result, the Company did not make any changes to its allocation of fair values of the assets acquired and liabilities assumed subsequent to the allocation reported in "Note 4 – Real Estate and Lease Intangibles" in the Notes to Consolidated Financial Statements included in Part I of our Quarterly Report on Form 10-Q for the quarter ended March 31, 2014 filed with the SEC on May 8, 2014.

The fair values of investment in real estate were determined using internally developed models that were based on market assumptions and comparable sales data as well as external valuations performed by unrelated third parties. The market assumptions used as inputs to the Company's fair value model include construction costs, leasing assumptions, growth rates, discount rates, terminal capitalization rates and development yields. The Company used data on its existing portfolio of properties and its recent acquisition and development properties, as well as similar market data from third party sources, when available, in determining these inputs (Level 2 and 3). The fair value of Noncontrolling Interests was calculated similar to the investment in real estate described above. The fair value of mortgage debt was calculated using indicative rates, leverage and coverage provided by lenders of similar loans (Level 2). The Common Shares issued to an affiliate of Lehman Brothers Holdings Inc. were valued using the quoted market price of Common Shares (Level 1).

The following table summarizes the acquisition date fair values of the above and below market ground and retail lease intangibles, which we determined using Level 2 and Level 3 inputs (amounts in thousands):

Description	Balance Sheet Location	Fair Value
Ground lease intangibles – below market	Other Assets	$178,251
Retail lease intangibles – above market	Other Assets	1,260
Ground lease intangibles – above market	Other Liabilities	2,400
Retail lease intangibles – below market	Other Liabilities	8,040

As of December 31, 2014, the Company has incurred cumulative Archstone-related expenses of approximately $99.0 million, of which approximately $13.5 million of this total was financing-related and approximately $85.5 million was merger costs. During the year ended December 31, 2014, the Company expensed nominal amounts of direct merger costs. During the years ended December 31, 2013 and 2012, the Company expensed $19.9 million and $5.6 million, respectively, of direct merger costs primarily related to investment banking and legal/accounting fees, which were included in other expenses in the accompanying consolidated statements of operations and comprehensive income. During the years ended December 31, 2014 and 2013, the Company also expensed $4.3 million and $54.0 million, respectively, of indirect merger costs primarily related to severance and retention obligations, office leases and German operations/sales that were incurred through our 60% interest in unconsolidated joint ventures with AVB, which were included in (loss) from investments in unconsolidated entities in the accompanying

Table of Contents

consolidated statements of operations and comprehensive income. Finally, during the years ended December 31, 2013 and 2012, the Company expensed $2.5 million and $8.4 million, respectively, of financing-related costs, which were included in interest expense in the accompanying consolidated statements of operations and comprehensive income.

Unaudited Pro Forma Financial Information

Equity Residential

The following table illustrates the effect on net income, earnings per share – basic and earnings per share – diluted as if the Company had consummated the Archstone Acquisition as of January 1, 2012 (amounts in thousands, except per share amounts):

	Year Ended December 31,	
	2013	2012
Total revenues	$2,485,438	$2,317,699
Income (loss) from continuing operations (1)	203,286	(54,940)
Discontinued operations, net	2,074,072	720,361
Net income	2,277,358	665,421
Net income available to Common Shares	2,183,756	622,424
Earnings per share - basic:		
Net income available to Common Shares	$6.07	$1.74
Weighted average Common Shares outstanding (2)	359,688	356,984
Earnings per share - diluted (1):		
Net income available to Common Shares	$6.05	$1.74
Weighted average Common Shares outstanding (2)	375,861	356,984

(1) Potential common shares issuable from the assumed conversion of OP Units and the exercise/vesting of long-term compensation shares/units are automatically anti-dilutive and therefore excluded from the diluted earnings per share calculation as the Company had a pro forma loss from continuing operations for the year ended December 31, 2012.

(2) Includes an adjustment for Common Shares issued to the public in November/December 2012 and to an affiliate of Lehman Brothers Holdings Inc. in February 2013 as partial consideration for the Archstone Acquisition.

ERP Operating Limited Partnership

The following table illustrates the effect on net income, earnings per Unit – basic and earnings per Unit – diluted as if the Operating Partnership had consummated the Archstone Acquisition as of January 1, 2012 (amounts in thousands, except per Unit amounts):

Table of Contents

	Year Ended December 31, 2013	2012
Total revenues	$2,485,438	$2,317,699
Income (loss) from continuing operations (1)	203,286	(54,940)
Discontinued operations, net	2,074,072	720,361
Net income	2,277,358	665,421
Net income available to Units	2,273,798	651,548
Earnings per Unit - basic:		
Net income available to Units	$6.07	$1.74
Weighted average Units outstanding (2)	373,421	370,837
Earnings per Unit - diluted (1):		
Net income available to Units	$6.05	$1.74
Weighted average Units outstanding (2)	375,861	370,837

(1) Potential Units issuable from the assumed exercise/vesting of the Company's long-term compensation shares/units are automatically anti-dilutive and therefore excluded from the diluted earnings per Unit calculation as the Operating Partnership had a pro forma loss from continuing operations for the year ended December 31, 2012.

(2) Includes an adjustment for Common Shares issued to the public in November/December 2012 and to an affiliate of Lehman Brothers Holdings Inc. in February 2013 as partial consideration for the Archstone Acquisition. Concurrent with these transactions, ERPOP issued the same number of OP Units to EQR.

For the years ended December 2013 and 2012, acquisition costs of $19.9 million and $5.6 million, respectively, and severance/retention and other costs of $54.1 million and none, respectively, related to the Archstone Acquisition are not expected to have a continuing impact on the Company's financial results and therefore have been excluded from these pro forma results. The pro forma results also do not include the impact of any synergies or lower borrowing costs that the Company has or may achieve as a result of the acquisition or any strategies that management has or may consider in order to more efficiently manage the Company's operations, nor do they give pro forma effect to any other acquisitions, dispositions or capital markets transactions (excluding the equity offering in November/December 2012 which proceeds were used for the Archstone Acquisition) that the Company completed during the periods presented. These pro forma results are not necessarily indicative of the operating results that would have been obtained had the Archstone Acquisition occurred at the beginning of the periods presented, nor are they necessarily indicative of future operating results.

Other

During the year ended December 31, 2014, the Company acquired the entire equity interest in the following from unaffiliated parties (purchase price in thousands):

	Properties	Apartment Units	Purchase Price
Rental Properties – Consolidated	6	1,353	$469,850
Land Parcels (two)	—	—	28,790
Total	6	1,353	$498,640

The Company also acquired the 95% equity interest it did not previously own in one unconsolidated development project with an anticipated stabilized real estate value of $87.5 million at completion and an adjusted purchase price of $64.2 million. The Company paid cash of approximately $44.8 million and issued the Series P Preference Units with a liquidation value of approximately $18.4 million to complete the buyout (see Note 3). The Company recognized a revaluation loss of approximately $3.5 million, which is included in loss from investments in unconsolidated entities in the accompanying consolidated statements of operations and comprehensive income, in conjunction with this buyout.

In addition to the Archstone Acquisition described above, during the year ended December 31, 2013, the Company acquired the entire equity interest in the following from unaffiliated parties (purchase price in thousands):

Table of Contents

	Properties	Apartment Units	Purchase Price
Rental Properties – Consolidated	1	322	$91,500
Land Parcel (one)	—	—	16,500
Total	1	322	$108,000

During the year ended December 31, 2014, the Company disposed of the following to unaffiliated parties (sales price in thousands):

	Properties	Apartment Units	Sales Price
Consolidated:			
Rental Properties	10	3,092	$466,968
Land Parcels (three)	—	—	62,602
Unconsolidated:			
Rental Properties (1)	1	388	62,500
Total	11	3,480	$592,070

(1) The Company owned an 85% interest in this unconsolidated rental property. Sale price listed is the gross sale price.

The Company recognized a net gain on sales of real estate properties of approximately $212.7 million, a net gain on sales of unconsolidated entities of approximately $4.9 million (included in loss from investments in unconsolidated entities in the accompanying consolidated statements of operations and comprehensive income) and a net gain on sales of land parcels of approximately $5.3 million on the above sales.

During the year ended December 31, 2013, the Company disposed of the following to unaffiliated parties (sales price in thousands):

	Properties	Apartment Units	Sales Price
Consolidated:			
Rental Properties	94	29,180	$4,459,339
Land Parcels (seven)	—	—	99,650
Other (1)	—	—	30,734
Unconsolidated:			
Land Parcel (one) (2)	—	—	26,350
Total	94	29,180	$4,616,073

(1) Represents a 97,000 square foot commercial building adjacent to our Harbor Steps apartment property in downtown Seattle that was acquired in 2011.
(2) Sales price listed is the gross sales price. EQR's share of the net sales proceeds approximated 25%.

The Company recognized a net gain on sales of discontinued operations of approximately $2.0 billion and a net gain on sales of land parcels of approximately $12.2 million on the above sales.

5. Commitments to Acquire/Dispose of Real Estate

The Company has entered into separate agreements to acquire the following (purchase price in thousands):

	Properties	Apartment Units	Purchase Price
Rental Properties	1	202	$131,250
Land Parcels (four)	—	—	31,100

Total	1	202	$162,350

In addition to the properties that were subsequently disposed of as discussed in Note 18, the Company has entered into separate agreements to dispose of the following (sales price in thousands):

Table of Contents

	Properties	Apartment Units	Sales Price
Rental Properties (1)	1	150	$169,800
Total	1	150	$169,800

(1) Includes a 193,230 square foot office building under contract to be sold for approximately $123.3 million which is adjacent to our Longfellow Place property located in Boston and acquired in 1999.

The closings of these pending transactions are subject to certain conditions and restrictions, therefore, there can be no assurance that these transactions will be consummated or that the final terms will not differ in material respects from those summarized in the preceding paragraphs.

6. Investments in Partially Owned Entities

The Company has co-invested in various properties with unrelated third parties which are either consolidated or accounted for under the equity method of accounting (unconsolidated). The following tables and information summarize the Company's investments in partially owned entities as of December 31, 2014 (amounts in thousands except for project and apartment unit amounts):

	Consolidated Development Projects			Unconsolidated Development Projects		
	Held for and/or Under Development	Operating	Total	Completed, Not Stabilized (3)	Operating	Total
Total projects (1)	—	19	19	1	2	3
Total apartment units (1)	—	3,771	3,771	444	837	1,281
Balance sheet information at 12/31/14 (at 100%):						
ASSETS						
Investment in real estate	$340,740	$682,374	$1,023,114	$155,376	$134,669	$290,045
Accumulated depreciation	—	(194,481)	(194,481)	(6,921)	(11,391)	(18,312)
Investment in real estate, net	340,740	487,893	828,633	148,455	123,278	271,733
Cash and cash equivalents	—	19,338	19,338	2,684	3,172	5,856
Investments in unconsolidated entities	—	51,979	51,979	—	—	—
Deposits – restricted	22,706	300	23,006	—	214	214
Deferred financing costs, net	—	2,141	2,141	—	8	8
Other assets	6,658	26,609	33,267	529	691	1,220
Total assets	$370,104	$588,260	$958,364	$151,668	$127,363	$279,031
LIABILITIES AND EQUITY/CAPITAL						
Mortgage notes payable (2)	$—	$360,479	$360,479	$96,793	$78,628	$175,421
	13,307	1,611	14,918	769	259	1,028

Accounts payable & accrued expenses						
Accrued interest payable	—	1,283	1,283	464	227	691
Other liabilities	69	885	954	294	671	965
Security deposits	25	1,954	1,979	173	300	473
Total liabilities	13,401	366,212	379,613	98,493	80,085	178,578
Noncontrolling Interests – Partially Owned Properties/Partners' equity	117,350	7,559	124,909	47,223	43,655	90,878
Company equity/General and Limited Partners' Capital	239,353	214,489	453,842	5,952	3,623	9,575
Total equity/capital	356,703	222,048	578,751	53,175	47,278	100,453
Total liabilities and equity/capital	$370,104	$588,260	$958,364	$151,668	$127,363	$279,031

Table of Contents

	Consolidated Development Projects Held for and/or Under Development	Operating	Total	Unconsolidated Development Projects Completed, Not Stabilized (3)	Operating	Total
Operating information for the year ended 12/31/14 (at 100%):						
Operating revenue	$22	$88,157	$88,179	$10,182	$15,160	$25,342
Operating expenses	91	25,674	25,765	3,781	6,818	10,599
Net operating (loss) income	(69)	62,483	62,414	6,401	8,342	14,743
Depreciation	—	21,679	21,679	6,512	5,800	12,312
General and administrative/other	1	116	117	1	209	210
Operating (loss) income	(70)	40,688	40,618	(112)	2,333	2,221
Interest and other income	—	11	11	—	—	—
Other expenses	—	(54)	(54)	—	—	—
Interest:						
Expense incurred, net	—	(15,626)	(15,626)	(5,296)	(3,831)	(9,127)
Amortization of deferred financing costs	—	(355)	(355)	—	(2)	(2)
(Loss) income before income and other taxes and (loss) from investments in unconsolidated entities	(70)	24,664	24,594	(5,408)	(1,500)	(6,908)
Income and other tax (expense) benefit	—	(36)	(36)	(7)	—	(7)
(Loss) from investments in unconsolidated entities	—	(1,593)	(1,593)	—	—	—
Net (loss) income	$(70)	$23,035	$22,965	$(5,415)	$(1,500)	$(6,915)

(1) Project and apartment unit counts exclude all uncompleted development projects until those projects are substantially completed.
(2) All debt is non-recourse to the Company.
(3) Projects included here are substantially complete. However, they may still require additional exterior and interior work for all units to be available for leasing.

Note: The above tables exclude the Company's interests in unconsolidated joint ventures entered into with AVB in connection with the Archstone Transaction. These ventures own certain non-core Archstone assets that are held for sale and succeeded to certain residual Archstone liabilities, such as liability for various employment-related matters as well as responsibility for tax protection arrangements and third-party preferred interests in former Archstone subsidiaries. The preferred interests have an aggregate liquidation value of $74.6 million at December 31, 2014. The ventures are owned 60% by the Company and 40% by AVB.

During the year ended December 31, 2014, the Company and its joint venture partners sold one consolidated partially owned land parcel and recognized a net gain on the sale of approximately $1.1 million as well as one unconsolidated partially owned property consisting of 388 apartment units and recognized a net gain on the sale of approximately $4.9 million.

During the year ended December 31, 2012, the Company and its joint venture partner sold two consolidated partially owned properties consisting of 441 apartment units and recognized a net gain on the sales of approximately $21.3 million.

The Company is the controlling partner in various consolidated partnership properties and development properties having a noncontrolling interest book value of $124.9 million at December 31, 2014. The Company does not have any VIEs.

Archstone Acquisition

On February 27, 2013, in conjunction with the Archstone Acquisition, the Company acquired interests in certain joint ventures. Details of these interests follow by project:

Wisconsin Place – This project contains a mixed-use site located in Chevy Chase, Maryland consisting of residential, retail, office and accessory uses, including underground parking facilities. The Company has a 75% equity interest with an initial basis of $198.5 million in the 432 unit residential component. The Company is the managing member, was responsible for constructing the residential project and its partner does not have substantive kick-out or participating rights. As a result, the entity that owns the residential component of this mixed-use site is required to be consolidated on the Company's balance sheet. Such entity also retains an unconsolidated interest in an entity that owns the land underlying the entire project and owns and operates the parking facility. The initial fair value of this investment is $56.5 million. The Company does not have any ownership interest in the retail and office components.

Waterton Tenside – This venture was formed to develop and operate a 336 unit apartment property located in Atlanta, Georgia. The Company has a 20% equity interest with an initial basis of $5.1 million. The partner is the managing member and developed the project. The project is encumbered by a non-recourse mortgage loan that has a current outstanding balance of $30.0 million, bears interest at 3.66% and matures December 1, 2018. The Company does not have substantive kick-out or participating rights. As a result, the entity is unconsolidated and recorded using the equity method of accounting.

On February 27, 2013, in connection with the Archstone Acquisition, subsidiaries of the Company and AVB entered into three limited liability company agreements (collectively, the "Residual JV"). The Residual JV owns certain non-core Archstone assets, such as interests in a four property portfolio of apartment buildings and succeeded to certain residual Archstone liabilities, such as liability for various employment-related matters. The Residual JV is owned 60% by the Company and 40% by AVB and the Company's initial investment was $147.6 million. The Residual JV is managed by a Management Committee consisting of two members from each of the Company and AVB. Both partners have equal participation in the Management Committee and all significant participating rights are shared by both partners. As a result, the Residual JV is unconsolidated and recorded using the equity method of accounting.

During the year ended December 31, 2014, the Company closed on the sale of its unconsolidated interest in the German portfolio fund, the German management company and the remaining wholly-owned German real estate assets. With these sales, all German real estate assets that were acquired by the Residual JV as part of the Archstone Acquisition have now been sold. The Company's pro rata share of the proceeds/distributions that have been repatriated to the Residual JV and received by the Company as a result of the German dispositions was approximately $79.6 million during the year ended December 31, 2014 and $98.5 million cumulatively since the closing of the Archstone Acquisition.

On February 27, 2013, in connection with the Archstone Acquisition, a subsidiary of the Company and AVB entered into a limited liability company agreement (the "Legacy JV"), through which they assumed obligations of Archstone in the form of preferred interests, some of which are governed by tax protection arrangements. During the year ended December 31, 2013, the Company purchased with AVB $65.0 million (of which the Company's 60% share was $39.0 million) of the preferred interests assumed by the Legacy JV. At December 31, 2014, the remaining preferred interests have an aggregate liquidation value of $74.6 million, our share of which is included in other liabilities in the accompanying consolidated balance sheets. Obligations of the Legacy JV are borne 60% by the Company and 40% by AVB. The Legacy JV is managed by a Management Committee consisting of two members from each of the Company and AVB. Both partners have equal participation in the Management Committee and all significant participating rights are shared by both partners. As a result, the Legacy JV is unconsolidated and recorded using the equity method of accounting.

Other

In December 2011, the Company and Toll Brothers (NYSE: TOL) jointly acquired a vacant land parcel at 400 Park Avenue South in New York City. The Company's and Toll Brothers' allocated portions of the purchase price were approximately $76.1 million and $57.9 million, respectively. The Company is the managing member and Toll Brothers does not have substantive kick-out or participating rights. Until the core and shell of the building is complete, the building and land will be owned jointly and are required to be consolidated on the Company's balance sheet. Thereafter, the Company will solely own and control the rental portion of the building (floors 2-22) and Toll Brothers will solely own and control the for sale portion of the building (floors 23-40). Once the core and shell are complete, the Toll Brothers' portion of the property will be deconsolidated from the Company's balance sheet. The acquisition was financed through contributions by the Company and Toll Brothers of approximately $102.5 million and $75.7 million, respectively, which included the land purchase noted above, restricted deposits and taxes and fees. As of December 31, 2014, the Company's and Toll Brothers' consolidated contributions to the joint venture were approximately $336.9 million, of which Toll Brothers' noncontrolling interest balance totaled $117.4 million.

The Company admitted an 80% institutional partner to two separate entities/transactions (Nexus Sawgrass in December 2010 and Domain in August 2011), each owning a developable land parcel, in exchange for $40.1 million in cash and retained a 20% equity interest in both of these entities. These projects are now unconsolidated. Details of these projects follow:

- Nexus Sawgrass – This development project was completed and stabilized during the quarter ended September 30, 2014. Total project costs were approximately $78.6 million and construction was predominantly funded with a long-term, non-recourse secured loan from the partner. The mortgage loan has a maximum debt commitment of $48.7 million and a current unconsolidated outstanding balance of $48.6 million; the loan bears interest at 5.60% and matures January 1, 2021.
- Domain – This development project is substantially complete. Total project costs are expected to be approximately $155.8

Table of Contents

million and construction was predominantly funded with a long-term, non-recourse secured loan from the partner. The mortgage loan has a maximum debt commitment of $98.6 million and a current unconsolidated outstanding balance of $96.8 million; the loan bears interest at 5.75% and matures January 1, 2022.

While the Company is the managing member of both of the joint ventures, was responsible for constructing both of the projects and has given certain construction cost overrun guarantees, the joint venture partner has significant participating rights and has active involvement in and oversight of the ongoing projects. The Company currently has no further funding obligations related to these projects.

7. Deposits – Restricted and Escrow Deposits – Mortgage

The following table presents the Company's restricted deposits as of December 31, 2014 and 2013 (amounts in thousands):

	December 31, 2014	December 31, 2013
Earnest money on pending acquisitions	$580	$4,514
Restricted deposits on real estate investments	24,701	53,771
Resident security and utility deposits	46,516	44,777
Other	506	505
Totals	$72,303	$103,567

The following table presents the Company's escrow deposits as of December 31, 2014 and 2013 (amounts in thousands):

	December 31, 2014	December 31, 2013
Real estate taxes and insurance	$2,235	$3,687
Replacement reserves	3,431	4,229
Mortgage principal reserves/sinking funds	41,567	33,868
Other	852	852
Totals	$48,085	$42,636

8. Debt

EQR does not have any indebtedness as all debt is incurred by the Operating Partnership. EQR guarantees the Operating Partnership's revolving credit facility up to the maximum amount and for the full term of the facility.

Mortgage Notes Payable

As of December 31, 2014, the Company had outstanding mortgage debt of approximately $5.1 billion.

During the year ended December 31, 2014, the Company:

Repaid $100.7 million of mortgage loans; and
Assumed $28.9 million of mortgage debt on one acquired property.

The Company recorded approximately $0.3 million of prepayment penalties during the year ended December 31, 2014 as additional interest expense related to debt extinguishment of mortgages. The Company also recorded $1.9 million of write-offs of net unamortized premiums during the year ended December 31, 2014 as a reduction of interest expense related to debt extinguishment of mortgages.

As of December 31, 2014, the Company had $700.5 million of secured debt subject to third party credit enhancement.

As of December 31, 2014, scheduled maturities for the Company’s outstanding mortgage indebtedness were at various dates through May 1, 2061. At December 31, 2014, the interest rate range on the Company’s mortgage debt was 0.03% to 7.25% . During the year ended December 31, 2014, the weighted average interest rate on the Company’s mortgage debt was 4.21% .

Table of Contents

The historical cost, net of accumulated depreciation, of encumbered properties was $6.9 billion and $7.3 billion at December 31, 2014 and 2013, respectively.

As of December 31, 2013, the Company had outstanding mortgage debt of approximately $5.2 billion.
During the year ended December 31, 2013, the Company:

Assumed as part of the Archstone Transaction $2.2 billion of mortgage debt held in two Fannie Mae loan pools, consisting of $1.2 billion collateralized by 16 properties with an interest rate of 6.256% and a maturity date of November 1, 2017 ("Pool 3") and $963.5 million collateralized by 15 properties with an interest rate of 5.883% and a maturity date of November 1, 2014 ("Pool 4");
Repaid $2.5 billion of mortgage loans, which includes the partial paydown of $825.0 million of Pool 3 mortgage debt and the payoff of $963.5 million of Pool 4 mortgage debt;
Assumed as part of the Archstone Transaction $346.6 million of tax-exempt bonds on four properties with interest rates ranging from SIFMA plus 0.860% to SIFMA plus 1.402% and maturity dates through November 15, 2036;
Assumed as part of the Archstone Transaction $339.0 million of other mortgage debt on three properties with fixed interest rates ranging from 0.100% to 5.240% and maturity dates through May 1, 2061;
Assumed as part of the Archstone Transaction $34.1 million of other mortgage debt on one property with a variable rate of LIBOR plus 1.75% and a maturity date of September 1, 2014;
Recorded $127.9 million of net mark-to-market premiums on the Archstone Transaction mortgage debt described above; and
Obtained $902.9 million of new mortgage loan proceeds, inclusive of an $800.0 million secured loan from a large insurance company which matures on November 10, 2023, is interest only and carries a fixed interest rate of 4.21%.

The Company recorded approximately $222.4 million and $7.4 million of prepayment penalties and write-offs of unamortized deferred financing costs, respectively, during the year ended December 31, 2013 as additional interest expense related to debt extinguishment of mortgages. The Company also recorded $110.5 million of write-offs of net unamortized premiums during the year ended December 31, 2013 as a reduction of interest expense related to debt extinguishment of mortgages.

As of December 31, 2013, the Company had $700.5 million of secured debt subject to third party credit enhancement.

As of December 31, 2013, scheduled maturities for the Company's outstanding mortgage indebtedness were at various dates through May 1, 2061. At December 31, 2013, the interest rate range on the Company's mortgage debt was 0.03% to 7.25%. During the year ended December 31, 2013, the weighted average interest rate on the Company's mortgage debt was 4.23% (excludes $113.6 million of write-offs of unamortized premiums related to debt extinguishment of mortgages).

Notes
The following tables summarize the Company's unsecured note balances and certain interest rate and maturity date information as of and for the years ended December 31, 2014 and 2013, respectively:

December 31, 2014 (Amounts in thousands)	Net Principal Balance	Interest Rate Ranges	Weighted Average Interest Rate	Maturity Date Ranges
Fixed Rate Public Notes (1)	$4,974,154	3.00% - 7.57%	5.45%	2015 - 2044
Floating Rate Public Notes (1)	451,192	(1)	1.15%	2019
Totals	$5,425,346			

December 31, 2013 (Amounts in thousands)	Net Principal Balance	Interest Rate Ranges	Weighted Average Interest Rate	Maturity Date Ranges
Fixed Rate Public/Private Notes	$4,727,088	3.00% - 7.57%	5.55%	2014 - 2026
Floating Rate Public/Private Notes (2)	750,000	(2)	1.58%	2015
Totals	$5,477,088			

(1) Fair value interest rate swaps convert the $450.0 million 2.375% notes due July 1, 2019 to a floating interest rate of 90-Day LIBOR plus 0.61%.

(2) Includes the Company's senior unsecured $750.0 million term loan facility that was to mature on January 11, 2015 and was paid off in the second quarter of 2014. The interest rate on advances under the term loan facility was generally LIBOR plus a spread (1.20%), which was dependent on the credit rating of the Company's long-term debt.

Table of Contents

The Company’s unsecured public debt contains certain financial and operating covenants including, among other things, maintenance of certain financial ratios. The Company was in compliance with its unsecured public debt covenants for both the years ended December 31, 2014 and 2013.

EQR and ERPOP currently have an active universal shelf registration statement for the issuance of equity and debt securities that automatically became effective upon filing with the SEC on July 30, 2013 and expires on July 30, 2016. Per the terms of ERPOP's partnership agreement, EQR contributes the net proceeds of all equity offerings to the capital of ERPOP in exchange for additional OP Units (on a one-for-one Common Share per OP Unit basis) or preference units (on a one-for-one preferred share per preference unit basis).

During the year ended December 31, 2014, the Company:
Repaid $500.0 million of 5.250% unsecured notes at maturity;
Repaid its $750.0 million unsecured term loan facility in conjunction with the note issuances discussed below and wrote-off approximately $0.6 million of unamortized deferred financing costs as additional interest expense;
Issued $450.0 million of five-year 2.375% fixed rate public notes, receiving net proceeds of $449.6 million before underwriting fees and other expenses, at an all-in effective interest rate of 2.52% and swapped the notes to a floating interest rate in conjunction with the issuance (see Note 9 for further discussion); and
Issued $750.0 million of thirty-year 4.50% fixed rate public notes, receiving net proceeds of $744.7 million before underwriting fees, hedge termination costs and other expenses, at an all-in effective interest rate of 4.57% after termination of various forward starting swaps in conjunction with the issuance (see Note 9 for further discussion).

During the year ended December 31, 2013, the Company:
Repaid $400.0 million of 5.200% unsecured notes at maturity;
Issued $500.0 million of ten-year 3.00% fixed rate public notes, receiving net proceeds of $495.6 million before underwriting fees, hedge termination costs and other expenses, at an all-in effective interest rate of 3.998%; and
Entered into a senior unsecured $750.0 million delayed draw term loan facility which was fully drawn on February 27, 2013 in connection with the Archstone Acquisition. The maturity date of January 11, 2015 was subject to a one-year extension option exercisable by the Company. The interest rate on advances under the term loan facility was generally LIBOR plus a spread (1.20%), which was dependent on the credit rating of the Company's long-term debt. This facility was paid off in the second quarter of 2014.

In November 2012, the Company obtained a commitment for a senior unsecured bridge loan facility in an aggregate principal amount not to exceed $2.5 billion to finance the acquisition of Archstone and to pay fees and expenses relating to this transaction. The Company incurred fees totaling $10.9 million to structure this facility, of which $8.4 million was written off in 2012 in conjunction with additional capital raising activities which curtailed amounts available on this facility. On January 11, 2013, the Company terminated this $2.5 billion bridge loan facility in connection with the execution of the term loan facility discussed above and the new revolving credit facility discussed below. The Company wrote off approximately $2.5 million of unamortized deferred financing costs during the year ended December 31, 2013 as additional interest expense.

Lines of Credit

On January 11, 2013, the Company replaced its existing $1.75 billion facility with a $2.5 billion unsecured revolving credit facility maturing April 1, 2018. The Company has the ability to increase available borrowings by an additional $500.0 million by adding additional banks to the facility or obtaining the agreement of existing banks to increase their commitments. The interest rate on advances under the facility will generally be LIBOR plus a spread (currently 1.05%) and the Company pays an annual facility fee (currently 15 basis points). Both the spread and the facility fee are dependent on the credit rating of the Company's long-term debt.

In July 2011, the Company replaced its then existing unsecured revolving credit facility with a new $1.25 billion unsecured revolving credit facility maturing on July 13, 2014, subject to a one-year extension option exercisable by the Company. The Company had the ability to increase available borrowings by an additional $500.0 million by adding additional banks to the facility or obtaining the agreement of existing banks to increase their commitments. On January 6, 2012, the Company amended this credit facility to increase available borrowings by an additional $500.0 million to $1.75 billion with all other terms, including the July 13, 2014 maturity date, remaining the same. The interest rate on advances under the credit facility was generally LIBOR

Table of Contents

plus a spread (1.15%) and the Company paid an annual facility fee of 0.2%. Both the spread and the facility fee were dependent on the credit rating of the Company's long-term debt. The facility had replaced the Company's previous $1.425 billion facility which was scheduled to mature in February 2012. The Company wrote-off $0.2 million in unamortized deferred financing costs related to the old facility.

As of December 31, 2014, the amount available on the credit facility was $2.12 billion (net of $43.8 million which was restricted/dedicated to support letters of credit and net of $333.0 million outstanding). During the year ended December 31, 2014, the weighted average interest rate was 0.95%. As of December 31, 2013, the amount available on the credit facility was $2.35 billion (net of $34.9 million which was restricted/dedicated to support letters of credit and net of $115.0 million outstanding). During the year ended December 31, 2013, the weighted average interest rate was 1.26%.

Other

The following table provides a summary of the aggregate payments of principal on all debt for each of the next five years and thereafter (amounts in thousands):

Year	Total (1)
2015	$408,420
2016	1,192,798
2017	1,346,708
2018	514,510
2019	1,278,469
Thereafter	6,135,842
Net Unamortized (Discount)	(31,886)
Total	$10,844,861

(1) Premiums and discounts are amortized over the life of the debt.

9. Derivative and Other Fair Value Instruments

The valuation of financial instruments requires the Company to make estimates and judgments that affect the fair value of the instruments. The Company, where possible, bases the fair values of its financial instruments, including its derivative instruments, on listed market prices and third party quotes. Where these are not available, the Company bases its estimates on current instruments with similar terms and maturities or on other factors relevant to the financial instruments.

In the normal course of business, the Company is exposed to the effect of interest rate changes. The Company seeks to manage these risks by following established risk management policies and procedures including the use of derivatives to hedge interest rate risk on debt instruments. The Company may also use derivatives to manage its exposure to foreign exchange rates or manage commodity prices in the daily operations of the business.

A three-level valuation hierarchy exists for disclosure of fair value measurements. The valuation hierarchy is based upon the transparency of inputs to the valuation of an asset or liability as of the measurement date. A financial instrument’s categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement. The three levels are defined as follows:

- Level 1 – Inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.

- Level 2 – Inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.

- Level 3 – Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The Company’s derivative positions are valued using models developed by the respective counterparty as well as models developed internally by the Company that use as their basis readily observable market parameters (such as forward yield curves and credit default swap data). Employee holdings other than Common Shares within the supplemental executive retirement plan

Table of Contents

(the “SERP”) are valued using quoted market prices for identical assets and are included in other assets and other liabilities on the consolidated balance sheets. Redeemable Noncontrolling Interests – Operating Partnership/Redeemable Limited Partners are valued using the quoted market price of Common Shares. The fair values disclosed for mortgage notes payable and unsecured debt (including its line of credit) were calculated using indicative rates provided by lenders of similar loans in the case of mortgage notes payable and the private unsecured debt (including its line of credit) and quoted market prices for each underlying issuance in the case of the public unsecured notes.

The carrying values of the Company’s mortgage notes payable and unsecured debt (including its line of credit) were approximately $5.1 billion and $5.8 billion, respectively, at December 31, 2014. The fair values of the Company’s mortgage notes payable and unsecured debt (including its line of credit) were approximately $5.1 billion (Level 2) and $6.1 billion (Level 2), respectively, at December 31, 2014. The carrying values of the Company’s mortgage notes payable and unsecured debt (including its line of credit) were approximately $5.2 billion and $5.6 billion, respectively, at December 31, 2013. The fair values of the Company’s mortgage notes payable and unsecured debt (including its line of credit) were approximately $5.1 billion (Level 2) and $5.9 billion (Level 2), respectively, at December 31, 2013. The fair values of the Company’s financial instruments (other than mortgage notes payable, unsecured notes, lines of credit and derivative instruments), including cash and cash equivalents and other financial instruments, approximate their carrying or contract values.

The following table summarizes the Company’s consolidated derivative instruments at December 31, 2014 (dollar amounts are in thousands):

	Fair Value Hedges (1)	Forward Starting Swaps (2)
Current Notional Balance	$450,000	$400,000
Lowest Possible Notional	$450,000	$400,000
Highest Possible Notional	$450,000	$400,000
Lowest Interest Rate	2.375%	2.274%
Highest Interest Rate	2.375%	3.191%
Earliest Maturity Date	2019	2025
Latest Maturity Date	2019	2025

(1) Fair Value Hedges – Converts outstanding fixed rate unsecured notes ($450.0 million 2.375% notes due July 1, 2019) to a floating interest rate of 90-Day LIBOR plus 0.61%.

(2) Forward Starting Swaps – Designed to partially fix interest rates in advance of a planned future debt issuance. These swaps have mandatory counterparty terminations in 2016, and are targeted to 2015 issuances.

The following tables provide a summary of the fair value measurements for each major category of assets and liabilities measured at fair value on a recurring basis and the location within the accompanying consolidated balance sheets at December 31, 2014 and 2013, respectively (amounts in thousands):

Table of Contents

Description	Balance Sheet Location	12/31/2014	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Fair Value Hedges	Other Assets	$ 1,597	$—	$ 1,597	$—
Forward Starting Swaps	Other Assets	332	—	332	—
Supplemental Executive Retirement Plan	Other Assets	104,463	104,463	—	—
Total		$ 106,392	$ 104,463	$ 1,929	$—
Liabilities					
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Forward Starting Swaps	Other Liabilities	$ 14,104	$—	$ 14,104	$—
Supplemental Executive Retirement Plan	Other Liabilities	104,463	104,463	—	—
Total		$ 118,567	$ 104,463	$ 14,104	$—
Redeemable Noncontrolling Interests – Operating Partnership/Redeemable Limited Partners	Mezzanine	$ 500,733	$—	$ 500,733	$—

Description	Balance Sheet Location	12/31/2013	Fair Value Measurements at Reporting Date Using Quoted Prices in Active Markets for Identical Assets/Liabilities (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
Assets					
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Forward Starting Swaps	Other Assets	$ 18,710	$—	$ 18,710	$—
Supplemental Executive Retirement Plan	Other Assets	83,845	83,845	—	—
Total		$ 102,555	$ 83,845	$ 18,710	$—

Liabilities					
Supplemental Executive Retirement Plan	Other Liabilities	$ 83,845	$83,845	$—	$—
Total		$ 83,845	$83,845	$—	$—
Redeemable Noncontrolling Interests – Operating Partnership/Redeemable Limited Partners	Mezzanine	$ 363,144	$—	$363,144	$—

The following tables provide a summary of the effect of fair value hedges on the Company's accompanying consolidated statements of operations and comprehensive income for the years ended December 31, 2014, 2013 and 2012, respectively (amounts in thousands):

Table of Contents

December 31, 2014 Type of Fair Value Hedge	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Recognized in Income on Derivative	Hedged Item	Income Statement Location of Hedged Item Gain/(Loss)	Amount of Gain/(Loss)Recognized in Income on Hedged Item
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Interest Rate Swaps	Interest expense	$1,597	Fixed rate debt	Interest expense	$ (1,597)
Total		$1,597			$ (1,597)

December 31, 2013 Type of Fair Value Hedge	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Recognized in Income on Derivative	Hedged Item	Income Statement Location of Hedged Item Gain/(Loss)	Amount of Gain/(Loss)Recognized in Income on Hedged Item
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Interest Rate Swaps	Interest expense	$(1,523)	Fixed rate debt	Interest expense	$ 1,523
Total		$(1,523)			$ 1,523

December 31, 2012 Type of Fair Value Hedge	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Recognized in Income on Derivative	Hedged Item	Income Statement Location of Hedged Item Gain/(Loss)	Amount of Gain/(Loss)Recognized in Income on Hedged Item
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Interest Rate Swaps	Interest expense	$(7,448)	Fixed rate debt	Interest expense	$ 7,448
Total		$(7,448)			$ 7,448

The following tables provide a summary of the effect of cash flow hedges on the Company's accompanying consolidated statements of operations and comprehensive income for the years ended December 31, 2014, 2013 and 2012, respectively (amounts in thousands):

	Effective Portion			Ineffective Portion	
December 31, 2014 Type of Cash Flow Hedge	Amount of Gain/(Loss) Recognized in OCI on Derivative	Location of Gain/(Loss) Reclassified from Accumulated OCI into Income	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income

Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Forward Starting Swaps	$(33,215)	Interest expense	$(16,868)	Interest expense	$91
Total	$(33,215)		$(16,868)		$91

	Effective Portion			Ineffective Portion	
December 31, 2013					
Type of Cash Flow Hedge	Amount of Gain/(Loss) Recognized in OCI on Derivative	Location of Gain/(Loss) Reclassified from Accumulated OCI into Income	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Forward Starting Swaps/Treasury Locks	$18,771	Interest expense	$(20,141)	N/A	$—
Total	$18,771		$(20,141)		$—

Table of Contents

December 31, 2012	Effective Portion			Ineffective Portion	
Type of Cash Flow Hedge	Amount of Gain/(Loss) Recognized in OCI on Derivative	Location of Gain/(Loss) Reclassified from Accumulated OCI into Income	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income	Location of Gain/(Loss) Recognized in Income on Derivative	Amount of Gain/(Loss) Reclassified from Accumulated OCI into Income
Derivatives designated as hedging instruments:					
Interest Rate Contracts:					
Forward Starting Swaps/Treasury Locks	$(11,772)	Interest expense	$(14,678)	N/A	$—
Total	$(11,772)		$(14,678)		$—

As of December 31, 2014 and 2013, there were approximately $172.2 million and $155.8 million in deferred losses, net, included in accumulated other comprehensive (loss), respectively, related to derivative instruments. Based on the estimated fair values of the net derivative instruments at December 31, 2014, the Company may recognize an estimated $22.0 million of accumulated other comprehensive (loss) as additional interest expense during the year ending December 31, 2015.

In June 2014, the Company paid a net $2.0 million to settle seven forward starting ten-year swaps in conjunction with the issuance of $750.0 million of thirty-year fixed rate public notes. The ineffective portion of approximately $0.1 million was recorded as a decrease to interest expense and accrued interest of approximately $1.3 million was recorded as an increase to interest expense. The remaining amount of approximately $0.8 million will be deferred as a component of accumulated other comprehensive (loss) and recognized as an increase to interest expense over the first nine years and ten months of the notes.

In April 2013, the Company paid approximately $44.7 million to settle three forward starting swaps in conjunction with the issuance of $500.0 million of ten-year fixed rate public notes. The accrued interest of $0.7 million was recorded as interest expense. The remaining amount of $44.0 million will be deferred as a component of accumulated other comprehensive (loss) and recognized as an increase to interest expense over the approximate term of the notes.
During the year ended December 31, 2013, the Company sold all of its investment securities, receiving proceeds of approximately $2.8 million, and recorded a $2.1 million realized gain on sale (specific identification) which is included in interest and other income.

Table of Contents

10. Earnings Per Share and Earnings Per Unit

Equity Residential

The following tables set forth the computation of net income per share – basic and net income per share – diluted for the Company (amounts in thousands except per share amounts):

	Year Ended December 31,		
	2014	2013	2012
Numerator for net income per share – basic:			
Income (loss) from continuing operations	$657,101	$(168,174)	$160,298
Allocation to Noncontrolling Interests – Operating Partnership, net	(24,771)	6,834	(6,417)
Net (income) loss attributable to Noncontrolling Interests – Partially Owned Properties	(2,544)	538	(844)
Preferred distributions	(4,145)	(4,145)	(10,355)
Premium on redemption of Preferred Shares	—	—	(5,152)
Income (loss) from continuing operations available to Common Shares, net of Noncontrolling Interests	625,641	(164,947)	137,530
Discontinued operations, net of Noncontrolling Interests	1,522	1,991,415	688,682
Numerator for net income per share – basic	$627,163	$1,826,468	$826,212
Numerator for net income per share – diluted (1):			
Income from continuing operations	$657,101		$160,298
Net (income) attributable to Noncontrolling Interests – Partially Owned Properties	(2,544)		(844)
Preferred distributions	(4,145)		(10,355)
Premium on redemption of Preferred Shares	—		(5,152)
Income from continuing operations available to Common Shares	650,412		143,947
Discontinued operations, net	1,582		720,906
Numerator for net income per share – diluted (1)	$651,994	$1,826,468	$864,853
Denominator for net income per share – basic and diluted (1):			
Denominator for net income per share – basic	361,181	354,305	302,701
Effect of dilutive securities:			
OP Units	13,718		13,853
Long-term compensation shares/units	2,836		3,212
Denominator for net income per share – diluted (1)	377,735	354,305	319,766
Net income per share – basic	$1.74	$5.16	$2.73
Net income per share – diluted	$1.73	$5.16	$2.70
Net income per share – basic:			
Income (loss) from continuing operations available to Common Shares, net of Noncontrolling Interests	$1.732	$(0.466)	$0.454
Discontinued operations, net of Noncontrolling Interests	0.004	5.621	2.275
Net income per share – basic	$1.736	$5.155	$2.729
Net income per share – diluted (1):			
Income (loss) from continuing operations available to Common Shares	$1.722	$(0.466)	$0.450
Discontinued operations, net	0.004	5.621	2.255
Net income per share – diluted	$1.726	$5.155	$2.705

(1)

Potential common shares issuable from the assumed conversion of OP Units and the exercise/vesting of long-term compensation shares/units are automatically anti-dilutive and therefore excluded from the diluted earnings per share calculation as the Company had a loss from continuing operations for the year ended December 31, 2013.

For additional disclosures regarding the employee share options and restricted shares, see Notes 2 and 12.

ERP Operating Limited Partnership

The following tables set forth the computation of net income per Unit – basic and net income per Unit – diluted for the Operating Partnership (amounts in thousands except per Unit amounts):

Table of Contents

	Year Ended December 31,		
	2014	2013	2012
Numerator for net income per Unit – basic and diluted (1):			
Income (loss) from continuing operations	$657,101	$(168,174)	$160,298
Net (income) loss attributable to Noncontrolling Interests – Partially Owned Properties	(2,544)	538	(844)
Allocation to Preference Units	(4,145)	(4,145)	(10,355)
Allocation to premium on redemption of Preference Units	—	—	(5,152)
Income (loss) from continuing operations available to Units	650,412	(171,781)	143,947
Discontinued operations, net	1,582	2,073,527	720,906
Numerator for net income per Unit – basic and diluted (1)	$651,994	$1,901,746	$864,853
Denominator for net income per Unit – basic and diluted (1):			
Denominator for net income per Unit – basic	374,899	368,038	316,554
Effect of dilutive securities:			
Dilution for Units issuable upon assumed exercise/vesting of the Company's long-term compensation shares/units	2,836		3,212
Denominator for net income per Unit – diluted (1)	377,735	368,038	319,766
Net income per Unit – basic	$1.74	$5.16	$2.73
Net income per Unit – diluted	$1.73	$5.16	$2.70
Net income per Unit – basic:			
Income (loss) from continuing operations available to Units	$1.732	$(0.466)	$0.454
Discontinued operations, net	0.004	5.621	2.275
Net income per Unit – basic	$1.736	$5.155	$2.729
Net income per Unit – diluted (1):			
Income (loss) from continuing operations available to Units	$1.722	$(0.466)	$0.450
Discontinued operations, net	0.004	5.621	2.255
Net income per Unit – diluted	$1.726	$5.155	$2.705

(1) Potential Units issuable from the assumed exercise/vesting of the Company's long-term compensation shares/units are automatically anti-dilutive and therefore excluded from the diluted earnings per Unit calculation as the Operating Partnership had a loss from continuing operations for the year ended December 31, 2013.

For additional disclosures regarding the employee share options and restricted shares, see Notes 2 and 12.

11. Discontinued Operations

The Company has presented separately as discontinued operations in all periods the results of operations for all consolidated assets disposed of and all properties held for sale, if any, for properties sold in 2013 and prior years. The amounts included in discontinued operations for the year ended December 31, 2014 represent trailing activity for properties sold in 2013 and prior years. None of the properties sold during the year ended December 31, 2014 met the new criteria for reporting discontinued operations. See Note 2 for further discussion.

The components of discontinued operations are outlined below and include the results of operations for the respective periods that the Company owned such assets for properties sold in 2013 and prior years during each of the years ended December 31, 2014, 2013 and 2012 (amounts in thousands).

F-54

	Year Ended December 31,		
	2014	2013	2012
REVENUES			
Rental income	$1,309	$121,942	$445,832
Total revenues	1,309	121,942	445,832
EXPENSES (1)			
Property and maintenance	(141)	36,792	103,371
Real estate taxes and insurance	267	11,903	41,208
Property management	—	1	211
Depreciation	—	34,380	124,323
General and administrative	89	85	92
Total expenses	215	83,161	269,205
Discontinued operating income	1,094	38,781	176,627
Interest and other income	317	217	156
Other expenses	—	(3)	(170)
Interest (2):			
Expense incurred, net	—	(1,296)	(3,811)
Amortization of deferred financing costs	—	(228)	(140)
Income and other tax (expense) benefit	(8)	(449)	(34)
Discontinued operations	1,403	37,022	172,628
Net gain on sales of discontinued operations	179	2,036,505	548,278
Discontinued operations, net	$1,582	$2,073,527	$720,906

(1) Includes expenses paid in the current period for properties sold in prior periods related to the Company's period of ownership.
(2) Includes only interest expense specific to secured mortgage notes payable for properties sold.

11.
12. Share Incentive Plans

Any Common Shares issued pursuant to EQR's incentive equity compensation and employee share purchase plans will result in ERPOP issuing OP Units to EQR on a one-for-one basis with ERPOP receiving the net cash proceeds of such issuances.

On June 16, 2011, the shareholders of EQR approved the Company's 2011 Share Incentive Plan, as amended (the "2011 Plan"). The 2011 Plan reserved 12,980,741 Common Shares for issuance. In conjunction with the approval of the 2011 Plan, no further awards may be granted under the 2002 Share Incentive Plan. The 2011 Plan expires on June 16, 2021. As of December 31, 2014, 8,516,934 shares were available for future issuance.

Pursuant to the 2011 Plan and the 2002 Share Incentive Plan, as restated and amended (collectively the "Share Incentive Plans"), officers, trustees and key employees of the Company may be granted share options to acquire Common Shares ("Options") including non-qualified share options ("NQSOs"), incentive share options ("ISOs") and share appreciation rights ("SARs"), or may be granted restricted or non-restricted shares/units (including performance-based awards), subject to conditions and restrictions as described in the Share Incentive Plans. Options, SARs, restricted shares, restricted units and performance shares are sometimes collectively referred to herein as “Awards”.

The Options are generally granted at the fair market value of the Company’s Common Shares at the date of grant, vest in three equal installments over a three-year period, are exercisable upon vesting and expire ten years from the date of grant (see additional valuation discussion in Note 2). The exercise price for all Options under the Share Incentive Plans is equal to the fair market value of the underlying Common Shares at the time the Option is granted. Options exercised result in new Common Shares being issued on the open market. The 2002 Share Incentive Plan, as restated and amended, will terminate at such time as all outstanding Awards have expired or have been exercised/vested. The Board of Trustees may at any time amend or terminate the Share Incentive Plans, but termination will not affect Awards previously granted. Any Options which had vested prior to such a termination would remain exercisable by the holder.

Table of Contents

Restricted shares are generally granted at the fair market value of the Company's Common Shares at the date of grant. Restricted shares that have been awarded through December 31, 2014 generally vest three years from the award date. In addition, the Company’s unvested restricted shareholders have the same voting rights as any other Common Share holder. During the three-year period of restriction, the Company’s unvested restricted shareholders receive quarterly dividend payments on their shares at the same rate and on the same date as any other Common Share holder. As a result, dividends paid on unvested restricted shares are included as a component of retained earnings (included in general partner's capital in the Operating Partnership's financial statements) and have not been considered in reducing net income available to Common Shares/Units in a manner similar to the Company’s preferred share/preference unit dividends for the earnings per share/Unit calculation. If employment is terminated prior to the lapsing of the restriction, the shares are generally canceled.

In December 2008, the Company’s then existing 2002 Share Incentive Plan was amended to allow for the issuance of restricted units (formerly known as long-term incentive plan units) to officers of the Company as an alternative to the Company’s restricted shares. The 2011 Plan also allows for the issuance of restricted units. Restricted units are a class of partnership interests that under certain conditions, including vesting, are convertible by the holder into an equal number of OP Units, which are redeemable by the holder for Common Shares on a one-for-one basis or the cash value of such shares at the option of the Company. In connection with the grant of long-term incentive compensation for services provided during a year, officers of the Company are allowed to choose, on a one-for-one basis, between restricted shares and restricted units. In January 2011 and March 2014, certain holders of restricted shares converted these shares into restricted units. Similar to restricted shares, restricted units are generally granted at the fair market value of the Company's Common Shares at the date of grant and generally vest three years from the award date. In addition, restricted unit holders receive quarterly dividend payments on their restricted units at the same rate and on the same date as any other OP Unit holder. As a result, dividends paid on restricted units are included as a component of Noncontrolling Interests – Operating Partnership/Limited Partners' capital and have not been considered in reducing net income available to Common Shares/Units in a manner similar to the Company’s preferred share/preference unit dividends for the earnings per share/Unit calculation. If employment is terminated prior to vesting, the restricted units are generally canceled. A restricted unit will automatically convert to an OP Unit when the capital account of each restricted unit increases (“books-up”) to a specified target. If the capital target is not attained within ten years following the date of issuance, the restricted unit will automatically be canceled and no compensation will be payable to the holder of such canceled restricted unit.

All Trustees, with the exception of the Company's non-executive Chairman and employee Trustees, are granted options and restricted shares that vest one-year from the grant date that corresponds to the term for which he or she has been elected to serve. The non-executive Chairman's grants vest over the same term or period as all other employees.

The Company's Share Incentive Plans provide for certain benefits upon retirement. For employees hired prior to January 1, 2009, retirement generally means the termination of employment (other than for cause): (i) on or after age 62; or (ii) prior to age 62 after meeting the requirements of the Rule of 70 (described below). For employees hired after January 1, 2009, retirement generally means the termination of employment (other than for cause) after meeting the requirements of the Rule of 70. For Trustees, retirement generally means termination of service on the Board (other than for cause) on or after age 72.

The Rule of 70 is met when an employee’s years of service with the Company (which must be at least 15 years) plus his or her age (which must be at least 55 years) on the date of termination equals or exceeds 70 years. In addition, the employee must give the Company at least 6 months’ advance written notice of his or her intention to retire and sign a release upon termination of employment, releasing the Company from customary claims and agreeing to ongoing non-competition and employee non-solicitation provisions.

Under the Company's definitions of retirement, several of its executive officers, including its Chief Executive Officer, and its non-executive Chairman, are retirement eligible.

For employees hired prior to January 1, 2009 who retire at or after age 62 or for Trustees who retire at or after age 72, such employee’s or Trustee's unvested restricted shares, restricted units and share options would immediately vest, and share options would continue to be exercisable for the balance of the applicable ten-year option period, as is provided under the Share Incentive Plans. For all other employees (those hired after January 1, 2009 and those hired before such date who choose to retire prior to age 62), upon such retirement under the Rule of 70 definition of retirement of employees, such employee’s unvested restricted shares, restricted units and share options would continue to vest per the original vesting schedule (subject to immediate vesting upon the occurrence of a subsequent change in control of the Company or the employee’s death), and options would continue to be exercisable for the balance of the applicable ten-year option period, subject to the employee’s compliance with the non-competition and employee non-solicitation provisions. If an employee violates these provisions after such retirement, all unvested restricted shares, unvested restricted units and unvested and vested share options at the time of the violation would be void, unless otherwise determined by the Compensation Committee of the Board of Trustees.

Table of Contents

The following tables summarize compensation information regarding the restricted shares, restricted units, share options and Employee Share Purchase Plan ("ESPP") for the three years ended December 31, 2014, 2013 and 2012 (amounts in thousands):

	Year Ended December 31, 2014			
	Compensation Expense	Compensation Capitalized	Compensation Equity	Dividends Incurred
Restricted shares	$9,244	$660	$9,904	$1,012
Restricted units	11,049	920	11,969	1,248
Share options	6,453	896	7,349	—
ESPP discount	797	62	859	—
Total	$27,543	$2,538	$30,081	$2,260

	Year Ended December 31, 2013			
	Compensation Expense	Compensation Capitalized	Compensation Equity	Dividends Incurred
Restricted shares	$12,185	$1,079	$13,264	$967
Restricted units	13,108	501	13,609	520
Share options	9,569	945	10,514	—
ESPP discount	612	20	632	—
Total	$35,474	$2,545	$38,019	$1,487

	Year Ended December 31, 2012			
	Compensation Expense	Compensation Capitalized	Compensation Equity	Dividends Incurred
Restricted shares	$8,014	$922	$8,936	$949
Restricted units	5,004	303	5,307	234
Share options	10,970	782	11,752	—
ESPP discount	844	121	965	—
Total	$24,832	$2,128	$26,960	$1,183

Compensation expense is generally recognized for Awards as follows:

- Restricted shares, restricted units and share options – Straight-line method over the vesting period of the options or shares regardless of cliff or ratable vesting distinctions.
- ESPP discount – Immediately upon the purchase of common shares each quarter.

The Company accelerates the recognition of compensation expense for all Awards for those individuals approaching or meeting the retirement age criteria discussed above. The total compensation expense related to Awards not yet vested at December 31, 2014 is $13.5 million (excluding the accelerated expenses for individuals approaching or meeting the retirement age criteria discussed above), which is expected to be recognized over a weighted average term of 1.31 years.

See Note 2 for additional information regarding the Company's share-based compensation.

The table below summarizes the Award activity of the Share Incentive Plans for the three years ended December 31, 2014, 2013 and 2012:

F-57

Table of Contents

	Common Shares Subject to Options	Weighted Average Exercise Price per Option	Restricted Shares	Weighted Average Fair Value per Restricted Share	Restricted Units	Weighted Average Fair Value per Restricted Unit
Balance at December 31, 2011	8,594,020	$36.81	697,510	$34.17	367,620	$34.80
Awards granted (1)	1,164,484	$60.22	140,980	$60.20	70,235	$57.24
Awards exercised/vested (2) (3) (4)	(1,608,425)	$30.87	(300,809)	$23.79	(152,821)	$21.11
Awards forfeited	(23,795)	$51.55	(12,728)	$46.25	—	—
Awards expired	(11,029)	$35.53	—	—	—	—
Balance at December 31, 2012	8,115,255	$41.31	524,953	$46.81	285,034	$48.41
Awards granted (1)	1,006,444	$55.07	246,731	$55.37	281,931	$52.73
Awards exercised/vested (2) (3) (4)	(586,017)	$29.34	(253,816)	$36.81	(93,335)	$32.97
Awards forfeited	(47,819)	$56.16	(17,634)	$55.74	(2,374)	$56.72
Awards expired	(17,331)	$47.51	—	—	—	—
Balance at December 31, 2013	8,470,532	$43.67	500,234	$55.79	471,256	$55.67
Awards granted (1)	667,877	$56.72	176,457	$56.56	201,507	$53.82
Awards exercised/vested (2) (3) (4)	(2,086,380)	$39.34	(175,344)	$53.44	(60,294)	$53.71
Awards forfeited	(19,022)	$56.32	(6,735)	$56.57	(667)	$52.08
Awards expired	(2,387)	$55.24	—	—	—	—
Conversion of restricted shares to restricted units	—	—	(12,146)	—	12,146	—
Balance at December 31, 2014	7,030,620	$46.16	482,466	$56.89	623,948	$53.38

(1) The weighted average grant date fair value for Options granted during the years ended December 31, 2014, 2013 and 2012 was $9.21 per share, $7.97 per share and $8.55 per share, respectively.

(2) The aggregate intrinsic value of options exercised during the years ended December 31, 2014, 2013 and 2012 was $50.8 million, $16.7 million and $46.7 million, respectively. These values were calculated as the difference between the strike price of the underlying awards and the per share price at which each respective award was exercised.

(3) The fair value of restricted shares vested during the years ended December 31, 2014, 2013 and 2012 was $10.2 million, $13.9 million and $18.0 million, respectively.

(4) The fair value of restricted units vested during the years ended December 31, 2014, 2013 and 2012 was $3.2 million, $5.1 million and $9.1 million, respectively.

The following table summarizes information regarding options outstanding and exercisable at December 31, 2014:

	Options Outstanding (1)			Options Exercisable (2)	
Range of Exercise Prices	Options	Weighted Average Remaining Contractual Life in Years	Weighted Average Exercise Price	Options	Weighted Average Exercise Price
$18.70 to $24.93	988,826	4.09	$23.07	988,826	$23.07
$31.17 to $37.39	1,091,358	3.61	$32.61	1,091,358	$32.61

$37.40 to $43.62	702,568	2.36	$40.12	702,568	$40.12
$43.63 to $49.86	24,628	5.83	$48.63	24,628	$48.63
$49.87 to $56.09	2,343,836	6.21	$53.93	1,387,110	$53.85
$56.10 to $62.32	1,879,404	7.87	$58.72	817,294	$59.84
$18.70 to $62.32	7,030,620	5.57	$46.16	5,011,784	$42.18
Vested and expected to vest as of December 31, 2014	6,590,486	5.34	$45.50		

(1) The aggregate intrinsic value of options outstanding that are vested and expected to vest as of December 31, 2014 is $180.5 million.

(2) The aggregate intrinsic value and weighted average remaining contractual life in years of options exercisable as of December 31, 2014 is $148.7 million and 4.6 years, respectively.

Note: The aggregate intrinsic values in Notes (1) and (2) above were both calculated as the excess, if any, between the Company’s closing share price of $71.84 per share on December 31, 2014 and the strike price of the underlying awards.

Table of Contents

As of December 31, 2013 and 2012, 6,046,489 Options (with a weighted average exercise price of $38.76) and 5,385,907 Options (with a weighted average exercise price of $35.40) were exercisable, respectively.

13. Employee Plans

The Company established an Employee Share Purchase Plan to provide each employee and trustee the ability to annually acquire up to $100,000 of Common Shares of EQR. In 2003, EQR's shareholders approved an increase in the aggregate number of Common Shares available under the ESPP to 7,000,000 (from 2,000,000). The Company has 3,038,534 Common Shares available for purchase under the ESPP at December 31, 2014. The Common Shares may be purchased quarterly at a price equal to 85% of the lesser of: (a) the closing price for a share on the last day of such quarter; and (b) the greater of: (i) the closing price for a share on the first day of such quarter, and (ii) the average closing price for a share for all the business days in the quarter. The following table summarizes information regarding the Common Shares issued under the ESPP (the net proceeds noted below were contributed to ERPOP in exchange for OP Units):

	Year Ended December 31,		
	2014	2013	2012
	(Amounts in thousands except share and per share amounts)		
Shares issued	68,807	73,468	110,054
Issuance price ranges	$45.90 – $55.95	$44.26 – $48.17	$46.33 – $51.78
Issuance proceeds	$3,392	$3,401	$5,399

The Company established a defined contribution plan (the “401(k) Plan”) to provide retirement benefits for employees that meet minimum employment criteria. Prior to 2014, the Company matched dollar for dollar up to the first 3% of eligible compensation that a participant contributed to the 401(k) Plan. Beginning January 1, 2014, the Company increased its match to 4% of eligible compensation that a participant contributes to the 401(k) Plan for all employees except those defined as highly compensated employees, whose match remains at 3%. Participants are vested in the Company’s contributions over five years. The Company recognized an expense in the amount of $5.2 million, $4.2 million and $4.4 million for the years ended December 31, 2014, 2013 and 2012, respectively.

The Company established a supplemental executive retirement plan (the “SERP”) to provide certain officers and trustees an opportunity to defer a portion of their eligible compensation in order to save for retirement. The SERP is restricted to investments in Common Shares, certain marketable securities that have been specifically approved and cash equivalents. The deferred compensation liability represented in the SERP and the securities issued to fund such deferred compensation liability are consolidated by the Company and carried on the Company’s balance sheet, and the Company’s Common Shares held in the SERP are accounted for as a reduction to paid in capital (included in general partner's capital in the Operating Partnership's financial statements).

14. Distribution Reinvestment Plan

On November 18, 2011, the Company filed with the SEC a Form S-3 Registration Statement to register 4,850,000 Common Shares pursuant to a Distribution Reinvestment and Share Purchase Plan (the "2011 DRIP"), which included the remaining shares available for issuance under a 2008 registration, which terminated as of such date. The registration statement was automatically declared effective the same day and was to expire at the earlier of the date on which all 4,850,000 shares have been issued or November 18, 2014. On September 30, 2014, the Company filed with the SEC a Form S-3 Registration Statement to register 4,790,000 Common Shares under an amended Distribution Reinvestment Plan (the "2014 DRIP"), which included the remaining shares available for issuance under the 2011 DRIP, which terminated as of such date. The registration was automatically declared effective the same day and will expire when all 4,790,000 shares have been issued. The Company has 4,786,788 Common Shares available for issuance under the 2014 DRIP at December 31, 2014.

The 2014 DRIP provides holders of record and beneficial owners of Common Shares and Preferred Shares with a simple and convenient method of reinvesting cash dividends/distributions in additional Common Shares. Common Shares purchased under the 2014 DRIP may, at the option of EQR, be directly issued by EQR or purchased by EQR's transfer agent in the open market using participants' funds. The net proceeds from any Common Share issuances are contributed to ERPOP in exchange for OP Units.

Table of Contents

15. Transactions with Related Parties

Pursuant to the terms of the partnership agreement for the Operating Partnership, ERPOP is required to reimburse EQR for all expenses incurred by EQR in excess of income earned by EQR through its indirect 1% ownership of various entities. Amounts paid on behalf of EQR are reflected in the consolidated statements of operations and comprehensive income as general and administrative expenses.

The Company leases its corporate headquarters from an entity controlled by EQR’s Chairman of the Board of Trustees. The lease terminates on January 31, 2022. Amounts incurred for such office space for the years ended December 31, 2014, 2013 and 2012, respectively, were approximately \$2.5 million, \$1.7 million and \$1.3 million. The Company believes these amounts equal market rates for such rental space.

16. Commitments and Contingencies

The Company, as an owner of real estate, is subject to various Federal, state and local environmental laws. Compliance by the Company with existing laws has not had a material adverse effect on the Company. However, the Company cannot predict the impact of new or changed laws or regulations on its current properties or on properties that it may acquire in the future.

The Company is party to a housing discrimination lawsuit brought by a non-profit civil rights organization in April 2006 in the U.S. District Court for the District of Maryland. The suit alleges that the Company designed and built approximately 300 of its properties in violation of the accessibility requirements of the Fair Housing Act and Americans With Disabilities Act. The suit seeks actual and punitive damages, injunctive relief (including modification of non-compliant properties), costs and attorneys' fees. The Company believes it has a number of viable defenses, including that a majority of the named properties were completed before the operative dates of the statutes in question and/or were not designed or built by the Company. Accordingly, the Company is defending the suit vigorously. Due to the pendency of the Company's defenses and the uncertainty of many other critical factual and legal issues, it is not possible to determine or predict the outcome of the suit or a possible loss or a range of loss, and no amounts have been accrued at December 31, 2014. While no assurances can be given, the Company does not believe that the suit, if adversely determined, would have a material adverse effect on the Company.

The Company has established a reserve related to various litigation matters associated with its Massachusetts properties and periodically assesses the adequacy of the reserve and makes adjustments as necessary. During the year ended December 31, 2014, the Company recorded additional reserves relating to these matters of approximately \$4.0 million, resulting in total reserves of approximately \$6.0 million at December 31, 2014. While no assurances can be given, the Company does not believe that the ultimate resolution of these litigation matters, if adversely determined, would have a material adverse effect on the Company.

The Company does not believe there is any other litigation pending or threatened against it that, individually or in the aggregate, may reasonably be expected to have a material adverse effect on the Company.

As of December 31, 2014, the Company has 15 consolidated projects (including Prism at Park Avenue South in New York City, which the Company is jointly developing with Toll Brothers as discussed below) totaling 4,917 apartment units in various stages of development with commitments to fund of approximately \$1.2 billion and estimated completion dates ranging through September 30, 2017, as well as other completed development projects that are in various stages of lease up or are stabilized. Some of the projects are being developed solely by the Company, while others are being co-developed with various third party development partners. The development venture agreements with these partners are primarily deal-specific, with differing terms regarding profit-sharing, equity contributions, returns on investment, buy-sell agreements and other customary provisions. The Company is the "general" or "managing" partner of the development ventures.

As of December 31, 2014, the Company has one completed unconsolidated development project that is currently in lease up as well as one other completed development project that is stabilized. Both projects were co-developed with the same third party development partner in different ventures. The development venture agreements with this partner are primarily deal-specific regarding profit-sharing, equity contributions, returns on investment, buy-sell agreements and other customary provisions. The Company currently has no further funding obligations related to these projects. While the Company is the managing member of both of the joint ventures, was responsible for constructing both of the projects and has given certain construction cost overrun guarantees, the joint venture partner has significant participating rights and has active involvement in and oversight of the ongoing projects. The buy-sell arrangements contain provisions that provide the right, but not the obligation, for the Company to acquire the partner’s interests or sell its interests at any time following the occurrence of certain pre-defined events (including at stabilization) described in the development venture agreements.

Table of Contents

In December 2011, the Company and Toll Brothers (NYSE: TOL) jointly acquired a vacant land parcel at 400 Park Avenue South in New York City. The Company's and Toll Brothers' allocated portions of the purchase price were approximately $76.1 million and $57.9 million, respectively. The Company is the managing member and Toll Brothers does not have substantive kick-out or participating rights. Until the core and shell of the building is complete, the building and land will be owned jointly and are required to be consolidated on the Company's balance sheet. Thereafter, the Company will solely own and control the rental portion of the building (floors 2-22) and Toll Brothers will solely own and control the for sale portion of the building (floors 23-40). Once the core and shell are complete, the Toll Brothers' portion of the property will be deconsolidated from the Company's balance sheet. The acquisition was financed through contributions by the Company and Toll Brothers of approximately $102.5 million and $75.7 million, respectively, which included the land purchase noted above, restricted deposits and taxes and fees. As of December 31, 2014, the Company's and Toll Brothers' consolidated contributions to the joint venture were approximately $336.9 million, of which Toll Brothers' noncontrolling interest balance totaled $117.4 million.

During the years ended December 31, 2014, 2013 and 2012, total operating lease payments expensed for office space, including a portion of real estate taxes, insurance, repairs and utilities, and including rent due under 13 ground leases, aggregated $14.7 million, $13.2 million and $8.1 million, respectively.

The Company has entered into a retirement benefits agreement with its Chairman of the Board of Trustees and deferred compensation agreements with its Vice Chairman and two former chief executive officers (one of which was fully paid out in January 2013). During the years ended December 31, 2014, 2013 and 2012, the Company recognized compensation expense of $0.5 million, $0.5 million and $1.0 million, respectively, related to these agreements.

The following table summarizes the Company’s contractual obligations for minimum rent payments under operating leases and deferred compensation for the next five years and thereafter as of December 31, 2014:

(Payments)/Receipts Due by Year (in thousands)

	2015	2016	2017	2018	2019	Thereafter	Total
Operating Leases:							
Minimum Rent Payments (a)	$(15,268)	$(15,385)	$(15,318)	$(15,298)	$(15,224)	$(860,071)	$(936,564)
Minimum Rent Receipts (b)	65,087	58,860	53,448	43,987	37,545	192,455	451,382
Other Long-Term Liabilities:							
Deferred Compensation (c)	(1,382)	(1,714)	(1,714)	(1,714)	(1,120)	(5,149)	(12,793)

(a) Minimum basic rent due for various office space the Company leases and fixed base rent due on ground leases for 14 properties/parcels.

(b) Minimum basic rent receipts due for various retail/commercial space where the Company is the lessor.

(c) Estimated payments to the Company's Chairman, Vice Chairman and one former CEO based on actual and planned retirement dates.

17. Reportable Segments

Operating segments are defined as components of an enterprise that engage in business activities from which they may earn revenues and incur expenses and about which discrete financial information is available that is evaluated regularly by the chief operating decision maker. The chief operating decision maker decides how resources are allocated and assesses performance on a recurring basis at least quarterly.

The Company’s primary business is the acquisition, development and management of multifamily residential properties, which includes the generation of rental and other related income through the leasing of apartment units to residents. The chief operating decision maker evaluates the Company's operating performance geographically by market and both on a same store and non-same store basis. The Company’s operating segments located in its core markets represent its reportable segments (with the aggregation of Los Angeles, Orange County and San Diego into the Southern California reportable segment). The Company's operating segments located in its non-core markets that are not material have also been aggregated in the tables presented below.

The Company’s fee and asset management and development (including its partially owned properties) activities are other business activities that do not constitute an operating segment and as such, have been aggregated in the "Other" category in the tables presented below.

All revenues are from external customers and there is no customer who contributed 10% or more of the Company’s total revenues during the three years ended December 31, 2014, 2013 or 2012.

Table of Contents

The primary financial measure for the Company's rental real estate segment is net operating income ("NOI"), which represents rental income less: 1) property and maintenance expense; 2) real estate taxes and insurance expense; and 3) property management expense (all as reflected in the accompanying consolidated statements of operations and comprehensive income). The Company believes that NOI is helpful to investors as a supplemental measure of its operating performance because it is a direct measure of the actual operating results of the Company's apartment communities. Current year NOI is compared to prior year NOI and current year budgeted NOI as a measure of financial performance. The following tables present NOI for each segment from our rental real estate specific to continuing operations for the years ended December 31, 2014, 2013 and 2012, respectively, as well as total assets and capital expenditures at December 31, 2014 and 2013, respectively (amounts in thousands):

	Year Ended December 31, 2014			Year Ended December 31, 2013			Year Ended December 31, 2012		
	Rental Income	Operating Expenses	NOI	Rental Income	Operating Expenses	NOI	Rental Income	Operating Expenses	NOI
Same store (1)									
Boston	$253,032	$80,680	$172,352	$244,370	$78,249	$166,121	$168,063	$54,888	$113,175
Denver	111,190	30,812	80,378	103,124	30,567	72,557	93,571	28,204	65,367
New York	455,598	171,336	284,262	438,366	165,329	273,037	274,683	109,667	165,016
San Francisco	340,251	106,424	233,827	312,345	108,218	204,127	159,535	57,373	102,162
Seattle	156,714	51,293	105,421	146,109	49,169	96,940	122,267	41,041	81,226
South Florida	191,729	70,296	121,433	182,620	69,475	113,145	177,675	67,811	109,864
Southern California	420,565	138,605	281,960	401,516	137,667	263,849	320,749	103,925	216,824
Washington DC	446,122	143,800	302,322	448,520	140,708	307,812	247,880	75,580	172,300
Non-core	100,732	37,451	63,281	97,380	36,483	60,897	128,816	48,548	80,268
Total same store	2,475,933	830,697	1,645,236	2,374,350	815,865	1,558,485	1,693,239	587,037	1,106,202
Non-same store/other (2) (3)									
Boston	3,635	848	2,787	2,728	651	2,077	—	—	—
Denver	—	—	—	—	—	—	1,325	429	896
New York	—	—	—	—	—	—	14,611	5,988	8,623
San Francisco	—	—	—	—	—	—	7,268	3,022	4,246
Seattle	13,507	4,421	9,086	4,387	1,336	3,051	4,747	1,510	3,237
South Florida	5,475	2,743	2,732	390	810	(420)	—	—	—
Southern California	43,118	17,755	25,363	15,016	6,846	8,170	3,040	1,179	1,861
Washington DC	24,193	7,936	16,257	13,562	4,086	9,476	13,124	3,984	9,140
Other (3)	39,450	13,735	25,715	59,994	34,903	25,091	575	17,695	(17,120)
Total non-same store/	129,378	47,438	81,940	96,077	48,632	47,445	44,690	33,807	10,883

other									
Archstone pre-ownership (4)	—	—	—	(92,423)	(36,729)	(55,694)	—	—	—
Total	$2,605,311	$878,135	$1,727,176	$2,378,004	$827,768	$1,550,236	$1,737,929	$620,844	$1,117,085

(1) For the years ended December 31, 2014 and 2013, same store primarily includes all properties acquired or completed and stabilized prior to January 1, 2013, less properties subsequently sold, which represented 97,911 apartment units. Also includes 18,465 stabilized apartment units acquired in the Archstone Acquisition that are owned and managed by the Company. For the year ended December 31, 2012, same store primarily includes all properties acquired or completed and stabilized prior to January 1, 2012, less properties subsequently sold, which represented 80,247 apartment units.

(2) For the years ended December 31, 2014 and 2013, non-same store primarily includes properties acquired after January 1, 2013, plus any properties in lease-up and not stabilized as of January 1, 2013, but excludes 18,465 stabilized apartment units acquired in the Archstone Acquisition that are owned and managed by the Company. For the year December 31, 2012, non-same store primarily includes properties acquired after January 1, 2012, plus any properties in lease-up and not stabilized as of January 1, 2012.

(3) Other includes development, other corporate operations and operations prior to sale for properties sold in 2014 that do not meet the new discontinued operations criteria.

(4) Represents pro forma Archstone pre-ownership results for the period January 1, 2013 to February 27, 2013 that is included in 2013 same store results.

	Year Ended December 31, 2014		Year Ended December 31, 2013	
	Total Assets	Capital Expenditures	Total Assets	Capital Expenditures
Same store (1)				
Boston	$1,923,540	$19,575	$1,984,745	$17,625
Denver	520,537	5,863	541,480	5,384
New York	4,647,269	22,118	4,771,001	12,006
San Francisco	2,718,174	26,995	2,793,390	21,756
Seattle	1,032,140	14,570	1,061,118	7,940
South Florida	1,135,552	14,335	1,170,931	14,351
Southern California	2,910,934	26,975	3,010,786	19,852
Washington DC	4,223,590	42,927	4,339,246	24,506
Non-core	408,486	5,675	427,108	3,528
Total same store	19,520,222	179,033	20,099,805	126,948
Non-same store/other (2) (3)				
Boston	48,323	699	49,372	102
Seattle	318,488	1,115	182,745	55
South Florida	67,833	8	68,987	1
Southern California	747,438	1,780	411,302	648
Washington DC	301,902	2,147	301,623	439
Other (3)	1,946,408	1,175	1,720,711	7,623
Total non-same store/other	3,430,392	6,924	2,734,740	8,868
Total	$22,950,614	$185,957	$22,834,545	$135,816

(1) Same store primarily includes all properties acquired or completed and stabilized prior to January 1, 2013, less properties subsequently sold, which represented 97,911 apartment units. Also includes 18,465 stabilized apartment units acquired in the Archstone Acquisition that are owned and managed by the Company.

(2) Non-same store primarily includes properties acquired after January 1, 2013, plus any properties in lease-up and not stabilized as of January 1, 2013, but excludes 18,465 stabilized apartment units acquired in the Archstone Acquisition that are owned and managed by the Company.

(3) Other includes development, other corporate operations and capital expenditures for properties sold.

Note: Markets/Metro Areas included in the above Southern California and Non-core segments are as follows:
(a) Southern California – Los Angeles, Orange County and San Diego.
(b) Non-core – Inland Empire, CA, New England (excluding Boston), Orlando and Phoenix.

The following table presents a reconciliation of NOI from our rental real estate specific to continuing operations for the years ended December 31, 2014, 2013 and 2012, respectively (amounts in thousands):

	Year Ended December 31,		
	2014	2013	2012
Rental income	$2,605,311	$2,378,004	$1,737,929
Property and maintenance expense	(473,098)	(449,427)	(332,219)
Real estate taxes and insurance expense	(325,401)	(293,999)	(206,723)
Property management expense	(79,636)	(84,342)	(81,902)
Total operating expenses	(878,135)	(827,768)	(620,844)
Net operating income	$1,727,176	$1,550,236	$1,117,085

Table of Contents

18. Subsequent Events/Other

Subsequent Events

Subsequent to December 31, 2014, the Company:

- Sold three properties consisting of 550 apartment units for $145.4 million;
- Repaid $61.5 million in mortgage loans;
- Entered into $50.0 million of forward starting swaps to hedge changes in interest rates related to future secured or unsecured debt issuances; and
- Repurchased and retired 196,400 Series K Preferred Shares with a par value of $9.82 million for total cash consideration of approximately $12.7 million, incurring a cash charge of approximately $2.8 million which will be recorded as a premium on the redemption of preferred shares.

On February 2, 2015, the Operating Partnership entered into an unsecured commercial paper note program in the United States. Under the terms of this program, the Operating Partnership may issue, from time to time, unsecured commercial paper notes up to a maximum aggregate outstanding of $500.0 million. The notes will be sold under customary terms in the United States commercial paper note market and will rank pari passu with all of the Operating Partnership's other unsecured senior indebtedness.

Other

During the years ended December 31, 2014, 2013 and 2012, the Company incurred charges of $0.4 million, $0.3 million and $7.0 million, respectively, related to property acquisition costs, such as survey, title and legal fees, on the acquisition of operating properties (excluding the Archstone Transaction) and $3.6 million, $5.2 million and $9.0 million, respectively, related to the write-off of various pursuit and out-of-pocket costs for terminated acquisition, disposition and development transactions. These costs, totaling $4.0 million, $5.5 million and $16.0 million, respectively, are included in other expenses in the accompanying consolidated statements of operations and comprehensive income. See Note 4 for details on the property acquisition costs related to the Archstone Transaction.

During the year ended December 31, 2014, the Company received $2.8 million for the settlement of various litigation/insurance claims, which are included in interest and other income in the accompanying consolidated statements of operations and comprehensive income.

During the year ended December 31, 2013, the Company sold a technology investment it had previously written off, receiving proceeds of $2.1 million that were recorded as a realized gain on sale and are included in interest and other income in the accompanying consolidated statements of operations and comprehensive income.

During the year ended December 31, 2012, the Company settled a dispute with the owners of a land parcel for $4.2 million, which is included in other expenses in the accompanying consolidated statements of operations and comprehensive income.

In June 2012, the Company received $150.0 million in Archstone-related termination fees subject to certain contingencies. Consistent with the resolution of these contingencies, the Company recognized $70.0 million of these fees as interest and other income in July 2012 and recognized the remaining $80.0 million as interest and other income in October 2012.

During the year ended December 31, 2011, the Company disposed of its corporate housing business for a sales price of approximately $4.0 million, of which the Company provided $2.0 million of seller financing to the buyer. At the time of sale, the full amount of the seller financing was reserved against and the related gain was deferred. During the year ended December 31, 2013, the Company collected $1.5 million, which represented its final reimbursement of the $2.0 million of seller financing. During the year ended December 31, 2012, the Company collected $0.3 million on the note receivable. The Company has recognized a cumulative net gain on the sale of approximately $2.9 million.

F-64

Table of Contents

19. Quarterly Financial Data (Unaudited)

Equity Residential

The following unaudited quarterly data has been prepared on the basis of a December 31 year-end. Amounts are in thousands, except for per share amounts.

2014	First Quarter 3/31	Second Quarter 6/30	Third Quarter 9/30	Fourth Quarter 12/31
Total revenues	$633,442	$652,568	$664,078	$664,660
Operating income	199,259	228,310	243,274	250,532
Income from continuing operations	81,680	117,210	231,252	226,959
Discontinued operations, net	1,052	510	(62)	82
Net income *	82,732	117,720	231,190	227,041
Net income available to Common Shares	78,099	111,654	220,707	216,703
Earnings per share – basic:				
Net income available to Common Shares	$0.22	$0.31	$0.61	$0.60
Weighted average Common Shares outstanding	360,470	360,809	361,409	362,018
Earnings per share – diluted:				
Net income available to Common Shares	$0.22	$0.31	$0.61	$0.59
Weighted average Common Shares outstanding	376,384	377,118	377,954	378,886

2013	First Quarter 3/31	Second Quarter 6/30	Third Quarter 9/30	Fourth Quarter 12/31
Total revenues	$504,722	$617,217	$626,629	$639,134
Operating income	104,254	63,986	120,405	223,677
(Loss) income from continuing operations	(165,339)	(58,511)	(13,465)	69,141
Discontinued operations, net	1,226,373	395,243	405,182	46,729
Net income *	1,061,034	336,732	391,717	115,870
Net income available to Common Shares	1,016,650	323,723	376,155	109,940
Earnings per share – basic:				
Net income available to Common Shares	$3.01	$0.90	$1.05	$0.31
Weighted average Common Shares outstanding	337,532	359,653	359,811	359,919
Earnings per share – diluted:				
Net income available to Common Shares	$3.01	$0.90	$1.05	$0.30
Weighted average Common Shares outstanding	337,532	359,653	359,811	375,860

* The Company did not have any extraordinary items or cumulative effect of change in accounting principle during the years ended December 31, 2014 and 2013. Therefore, income before extraordinary items and cumulative effect of change in accounting principle is not shown as it was equal to the net income amounts disclosed above.

F-65

Table of Contents

ERP Operating Limited Partnership

The following unaudited quarterly data has been prepared on the basis of a December 31 year-end. Amounts are in thousands, except for per Unit amounts.

2014	First Quarter 3/31	Second Quarter 6/30	Third Quarter 9/30	Fourth Quarter 12/31
Total revenues	$633,442	$652,568	$664,078	$664,660
Operating income	199,259	228,310	243,274	250,532
Income from continuing operations	81,680	117,210	231,252	226,959
Discontinued operations, net	1,052	510	(62)	82
Net income *	82,732	117,720	231,190	227,041
Net income available to Units	81,192	116,096	229,445	225,261
Earnings per Unit – basic:				
Net income available to Units	$0.22	$0.31	$0.61	$0.60
Weighted average Units outstanding	374,201	374,551	375,116	375,711
Earnings per Unit – diluted:				
Net income available to Units	$0.22	$0.31	$0.61	$0.59
Weighted average Units outstanding	376,384	377,118	377,954	378,886

2013	First Quarter 3/31	Second Quarter 6/30	Third Quarter 9/30	Fourth Quarter 12/31
Total revenues	$504,722	$617,217	$626,629	$639,134
Operating income	104,254	63,986	120,405	223,677
(Loss) income from continuing operations	(165,339)	(58,511)	(13,465)	69,141
Discontinued operations, net	1,226,373	395,243	405,182	46,729
Net income *	1,061,034	336,732	391,717	115,870
Net income available to Units	1,059,973	336,511	390,991	114,271
Earnings per Unit – basic:				
Net income available to Units	$3.01	$0.90	$1.05	$0.31
Weighted average Units outstanding	351,255	373,403	373,547	373,643
Earnings per Unit – diluted:				
Net income available to Units	$3.01	$0.90	$1.05	$0.30
Weighted average Units outstanding	351,255	373,403	373,547	375,860

* The Operating Partnership did not have any extraordinary items or cumulative effect of change in accounting principle during the years ended December 31, 2014 and 2013. Therefore, income before extraordinary items and cumulative effect of change in accounting principle is not shown as it was equal to the net income amounts disclosed above.

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
Overall Summary
December 31, 2014

	Properties (H)	Units (H)	Investment in Real Estate, Gross	Accumulated Depreciation	Investment in Real Estate, Net	Encumbrances (1)
Wholly Owned Unencumbered	263	69,217	$18,538,492,146	$(3,650,524,741)	$14,887,967,405	$—
Wholly Owned Encumbered	104	29,923	8,113,776,123	(1,587,799,207)	6,525,976,916	4,726,035,749
Wholly Owned Properties	367	99,140	26,652,268,269	(5,238,323,948)	21,413,944,321	4,726,035,749
Partially Owned Unencumbered	8	1,505	575,092,221	(77,534,358)	497,557,863	—
Partially Owned Encumbered	11	2,266	448,022,434	(116,947,029)	331,075,405	360,479,262
Partially Owned Properties	19	3,771	1,023,114,655	(194,481,387)	828,633,268	360,479,262
Total Unencumbered Properties	271	70,722	19,113,584,367	(3,728,059,099)	15,385,525,268	—
Total Encumbered Properties	115	32,189	8,561,798,557	(1,704,746,236)	6,857,052,321	5,086,515,011
Total Consolidated Investment in Real Estate	386	102,911	$27,675,382,924	$(5,432,805,335)	$22,242,577,589	$5,086,515,011

(1) See attached Encumbrances Reconciliation.

S-1

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
Encumbrances Reconciliation
December 31, 2014

Portfolio/Entity Encumbrances	Number of Properties Encumbered by	See Properties With Note:	Partially Owned Encumbrances	Wholly Owned Encumbrances	Total Amount
EQR-Fanwell 2007 LP	5	I	$—	$300,000,000	$300,000,000
EQR-Wellfan 2008 LP (R)	12	J	—	550,000,000	550,000,000
ASN-Fannie Mae 3	5	K	24,840,581	449,338,962	474,179,543
Archstone Master Property Holdings LLC	13	L	—	800,000,000	800,000,000
Portfolio/Entity Encumbrances	35		24,840,581	2,099,338,962	2,124,179,543
Individual Property Encumbrances			335,638,681	2,626,696,787	2,962,335,468
Total Encumbrances per Financial Statements			$360,479,262	$4,726,035,749	$5,086,515,011

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III – Real Estate and Accumulated Depreciation
(Amounts in thousands)

The changes in total real estate for the years ended December 31, 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Balance, beginning of year	$26,800,948	$21,008,429	$20,407,946
Acquisitions and development	1,121,423	9,273,492	1,250,633
Improvements	191,243	139,950	161,460
Dispositions and other	(438,231)	(3,620,923)	(811,610)
Balance, end of year	$27,675,383	$26,800,948	$21,008,429

The changes in accumulated depreciation for the years ended December 31, 2014, 2013 and 2012 are as follows:

	2014	2013	2012
Balance, beginning of year	$4,807,709	$4,912,221	$4,539,583
Depreciation	758,861	1,013,353	684,992
Dispositions and other	(133,765)	(1,117,865)	(312,354)
Balance, end of year	$5,432,805	$4,807,709	$4,912,221

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (Improvements, net) (E)	Gross Amount Carried at Close of Period 12/31/14		
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land	Building & Fixtures (A)	T
Wholly Owned Unencumbered:										
100 K Street	Washington, D.C.	—	(F)	—	$15,600,000	$1,949,701	$—	$15,600,000	$1,949,701	$
1111 Belle Pre (fka The Madison)	Alexandria, VA	Y	2014	360	18,937,702	92,495,595	17,838	18,937,702	92,513,433	1
1210 Mass	Washington, D.C.	Y	2004	144	9,213,512	36,559,189	610,534	9,213,512	37,169,723	4
1401 E. Madison	Seattle, WA	—	(F)	—	10,322,187	1,019,404	—	10,322,187	1,019,404	1
1500 Mass Ave	Washington, D.C.	Y	1951	556	54,638,298	40,361,702	13,296,439	54,638,298	53,658,141	1
170 Amsterdam	New York, NY	Y	(F)	—	—	97,371,663	—	—	97,371,663	9
175 Kent	Brooklyn, NY	Y	2011	113	22,037,831	53,962,169	1,072,648	22,037,831	55,034,817	7
180 Montague (fka Brooklyn Heights)	Brooklyn, NY	Y	2000	193	32,400,000	92,675,228	946,790	32,400,000	93,622,018	1
1800 Oak (fka Rosslyn)	Arlington, VA	Y	2003	314	31,400,000	109,005,734	1,424,829	31,400,000	110,430,563	1
200 N Lemon Street	Anaheim, CA	—	(F)	—	5,865,235	2,802,003	—	5,865,235	2,802,003	8
204-206 Pine Street/1610 2nd Avenue	Seattle, WA	—	(F)	—	22,106,465	18,015,203	—	22,106,465	18,015,203	4
2201 Pershing Drive	Arlington, VA	Y	2012	188	11,321,198	49,316,482	2,018,023	11,321,198	51,334,505	6
2201 Wilson	Arlington, VA	Y	2000	219	21,900,000	78,724,663	1,155,814	21,900,000	79,880,477	1
2400 M St	Washington, D.C.	Y	2006	359	30,006,593	114,013,785	3,170,237	30,006,593	117,184,022	1

340 Fremont (fka Rincon Hill)	San Francisco, CA	—	(F)	—	42,000,000	64,972,143	—	42,000,000	64,972,143	1
420 East 80th Street	New York, NY	—	1961	155	39,277,000	23,026,984	3,746,938	39,277,000	26,773,922	6
425 Mass	Washington, D.C.	Y	2009	559	28,150,000	138,600,000	3,341,423	28,150,000	141,941,423	1
443 - 459 Eye Street	Washington, D.C.	—	(F)	—	12,671,446	7,660,628	—	12,671,446	7,660,628	2
4885 Edgemoor Lane	Bethesda, MD	—	(F)	—	—	520,879	—	—	520,879	5
4th and Hill	Los Angeles, CA	—	(F)	—	13,131,456	1,242,358	—	13,131,456	1,242,358	1
600 Washington	New York, NY	Y	2004	135	32,852,000	43,140,551	394,984	32,852,000	43,535,535	7
660 Washington (fka Boston Common)	Boston, MA	Y	2006	420	106,100,000	166,311,679	785,303	106,100,000	167,096,982	2
70 Greene	Jersey City, NJ	Y	2010	480	28,108,899	236,941,402	648,362	28,108,899	237,589,764	2
71 Broadway	New York, NY	Y	1997	238	22,611,600	77,492,171	11,705,700	22,611,600	89,197,871	1
77 Bluxome	San Francisco, CA	—	2007	102	5,249,124	18,609,876	91,584	5,249,124	18,701,460	2
777 Sixth	New York, NY	Y	2002	294	65,352,706	65,747,294	1,569,464	65,352,706	67,316,758	1
801 Brannan	San Francisco, CA	—	(F)	—	42,367,171	10,605,097	—	42,367,171	10,605,097	5
88 Hillside	Daly City, CA	Y	2011	95	7,786,800	31,587,325	1,440,789	7,786,800	33,028,114	4
Abington Glen	Abington, MA	—	1968	90	553,105	3,697,396	2,640,482	553,105	6,337,878	6
Agoura Hills	Agoura Hills, CA	—	1985	178	16,700,000	30,103,716	199,116	16,700,000	30,302,832	4
Alban Towers	Washington, D.C.	—	1934	229	18,900,000	89,794,201	209,270	18,900,000	90,003,471	1
Arbor Terrace	Sunnyvale, CA	—	1979	175	9,057,300	18,483,642	2,555,686	9,057,300	21,039,328	3
Arboretum (MA)	Canton, MA	—	1989	156	4,685,900	10,992,751	3,419,397	4,685,900	14,412,148	1
Artisan on Second	Los Angeles, CA	—	2008	118	8,000,400	36,074,600	389,768	8,000,400	36,464,368	4
Artistry Emeryville (fka Emeryville)	Emeryville, CA	—	1994	261	12,300,000	61,466,267	1,320,923	12,300,000	62,787,190	7
Ashton, The	Corona Hills, CA	—	1986	492	2,594,264	33,042,397	6,987,399	2,594,264	40,029,796	4

Avenue Two	Redwood City, CA	—	1972	123	7,995,000	18,005,000	1,462,589	7,995,000	19,467,589	2
Azure (fka Mission Bay-Block 13)	San Francisco, CA	—	(F)	—	32,855,115	113,753,727	—	32,855,115	113,753,727	1
Ball Park Lofts	Denver, CO	Y	2003	354	5,481,556	51,658,741	4,682,528	5,481,556	56,341,269	6
Barrington Place	Oviedo, FL	—	1998	233	6,990,000	15,740,825	3,018,496	6,990,000	18,759,321	2
Bay Hill	Long Beach, CA	—	2002	160	7,600,000	27,437,239	963,706	7,600,000	28,400,945	3
Beatrice, The	New York, NY	—	2010	302	114,351,405	165,648,595	593,292	114,351,405	166,241,887	2
Bella Terra	Mukilteo, WA	Y	2002	235	5,686,861	26,070,540	1,142,423	5,686,861	27,212,963	3
Belle Arts Condominium Homes, LLC	Bellevue, WA	—	2000	1	63,158	248,929	(5,320)	63,158	243,609	3
Belle Fontaine	Marina Del Rey, CA	—	2003	102	9,098,808	28,701,192	236,115	9,098,808	28,937,307	3
Berkeley Land	Berkeley, CA	—	(F)	—	13,908,910	8,409,958	—	13,908,910	8,409,958	2
Bradford Apartments	Newington, CT	—	1964	64	401,091	2,681,210	904,877	401,091	3,586,087	3

S-4

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition(Improvements, net) (E)	Gross Amount Carried at Close of Period 12/31/14	
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land	Building Fixtures (
Breakwater at Marina Del Rey	Marina Del Rey, CA	—	1964/2013	224	—	73,040,897	390,829	—	73,431,72
Briar Knoll Apts	Vernon, CT	—	1986	150	928,972	6,209,988	2,440,679	928,972	8,650,667
Briarwood (CA)	Sunnyvale, CA	—	1985	192	9,991,500	22,247,278	3,407,674	9,991,500	25,654,95
Bridford Lakes II	Greensboro, NC	—	(F)	—	1,100,564	792,508	—	1,100,564	792,508
Brooklyner (fka 111 Lawrence)	Brooklyn, NY	Y	2010	490	40,099,922	221,438,631	785,785	40,099,922	222,224,4
Brookside (CO)	Boulder, CO	—	1993	144	3,600,400	10,211,159	2,708,411	3,600,400	12,919,57
Cambridge Park	Cambridge, MA	Y	2002	312	31,200,000	106,048,587	1,280,508	31,200,000	107,329,0
Carlyle Mill	Alexandria, VA	—	2002	317	10,000,000	51,367,913	5,851,009	10,000,000	57,218,92
Cascade	Seattle, WA	—	(F)	—	23,751,564	10,791,356	—	23,751,564	10,791,35
Centennial (fka Centennial Court & Centennial Tower)	Seattle, WA	Y	1991/2001	408	9,700,000	70,080,378	6,937,805	9,700,000	77,018,18
Centre Club	Ontario, CA	—	1994	312	5,616,000	23,485,891	3,450,905	5,616,000	26,936,79
Centre Club II	Ontario, CA	—	2002	100	1,820,000	9,528,898	819,747	1,820,000	10,348,64
Church Corner	Cambridge, MA	Y	1987	85	5,220,000	16,744,643	1,800,805	5,220,000	18,545,44
Cierra Crest	Denver, CO	—	1996	480	4,803,100	34,894,898	5,414,548	4,803,100	40,309,44
City Gate at Cupertino (fka	Cupertino, CA	—	1998	311	40,400,000	95,937,046	1,779,973	40,400,000	97,717,01

Cupertino)									
City Pointe	Fullerton, CA	Y	2004	183	6,863,792	36,476,208	721,681	6,863,792	37,197,88
City Square Bellevue (fka Bellevue)	Bellevue, WA	Y	1998	191	15,100,000	41,876,257	2,050,569	15,100,000	43,926,82
Cleo, The	Los Angeles, CA	—	1989	92	6,615,467	14,829,335	3,773,750	6,615,467	18,603,08
Coconut Palm Club	Coconut Creek, FL	—	1992	301	3,001,700	17,678,928	4,041,006	3,001,700	21,719,93
Colorado Pointe	Denver, CO	—	2006	193	5,790,000	28,815,607	752,433	5,790,000	29,568,04
Copper Canyon	Highlands Ranch, CO	—	1999	222	1,442,212	16,251,114	1,772,671	1,442,212	18,023,78
Corcoran House at DuPont Circle (fka DuPont Circle)	Washington, D.C.	Y	1961	137	13,500,000	26,913,113	791,502	13,500,000	27,704,61
Courthouse Plaza	Arlington, VA	Y	1990	396	—	87,386,024	3,025,937	—	90,411,96
Cove at Boynton Beach I	Boynton Beach, FL	—	1996	252	12,600,000	31,469,651	4,584,960	12,600,000	36,054,61
Cove at Boynton Beach II	Boynton Beach, FL	—	1998	296	14,800,000	37,874,719	—	14,800,000	37,874,71
Creekside (San Mateo)	San Mateo, CA	—	1985	192	9,606,600	21,193,232	3,609,414	9,606,600	24,802,64
Cronins Landing	Waltham, MA	Y	1998	281	32,300,000	85,119,324	1,108,920	32,300,000	86,228,24
Crystal Place	Arlington, VA	—	1986	181	17,200,000	47,918,975	822,173	17,200,000	48,741,14
Dartmouth Woods	Lakewood, CO	—	1990	201	1,609,800	10,832,754	2,497,430	1,609,800	13,330,18
Dean Estates	Taunton, MA	—	1984	58	498,080	3,329,560	809,096	498,080	4,138,656
Deerwood (Corona)	Corona, CA	—	1992	316	4,742,200	20,272,892	4,430,978	4,742,200	24,703,87
Eagle Canyon	Chino Hills, CA	—	1985	252	1,808,900	16,274,361	7,553,015	1,808,900	23,827,37
Edgemont at Bethesda Metro	Bethesda, MD	—	1989	122	13,092,552	43,907,448	525,086	13,092,552	44,432,53
Elevé	Glendale, CA	Y	2013	208	14,080,560	56,419,440	79,091	14,080,560	56,498,53
Emerson Place	Boston, MA	Y	1962	444	14,855,000	57,566,636	16,797,224	14,855,000	74,363,86
		Y	2002	120	12,000,000	29,207,497	211,769	12,000,000	29,419,26

Encinitas Heights (fka Encinitas)	Encinitas, CA								
Enclave at Waterways	Deerfield Beach, FL	—	1998	300	15,000,000	33,194,576	2,023,348	15,000,000	35,217,92
Enclave at Winston Park	Coconut Creek, FL	—	1995	278	5,560,000	19,939,324	5,124,830	5,560,000	25,064,15
Encore at Sherman Oaks, The	Sherman Oaks, CA	—	1988	174	8,700,000	25,446,003	985,534	8,700,000	26,431,53
Estates at Tanglewood	Westminster, CO	—	2003	504	7,560,000	51,256,538	2,870,210	7,560,000	54,126,74
Estates at Wellington Green	Wellington, FL	—	2003	400	20,000,000	64,790,850	2,415,710	20,000,000	67,206,56
Fountains at Emerald Park (fka Emerald Park)	Dublin, CA	—	2000	324	25,900,000	83,986,217	329,083	25,900,000	84,315,30
Fox Hill Apartments	Enfield, CT	—	1974	168	1,129,018	7,547,256	2,038,591	1,129,018	9,585,847
Fremont Center	Fremont, CA	Y	2002	322	25,800,000	78,753,114	1,138,054	25,800,000	79,891,16
Gables Grand Plaza	Coral Gables, FL	Y	1998	195	—	44,601,000	7,243,495	—	51,844,49
Gallery, The	Hermosa Beach, CA	—	1971	169	18,144,000	46,567,941	2,170,023	18,144,000	48,737,96
Gatehouse at Pine Lake	Pembroke Pines, FL	—	1990	296	1,896,600	17,070,795	7,050,209	1,896,600	24,121,00
Gatehouse on the Green	Plantation, FL	—	1990	312	2,228,200	20,056,270	8,529,397	2,228,200	28,585,66

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition(Improvements, net) (E)	Gross Amount Carried at Close of Period 12/31/14	
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land	Building & Fixtures (A)
Gates of Redmond	Redmond, WA	—	1979	180	2,306,100	12,064,015	5,008,026	2,306,100	17,072,041
Geary Court Yard	San Francisco, CA	—	1990	164	1,722,400	15,471,429	3,464,405	1,722,400	18,935,834
Glen Meadow	Franklin, MA	—	1971	288	2,339,330	16,133,588	3,991,967	2,339,330	20,125,555
Governors Green	Bowie, MD	—	1999	478	19,845,000	73,335,916	1,412,260	19,845,000	74,748,176
Greenfield Village	Rocky Hill , CT	—	1965	151	911,534	6,093,418	773,225	911,534	6,866,643
Greenwood Park	Centennial, CO	—	1994	291	4,365,000	38,372,440	2,833,754	4,365,000	41,206,194
Greenwood Plaza	Centennial, CO	—	1996	266	3,990,000	35,846,708	2,744,839	3,990,000	38,591,547
Hammocks Place	Miami, FL	—	1986	296	319,180	12,513,467	5,338,503	319,180	17,851,970
Hampshire Place	Los Angeles, CA	—	1989	259	10,806,000	30,335,330	3,447,199	10,806,000	33,782,529
Harbor Steps	Seattle, WA	Y	2000	758	59,387,158	158,829,432	14,399,390	59,387,158	173,228,822
Heritage at Stone Ridge	Burlington, MA	—	2005	180	10,800,000	31,808,335	1,240,736	10,800,000	33,049,071
Heritage Ridge	Lynwood, WA	—	1999	197	6,895,000	18,983,597	885,040	6,895,000	19,868,637
Heron Pointe	Boynton Beach, FL	—	1989	192	1,546,700	7,774,676	2,523,556	1,546,700	10,298,232
Hesby	North Hollywood, CA	—	2013	308	23,299,892	102,700,108	53,278	23,299,892	102,753,386
High Meadow	Ellington, CT	—	1975	100	583,679	3,901,774	1,204,674	583,679	5,106,448

Highland Glen	Westwood, MA	—	1979	180	2,229,095	16,828,153	2,784,639	2,229,095	19,612,792
Highland Glen II	Westwood, MA	—	2007	102	—	19,875,857	168,257	—	20,044,114
Highlands at Cherry Hill	Cherry Hills, NJ	—	2002	170	6,800,000	21,459,108	908,619	6,800,000	22,367,727
Highlands at South Plainfield	South Plainfield, NJ	—	2000	252	10,080,000	37,526,912	1,066,617	10,080,000	38,593,529
Hikari	Los Angeles, CA	Y	2007	128	9,435,760	32,564,240	226,353	9,435,760	32,790,593
Hudson Crossing	New York, NY	Y	2003	259	23,420,000	69,977,699	1,911,448	23,420,000	71,889,147
Hudson Crossing II	New York, NY	—	(F)	—	10,599,286	361,404	—	10,599,286	361,404
Hudson Pointe	Jersey City, NJ	—	2003	182	5,350,000	41,114,074	2,675,247	5,350,000	43,789,321
Hunt Club II	Charlotte, NC	—	(F)	—	100,000	—	—	100,000	—
Huntington Park	Everett, WA	—	1991	381	1,597,500	14,367,864	5,321,606	1,597,500	19,689,470
Jia (fka Chinatown Gateway)	Los Angeles, CA	Y	2014	280	14,791,831	74,818,783	92,185	14,791,831	74,910,968
Junction 47 (fka West Seattle)	Seattle, WA	Y	(F)	—	11,726,305	32,787,325	—	11,726,305	32,787,325
Kenwood Mews	Burbank, CA	—	1991	141	14,100,000	24,662,883	3,139,424	14,100,000	27,802,307
Kings Colony (FL)	Miami, FL	—	1986	480	19,200,000	48,379,586	5,959,307	19,200,000	54,338,893
Landings at Pembroke Lakes	Pembroke Pines, FL	—	1989	358	17,900,000	24,460,989	5,417,847	17,900,000	29,878,836
Landings at Port Imperial	W. New York, NJ	—	1999	276	27,246,045	37,741,050	7,383,017	27,246,045	45,124,067
Legacy at Highlands Ranch	Highlands Ranch, CO	—	1999	422	6,330,000	37,557,013	2,638,356	6,330,000	40,195,369
Lincoln Heights	Quincy, MA	—	1991	336	5,928,400	33,595,262	11,650,955	5,928,400	45,246,217
Lofts 590	Arlington, VA	—	2005	212	20,100,000	67,909,023	103,786	20,100,000	68,012,809
Lofts at Kendall Square (fka Kendall	Cambridge, MA	—	1998	186	23,300,000	78,445,657	2,018,131	23,300,000	80,463,788

Square)									
Longacre House	New York, NY	Y	2000	293	73,170,045	53,962,510	1,359,584	73,170,045	55,322,094
Longfellow Place	Boston, MA	Y	1975	710	53,164,160	186,182,421	79,837,257	53,164,160	266,019,678
Mantena	New York, NY	Y	2012	98	22,346,513	61,501,158	261,029	22,346,513	61,762,187
Marina 41 (fka Marina Del Rey)	Marina Del Rey, CA	—	1973	623	—	168,842,442	3,512,278	—	172,354,720
Mariposa at Playa Del Rey (fka Playa Del Rey)	Playa Del Rey, CA	—	2004	354	60,900,000	89,311,482	2,751,781	60,900,000	92,063,263
Marquessa	Corona Hills, CA	—	1992	336	6,888,500	21,604,584	3,638,093	6,888,500	25,242,677
Martine, The	Bellevue, WA	—	1984	67	3,200,000	9,616,264	3,168,293	3,200,000	12,784,557
Milano Lofts	Los Angeles, CA	Y	1925/2006	99	8,125,216	27,378,784	337,583	8,125,216	27,716,367
Millikan	Irvine, CA	—	(F)	—	11,049,027	30,318,032	—	11,049,027	30,318,032
Miramar Lakes	Miramar, FL	—	2003	344	17,200,000	51,487,235	2,246,702	17,200,000	53,733,937
Mosaic at Largo Station	Hyattsville, MD	—	2008	242	4,120,800	42,477,297	543,227	4,120,800	43,020,524
Mozaic at Union Station	Los Angeles, CA	—	2007	272	8,500,000	52,529,446	1,415,603	8,500,000	53,945,049
Murray Hill Tower (fka Murray Hill)	New York, NY	Y	1974	270	75,800,000	102,705,401	2,298,858	75,800,000	105,004,259

S-6

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (Improvements, net) (E)	Gross Amount Carri Close of Period 12/3	
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land	Buildi Fixture
Northglen	Valencia, CA	—	1988	234	9,360,000	20,778,553	2,130,660	9,360,000	22,909,
Northlake (MD)	Germantown, MD	—	1985	304	15,000,000	23,142,302	10,324,900	15,000,000	33,467,
Northridge	Pleasant Hill, CA	—	1974	221	5,527,800	14,691,705	10,017,139	5,527,800	24,708,
Oak Mill I	Germantown, MD	—	1984	208	10,000,000	13,155,522	7,666,964	10,000,000	20,822,
Oak Park North	Agoura Hills, CA	—	1990	220	1,706,900	15,362,666	4,313,705	1,706,900	19,676,
Oak Park South	Agoura Hills, CA	—	1989	224	1,683,800	15,154,608	4,367,145	1,683,800	19,521,
Oaks at Falls Church	Falls Church, VA	—	1966	176	20,240,000	20,152,616	3,918,112	20,240,000	24,070,
Oakwood Boston	Boston, MA	Y	1901	94	22,200,000	28,672,979	803,040	22,200,000	29,476,
Oakwood Crystal City	Arlington, VA	—	1987	162	15,400,000	35,474,336	320,085	15,400,000	35,794,
Oakwood Marina Del Rey	Marina Del Rey, CA	—	1969	597	—	120,795,359	1,287,912	—	122,08
Oasis at Delray Beach I	Delray Beach, FL	—	1999	196	5,900,000	25,150,766	793,145	5,900,000	25,943,
Oasis at Delray Beach II	Delray Beach, FL	—	2013	128	3,840,000	18,144,377	1,844	3,840,000	18,146,
Ocean Crest	Solana Beach, CA	—	1986	146	5,111,200	11,910,438	2,935,597	5,111,200	14,846,
Olde Redmond Place	Redmond, WA	—	1986	192	4,807,100	14,126,038	4,477,139	4,807,100	18,603,
One Henry Adams	San Francisco, CA	—	(F)	—	30,952,393	8,970,233	—	30,952,393	8,970,2

Orchard Ridge	Lynnwood, WA	—	1988	104	480,600	4,372,033	1,640,650	480,600	6,012,6
Pacific Place	Los Angeles, CA	—	2008	430	32,250,000	110,750,000	572,991	32,250,000	111,322
Palm Trace Landings	Davie, FL	—	1995	768	38,400,000	105,693,432	4,412,321	38,400,000	110,10
Parc 77	New York, NY	Y	1903	137	40,504,000	18,025,679	5,211,253	40,504,000	23,236,
Parc Cameron	New York, NY	Y	1927	166	37,600,000	9,855,597	6,069,564	37,600,000	15,925,
Parc Coliseum	New York, NY	Y	1910	177	52,654,000	23,045,751	7,981,026	52,654,000	31,026,
Parc East Towers	New York, NY	Y	1977	324	102,163,000	108,989,402	7,888,302	102,163,000	116,87
Parc on Powell (fka Parkside at Emeryville)	Emeryville, CA	Y	(F)	—	16,657,467	55,107,488	—	16,657,467	55,107,
Park Aire	Wellington, FL	—	2014	268	8,000,000	40,917,239	7,790	8,000,000	40,925,
Park at Pentagon Row (fka Pentagon City)	Arlington, VA	Y	1990	298	28,300,000	78,838,184	313,935	28,300,000	79,152,
Park at Turtle Run, The	Coral Springs, FL	—	2001	257	15,420,000	36,064,629	1,328,323	15,420,000	37,392,
Park Connecticut	Washington, D.C.	—	2000	142	13,700,000	59,087,519	438,263	13,700,000	59,525,
Park Hacienda (fka Hacienda)	Pleasanton, CA	—	2000	540	43,200,000	128,753,359	418,551	43,200,000	129,17
Park West (CA)	Los Angeles, CA	—	1987/1990	444	3,033,500	27,302,383	8,693,445	3,033,500	35,995,
Parkfield	Denver, CO	—	2000	476	8,330,000	28,667,618	3,305,900	8,330,000	31,973,
Parkside	Union City, CA	—	1979	208	6,246,700	11,827,453	3,900,616	6,246,700	15,728,
Pegasus	Los Angeles, CA	Y	1949/2003	322	18,094,052	81,905,948	2,301,007	18,094,052	84,206,
Phillips Park	Wellesley, MA	—	1988	49	816,922	5,460,955	1,092,085	816,922	6,553,0
Playa Pacifica	Hermosa Beach, CA	—	1972	285	35,100,000	33,473,822	8,205,881	35,100,000	41,679,
Portofino	Chino Hills, CA	—	1989	176	3,572,400	14,660,994	3,469,722	3,572,400	18,130,
Portofino (Val)	Valencia, CA	—	1989	216	8,640,000	21,487,126	2,770,117	8,640,000	24,257,
Portside Towers	Jersey City, NJ	Y	1992-1997	527	22,487,006	96,842,913	19,411,866	22,487,006	116,25

Potrero	San Francisco, CA	Y	(F)	—	40,830,011	31,523,663	—	40,830,011	31,523,
Prado (fka Glendale)	Glendale, CA	—	1988	264	—	67,977,313	1,102,967	—	69,080,
Preserve at Deer Creek	Deerfield Beach, FL	—	1997	540	13,500,000	60,011,208	11,156,351	13,500,000	71,167,
Prime, The	Arlington, VA	—	2002	256	32,000,000	64,436,539	1,229,561	32,000,000	65,666,
Promenade at Aventura	Aventura, FL	—	1995	296	13,320,000	30,353,748	6,987,572	13,320,000	37,341,
Promenade at Town Center I	Valencia, CA	—	2001	294	14,700,000	35,390,279	2,630,025	14,700,000	38,020,
Promenade at Town Center II	Valencia, CA	—	2001	270	13,500,000	34,405,636	2,374,656	13,500,000	36,780,
Promenade at Wyndham Lakes	Coral Springs, FL	—	1998	332	6,640,000	26,743,760	5,169,866	6,640,000	31,913,
Promenade Terrace	Corona, CA	—	1990	330	2,272,800	20,546,289	5,975,907	2,272,800	26,522,
Quarry Hills	Quincy, MA	—	2006	316	26,900,000	84,411,162	417,784	26,900,000	84,828,
Red 160 (fka Redmond Way)	Redmond, WA	Y	2011	250	15,546,376	65,320,010	761,676	15,546,376	66,081,

S-7

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (Improvements, net) (E)	Gross Amount Ca Close of Period 1	
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land	Bui Fixt
Red Road Commons	Miami, FL	Y	2009	404	27,383,547	99,656,440	2,120,113	27,383,547	101,
Redmond Court	Bellevue, WA	—	1977	206	10,300,000	33,488,745	607,648	10,300,000	34,0
Regency Palms	Huntington Beach, CA	—	1969	310	1,857,400	16,713,254	5,435,303	1,857,400	22,1
Renaissance Villas	Berkeley, CA	Y	1998	34	2,458,000	4,542,000	140,950	2,458,000	4,68
Reserve at Ashley Lake	Boynton Beach, FL	—	1990	440	3,520,400	23,332,494	6,923,362	3,520,400	30,2
Reserve at Mountain View (fka Mountian View)	Mountain View, CA	—	1965	180	27,000,000	33,029,605	242,910	27,000,000	33,2
Reserve at Town Center II (WA)	Mill Creek, WA	—	2009	100	4,310,417	17,165,142	84,183	4,310,417	17,2
Reserve at Town Center III	Mill Creek, WA	Y	2014	95	2,089,388	19,174,300	1,431	2,089,388	19,1
Residences at Bayview	Pompano Beach, FL	Y	2004	225	5,783,545	39,334,455	1,213,792	5,783,545	40,5
Residences at Westgate I (fka Westgate II)	Pasadena, CA	Y	2014	252	17,859,785	106,746,558	—	17,859,785	106,
Residences at Westgate II (fka Westgate III)	Pasadena, CA	Y	(F)	—	12,118,061	33,542,963	—	12,118,061	33,5
Reunion at Redmond Ridge (fka Redmond Ridge)	Redmond, WA	—	2008	321	6,975,705	46,175,001	300,070	6,975,705	46,4
Rianna I	Seattle, WA	Y	2000	78	2,268,160	14,864,482	425,331	2,268,160	15,2
		—	1997	408	11,809,500	34,004,048	4,650,898	11,809,500	38,6

Ridgewood Village I&II	San Diego, CA								
Riva Terra I (fka Redwood Shores)	Redwood City, CA	—	1986	304	34,963,355	84,587,658	957,762	34,963,355	85,5
Riva Terra II (fka Harborside)	Redwood City, CA	—	1986	149	17,136,645	40,536,531	1,331,562	17,136,645	41,8
River Tower	New York, NY	Y	1982	323	118,669,441	98,880,559	5,781,678	118,669,441	104,
Riverpark	Redmond, WA	Y	2009	319	14,355,000	80,894,049	625,094	14,355,000	81,5
Rivers Bend (CT)	Windsor, CT	—	1973	373	3,325,517	22,573,826	3,186,964	3,325,517	25,7
Riverview Condominiums	Norwalk, CT	—	1991	92	2,300,000	7,406,730	2,467,328	2,300,000	9,87
Rolling Green (Milford)	Milford, MA	—	1970	304	2,012,350	13,452,150	5,922,309	2,012,350	19,3
Rosecliff II	Quincy, MA	—	2005	130	4,922,840	30,202,160	477,564	4,922,840	30,6
Sabal Pointe	Coral Springs, FL	—	1995	276	1,951,600	17,570,508	7,140,842	1,951,600	24,7
Sage	Everett, WA	—	2002	123	2,500,000	12,021,256	632,845	2,500,000	12,6
Sakura Crossing	Los Angeles, CA	Y	2009	230	14,641,990	42,858,010	445,099	14,641,990	43,3
Savoy at Dayton Station I & II (fka Savoy I)	Aurora, CO	—	2001	444	5,450,295	38,765,670	3,405,215	5,450,295	42,1
Savoy at Dayton Station III (fka Savoy III)	Aurora, CO	—	2012	168	659,165	21,274,302	79,142	659,165	21,3
Scarborough Square	Rockville, MD	—	1967	121	1,815,000	7,608,126	2,968,824	1,815,000	10,5
Seventh & James	Seattle, WA	—	1992	96	663,800	5,974,803	3,665,212	663,800	9,64
Shadow Creek	Winter Springs, FL	—	2000	280	6,000,000	21,719,768	2,299,111	6,000,000	24,0
Sheffield Court	Arlington, VA	—	1986	597	3,342,381	31,337,332	13,400,936	3,342,381	44,7
Sheridan Lake Club	Dania Beach, FL	—	2001	240	12,000,000	23,170,580	1,964,151	12,000,000	25,1
Sheridan Ocean Club Combined	Dania Beach, FL	—	1991	648	18,313,414	47,091,594	17,651,928	18,313,414	64,7
Skycrest	Valencia, CA	—	1999	264	10,560,000	25,574,457	2,362,878	10,560,000	27,9
Skylark	Union City, CA	—	1986	174	1,781,600	16,731,916	2,659,208	1,781,600	19,3

Skyline Terrace	Burlingame, CA	—	1967 & 1987	138	16,836,000	35,414,000	4,187,335	16,836,000	39,6
Skyline Towers	Falls Church, VA	Y	1971	939	78,278,200	91,485,591	32,273,806	78,278,200	123,
Sonterra at Foothill Ranch	Foothill Ranch, CA	—	1997	300	7,503,400	24,048,507	2,564,362	7,503,400	26,6
South City Station (fka South San Francisco)	San Francisco, CA	Y	2007	360	68,900,000	79,476,861	1,392,508	68,900,000	80,8
South Winds	Fall River, MA	—	1971	404	2,481,821	16,780,359	5,195,897	2,481,821	21,9
Southwood	Palo Alto, CA	—	1985	100	6,936,600	14,324,069	3,085,293	6,936,600	17,4
Springbrook Estates	Riverside, CA	—	(F)	—	18,200,000	—	—	18,200,000	—
Square One	Seattle, WA	—	2014	112	7,222,544	26,277,456	(4)	7,222,544	26,2
St. Andrews at Winston Park	Coconut Creek, FL	—	1997	284	5,680,000	19,812,090	5,167,806	5,680,000	24,9
Summerset Village II	Chatsworth, CA	—	(F)	—	260,646	—	—	260,646	—
Summit & Birch Hill	Farmington, CT	—	1967	186	1,757,438	11,748,112	3,477,936	1,757,438	15,2
Summit at Lake Union	Seattle, WA	—	1995 -1997	150	1,424,700	12,852,461	4,489,502	1,424,700	17,3
Summit at Sausalito (fka Sausalito)	Sausalito, CA	—	1978	198	26,000,000	28,435,024	1,373,534	26,000,000	29,8

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (Improvements, net) (E)	Gross Amount Carri Close of Period 12/3	
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land	Buildi Fixture
Tallman	Seattle, WA	—	(F)	—	16,842,249	38,951,437	—	16,842,249	38,951
Tasman (fka Vista Montana - Residential)	San Jose, CA	—	(F)	—	27,709,329	91,844,910	—	27,709,329	91,844
Ten23 (fka 500 West 23rd Street)	New York, NY	Y	2011	111	—	58,856,293	109,788	—	58,966
Terraces, The	San Francisco, CA	Y	1975	117	14,087,610	16,314,151	698,702	14,087,610	17,012
Third Square	Cambridge, MA	Y	2008/2009	471	26,767,171	218,822,728	3,859,006	26,767,171	222,68
Three20	Seattle, WA	Y	2013	134	7,030,766	29,078,811	324,200	7,030,766	29,403
Tortuga Bay	Orlando, FL	—	2004	314	6,280,000	32,121,779	1,652,231	6,280,000	33,774
Town Center South Commercial Tract	St. Charles, MD	—	(F)	—	1,500,000	5,499	—	1,500,000	5,499
Town Square at Mark Center II	Alexandria, VA	—	2001	272	15,568,464	55,029,607	674,851	15,568,464	55,704
Trump Place, 140 Riverside	New York, NY	Y	2003	354	103,539,100	94,082,725	4,343,151	103,539,100	98,425
Trump Place, 160 Riverside	New York, NY	Y	2001	455	139,933,500	190,964,745	10,315,504	139,933,500	201,28
Trump Place, 180 Riverside	New York, NY	Y	1998	516	144,968,250	138,346,681	8,758,301	144,968,250	147,10
Urbana (fka Market Street Landing)	Seattle, WA	Y	2014	287	12,542,418	74,247,060	592,913	12,542,418	74,839

Uwajimaya Village	Seattle, WA	—	2002	176	8,800,000	22,188,288	463,663	8,800,000	22,651
Vantage Pointe	San Diego, CA	Y	2009	679	9,403,960	190,596,040	6,068,618	9,403,960	196,66
Veloce	Redmond, WA	Y	2009	322	15,322,724	76,176,594	253,112	15,322,724	76,429
Verde Condominium Homes (fka Mission Verde, LLC)	San Jose, CA	—	1986	108	5,190,700	9,679,109	3,659,737	5,190,700	13,338
Veridian (fka Silver Spring)	Silver Spring, MD	Y	2009	457	18,539,817	130,407,365	1,187,628	18,539,817	131,59
Villa Solana	Laguna Hills, CA	—	1984	272	1,665,100	14,985,678	9,004,790	1,665,100	23,990
Village at Bear Creek	Lakewood, CO	—	1987	472	4,519,700	40,676,390	5,730,669	4,519,700	46,407
Village at Del Mar Heights, The (fka Del Mar Heights)	San Diego, CA	—	1986	168	15,100,000	40,859,396	252,027	15,100,000	41,111
Village at Howard Hughes, The (Lots 1 & 2)	Los Angeles, CA	—	(F)	—	43,783,485	42,858,234	—	43,783,485	42,858
Virginia Square	Arlington, VA	Y	2002	231	—	85,940,003	1,862,631	—	87,802
Vista Del Lago	Mission Viejo, CA	—	1986-1988	608	4,525,800	40,736,293	15,509,600	4,525,800	56,245
Walden Park	Cambridge, MA	—	1966	232	12,448,888	52,044,448	3,585,931	12,448,888	55,630
Waterford Place (CO)	Thornton, CO	—	1998	336	5,040,000	29,946,419	1,892,852	5,040,000	31,839
Watertown Square	Watertown, MA	Y	2005	134	16,800,000	34,074,056	273,661	16,800,000	34,347
Webster Green	Needham, MA	—	1985	77	1,418,893	9,485,006	1,311,268	1,418,893	10,796
Welleby Lake Club	Sunrise, FL	—	1991	304	3,648,000	17,620,879	6,006,733	3,648,000	23,627
West 96th	New York, NY	Y	1987	207	84,800,000	67,055,502	1,691,019	84,800,000	68,746
West End Apartments (fka Emerson Place/ CRP II)	Boston, MA	Y	2008	310	469,546	163,123,022	1,657,912	469,546	164,78
Westchester at Pavilions	Waldorf, MD	Y	2009	491	11,900,000	89,612,465	454,376	11,900,000	90,066
Westchester at Rockville	Rockville, MD	—	2009	192	10,600,000	44,135,207	277,296	10,600,000	44,412
Westmont		Y	1986	163	64,900,000	61,143,259	761,971	64,900,000	61,905

	New York, NY								
Westside	Los Angeles, CA	—	2004	204	34,200,000	56,962,630	1,269,381	34,200,000	58,232
Westside Villas I	Los Angeles, CA	—	1999	21	1,785,000	3,233,254	357,453	1,785,000	3,590,7
Westside Villas II	Los Angeles, CA	—	1999	23	1,955,000	3,541,435	250,691	1,955,000	3,792,1
Westside Villas III	Los Angeles, CA	—	1999	36	3,060,000	5,538,871	377,157	3,060,000	5,916,0
Westside Villas IV	Los Angeles, CA	—	1999	36	3,060,000	5,539,390	385,604	3,060,000	5,924,9
Westside Villas V	Los Angeles, CA	—	1999	60	5,100,000	9,224,485	657,592	5,100,000	9,882,0
Westside Villas VI	Los Angeles, CA	—	1989	18	1,530,000	3,023,523	318,754	1,530,000	3,342,2
Westside Villas VII	Los Angeles, CA	—	2001	53	4,505,000	10,758,900	616,684	4,505,000	11,375
Westwood Glen	Westwood, MA	—	1972	156	1,616,505	10,806,004	2,225,649	1,616,505	13,031
Windridge (CA)	Laguna Niguel, CA	—	1989	344	2,662,900	23,985,497	8,684,076	2,662,900	32,669
Winston, The (FL)	Pembroke Pines, FL	—	2001/2003	464	18,561,000	49,527,569	2,852,872	18,561,000	52,380
Wood Creek I	Pleasant Hill, CA	—	1987	256	9,729,900	23,009,768	6,555,668	9,729,900	29,565
Woodbridge (CT)	Newington, CT	—	1968	73	498,377	3,331,548	1,266,343	498,377	4,597,8
Woodlake (WA)	Kirkland, WA	—	1984	288	6,631,400	16,735,484	3,790,078	6,631,400	20,525

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition(Improver net) (E)	Gross Close
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land
Woodland Park	East Palo Alto, CA	Y	1953	1,809	72,627,418	57,649,069	9,382,472	72,62
Management Business	Chicago, IL	—	(D)	—	—	—	103,392,322	—
Operating Partnership	Chicago, IL	—	(F)	—	—	1,434,910	—	—
EQR Wholly Owned Unencumbered				69,217	4,798,437,902	12,737,799,082	1,002,255,162	4,798
EQR Wholly Owned Encumbered:								
101 West End	New York, NY	Y	2000	506	190,600,000	131,374,708	1,868,722	190,6
1401 Joyce on Pentagon Row	Arlington, VA	—	2004	326	9,780,000	89,668,165	793,393	9,780
2501 Porter	Washington, D.C.	—	1988	202	13,000,000	75,271,179	1,555,253	13,00
300 East 39th (fka East 39th)	New York, NY	Y	2001	254	48,900,000	96,174,639	868,920	48,90
3003 Van Ness (fka Van Ness)	Washington, D.C.	—	1970	625	56,300,000	141,191,580	2,514,645	56,30
303 East 83rd (fka Camargue)	New York, NY	Y	1976	261	79,400,000	79,122,624	738,175	79,40
425 Broadway	Santa Monica, CA	Y	2001	101	12,600,000	34,394,772	680,943	12,60
4701 Willard	Chevy Chase, MD	Y	1966	513	76,921,130	153,947,682	20,688,968	76,92
55 West Fifth I & II (fka Townhouse Plaza and Gardens)	San Mateo, CA	—	1964/1972	241	21,041,710	71,931,323	8,114,511	21,04
77 Park Avenue (fka Hoboken)	Hoboken, NJ	Y	2000	301	27,900,000	168,992,440	1,559,417	27,90
		Y	2003	266	59,900,000	155,861,605	218,240	59,90

800 Sixth Ave (fka Chelsea)	New York, NY							
929 House	Cambridge, MA	Y	1975	127	3,252,993	21,745,595	5,861,409	3,252
Academy Village	North Hollywood, CA	—	1989	248	25,000,000	23,593,194	7,244,947	25,00
Acappella	Pasadena, CA	—	2002	143	5,839,548	29,360,452	902,132	5,839
Acton Courtyard	Berkeley, CA	Y	2003	71	5,550,000	15,785,509	174,547	5,550
Alborada	Fremont, CA	—	1999	442	24,310,000	59,214,129	3,040,631	24,31
Alcyone	Seattle, WA	Y	2004	161	11,379,497	49,360,503	(9)	11,37
Arches, The	Sunnyvale, CA	—	1974	410	26,650,000	62,850,000	851,025	26,65
Artech Building	Berkeley, CA	Y	2002	21	1,642,000	9,152,518	260,646	1,642
Artisan Square	Northridge, CA	—	2002	140	7,000,000	20,537,359	1,064,325	7,000
Avanti	Anaheim, CA	—	1987	162	12,960,000	18,497,683	1,314,548	12,96
Avenir	Boston, MA	Y	2009	241	—	114,321,619	551,758	—
Bachenheimer Building	Berkeley, CA	Y	2004	44	3,439,000	13,866,379	124,166	3,439
Bella Vista I, II, III Combined	Woodland Hills, CA	—	2003-2007	579	31,682,754	121,095,786	2,885,108	31,68
Berkeleyan	Berkeley, CA	Y	1998	56	4,377,000	16,022,110	321,597	4,377
Calvert Woodley	Washington, D.C.	—	1962	136	12,600,000	43,527,379	733,195	12,60
Canterbury	Germantown, MD	—	1986	544	2,781,300	32,942,531	15,098,222	2,781
Carmel Terrace	San Diego, CA	—	1988-1989	384	2,288,300	20,596,281	10,568,110	2,288
Chelsea Square	Redmond, WA	—	1991	113	3,397,100	9,289,074	1,788,938	3,397
Citrus Suites	Santa Monica, CA	—	1978	70	9,000,000	16,950,326	123,388	9,000
CityView at Longwood	Boston, MA	Y	1970	295	14,704,898	79,195,102	9,272,973	14,70
Clarendon, The	Arlington, VA	Y	2005	292	30,400,340	103,824,660	1,980,446	30,40
Cleveland House	Washington, D.C.	—	1953	214	18,300,000	66,392,414	1,085,128	18,30
Columbia Crossing	Arlington, VA	—	1991	247	23,500,000	53,045,073	1,524,626	23,50
Connecticut Heights	Washington, D.C.	—	1974	518	27,600,000	114,002,295	523,868	27,60
Deerwood (SD)	San Diego, CA	—	1990	316	2,082,095	18,739,815	14,095,827	2,082

Del Mar Ridge	San Diego, CA	—	1998	181	7,801,824	36,948,176	3,108,004	7,801
Estancia at Santa Clara (fka Santa Clara)	Santa Clara, CA	—	2000	450	—	123,759,804	526,676	—
Fairchase	Fairfax, VA	—	2007	392	23,500,000	87,722,321	269,692	23,50
Fairfield	Stamford, CT	Y	1996	263	6,510,200	39,690,120	6,459,297	6,510
Fine Arts Building	Berkeley, CA	Y	2004	100	7,817,000	26,462,772	302,689	7,817
Flats at DuPont Circle	Washington, D.C.	—	1967	306	35,200,000	108,768,198	504,057	35,20
Gaia Building	Berkeley, CA	Y	2000	91	7,113,000	25,623,826	225,339	7,113

S-10

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition (Improvements, net) (E)	Gross Amount Carrie at Close of Period 12/31/14	
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	Land	Building Fixtures (
Gaithersburg Station	Gaithersburg, MD	Y	2013	389	17,500,000	74,556,144	231,854	17,500,000	74,787,99
Gateway at Malden Center	Malden, MA	Y	1988	203	9,209,780	25,722,666	12,495,969	9,209,780	38,218,63
Glo	Los Angeles, CA	Y	2008	201	16,047,023	48,650,963	394,064	16,047,023	49,045,02
Hathaway	Long Beach, CA	—	1987	385	2,512,500	22,611,912	7,849,296	2,512,500	30,461,20
Heights on Capitol Hill	Seattle, WA	Y	2006	104	5,425,000	21,138,028	265,813	5,425,000	21,403,84
Heronfield	Kirkland, WA	—	1990	202	9,245,000	27,017,749	2,262,931	9,245,000	29,280,68
Ivory Wood	Bothell, WA	—	2000	144	2,732,800	13,888,282	751,887	2,732,800	14,640,16
Kelvin Court (fka Alta Pacific)	Irvine, CA	—	2008	132	10,752,145	34,649,929	248,840	10,752,145	34,898,76
La Terrazza at Colma Station	Colma, CA	Y	2005	153	—	41,251,044	642,535	—	41,893,57
Laguna Clara	Santa Clara, CA	—	1972	264	13,642,420	29,707,475	4,256,707	13,642,420	33,964,18
Liberty Park	Braintree, MA	—	2000	202	5,977,504	26,749,111	3,730,323	5,977,504	30,479,43
Liberty Tower	Arlington, VA	Y	2008	235	16,382,822	83,817,078	1,124,478	16,382,822	84,941,55
Lindley Apartments	Encino, CA	—	2004	129	5,805,000	25,705,000	681,636	5,805,000	26,386,63
Longview Place	Waltham, MA	—	2004	348	20,880,000	90,255,509	3,770,380	20,880,000	94,025,88
Market Street Village	San Diego, CA	—	2006	229	13,740,000	40,757,301	1,480,272	13,740,000	42,237,57
Marks		Y	1987	616	4,928,500	44,622,314	11,548,101	4,928,500	56,170,41

	Englewood, CO								
Metro on First	Seattle, WA	Y	2002	102	8,540,000	12,209,981	452,229	8,540,000	12,662,21
Midtown 24	Plantation, FL	Y	2010	247	10,129,900	58,770,100	1,401,853	10,129,900	60,171,95
Mill Creek	Milpitas, CA	—	1991	516	12,858,693	57,168,503	5,442,026	12,858,693	62,610,52
Moda	Seattle, WA	Y	2009	251	12,649,228	36,842,012	751,889	12,649,228	37,593,90
Monte Viejo	Phoenix, AZ	—	2004	480	12,700,000	45,926,784	1,356,649	12,700,000	47,283,43
Montierra (CA)	San Diego, CA	—	1990	272	8,160,000	29,360,938	7,349,217	8,160,000	36,710,15
Mosaic at Metro	Hyattsville, MD	—	2009	260	—	59,580,898	396,392	—	59,977,29
New River Cove	Davie, FL	—	1999	316	15,800,000	46,142,895	2,112,295	15,800,000	48,255,19
North Pier at Harborside	Jersey City, NJ	—	2003	297	4,000,159	94,290,590	2,508,073	4,000,159	96,798,66
Northpark	Burlingame, CA	—	1972	510	38,607,000	77,477,449	11,535,799	38,607,000	89,013,24
Oak Mill II	Germantown, MD	—	1985	192	854,133	10,233,947	6,614,557	854,133	16,848,50
Oaks	Santa Clarita, CA	—	2000	520	23,400,000	61,020,438	4,140,268	23,400,000	65,160,70
Olympus Towers	Seattle, WA	Y	2000	328	14,752,034	73,335,425	5,446,206	14,752,034	78,781,63
Park Place at San Mateo (fka San Mateo)	San Mateo, CA	Y	2001	575	71,900,000	211,907,141	2,736,590	71,900,000	214,643,7
Providence	Bothell, WA	—	2000	200	3,573,621	19,055,505	908,245	3,573,621	19,963,75
Reserve at Clarendon Centre, The	Arlington, VA	Y	2003	252	10,500,000	52,812,935	3,852,271	10,500,000	56,665,20
Reserve at Eisenhower, The	Alexandria, VA	—	2002	226	6,500,000	34,585,060	1,407,205	6,500,000	35,992,26
Reserve at Empire Lakes	Rancho Cucamonga, CA	—	2005	467	16,345,000	73,080,670	2,097,816	16,345,000	75,178,48
Reserve at Fairfax Corner	Fairfax, VA	—	2001	652	15,804,057	63,129,050	6,733,306	15,804,057	69,862,35
Reserve at Potomac Yard	Alexandria, VA	—	2002	588	11,918,917	68,862,641	6,341,718	11,918,917	75,204,35
Reserve at Town Center (WA)	Mill Creek, WA	—	2001	389	10,369,400	41,172,081	2,404,316	10,369,400	43,576,39
Rianna II	Seattle, WA	Y	2002	78	2,161,840	14,433,614	219,336	2,161,840	14,652,95
Rockingham Glen	West Roxbury,	—	1974	143	1,124,217	7,515,160	2,127,798	1,124,217	9,642,958

	MA								
Siena Terrace	Lake Forest, CA	—	1988	356	8,900,000	24,083,024	6,513,124	8,900,000	30,596,14
Skyview	Rancho Santa Margarita, CA	—	1999	260	3,380,000	21,952,863	2,762,747	3,380,000	24,715,61
SoMa Square Apartments (fka South Market)	San Francisco, CA	Y	1986	410	79,900,000	177,316,977	2,711,818	79,900,000	180,028,7
Stonegate (CO)	Broomfield, CO	—	2003	350	8,750,000	32,950,375	3,208,246	8,750,000	36,158,62
Stoney Ridge	Dale City, VA	—	1985	264	8,000,000	24,147,091	5,813,599	8,000,000	29,960,69
Summerset Village	Chatsworth, CA	—	1985	280	2,629,804	23,670,889	6,735,640	2,629,804	30,406,52
Talleyrand	Tarrytown, NY	—	1997-1998	300	12,000,000	49,838,160	4,373,570	12,000,000	54,211,73
Teresina	Chula Vista, CA	—	2000	440	28,600,000	61,916,670	2,524,216	28,600,000	64,440,88
Toscana	Irvine, CA	—	1991/1993	563	39,410,000	50,806,072	8,065,576	39,410,000	58,871,64

S-11

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014

Description					Initial Cost to Company		Cost Capitalized Subsequent to Acquisition(Impro net) (E)	G P
Apartment Name	Location	Retail/Commercial Space (G)	Date of Construction	Units (H)	Land	Building & Fixtures	Building & Fixtures	L
Touriel Building	Berkeley, CA	Y	2004	35	2,736,000	7,810,027	173,049	2,
Town Square at Mark Center I (fka Millbrook I)	Alexandria, VA	—	1996	406	24,360,000	86,178,714	3,101,186	24
Uptown Square	Denver, CO	Y	1999/2001	696	17,492,000	100,696,541	4,323,125	17
Versailles	Woodland Hills, CA	—	1991	253	12,650,000	33,656,292	5,439,447	12
Versailles (K-Town)	Los Angeles, CA	—	2008	225	10,590,975	44,409,025	1,089,480	10
Victor on Venice	Los Angeles, CA	Y	2006	115	10,350,000	35,433,437	493,945	10
Vintage	Ontario, CA	—	2005-2007	300	7,059,230	47,677,762	418,205	7,
Vintage at 425 Broadway (fka Promenade)	Santa Monica, CA	Y	1934/2001	58	9,000,000	13,961,523	354,858	9,
Vista on Courthouse	Arlington, VA	—	2008	220	15,550,260	69,449,740	1,100,172	15
Water Park Towers	Arlington, VA	—	1989	362	34,400,000	108,485,859	3,570,221	34
West 54th	New York, NY	Y	2001	222	60,900,000	48,193,837	320,475	60
Westgate (fka Westgate I)	Pasadena, CA	—	2010	480	22,898,848	133,553,692	348,871	22
Woodleaf	Campbell, CA	—	1984	178	8,550,600	16,988,183	4,312,027	8,
Portfolio/Entity Encumbrances (1)								
				29,923	1,889,558,099	5,894,004,795	330,213,229	1,

EQR Wholly Owned Encumbered								
EQR Partially Owned Unencumbered:								
2300 Elliott	Seattle, WA	—	1992	92	796,800	7,173,725	6,244,167	79
400 Park Avenue South (Toll)	New York, NY	—	(F)	—	58,090,357	55,679,496	—	58
Canyon Ridge	San Diego, CA	—	1989	162	4,869,448	11,955,064	2,794,600	4,
Country Oaks	Agoura Hills, CA	—	1985	256	6,105,000	29,561,865	4,053,877	6,
Fox Ridge	Englewood, CO	—	1984	300	2,490,000	17,522,114	4,601,407	2,
Monterra in Mill Creek	Mill Creek, WA	—	2003	139	2,800,000	13,255,123	670,037	2,
Prism at Park Avenue South (fka 400 Park Avenue South (EQR))	New York, NY	Y	(F)	—	76,292,169	150,666,648	11,603	76
Strayhorse at Arrowhead Ranch	Glendale, AZ	—	1998	136	4,400,000	12,968,002	443,437	4,
Via Ventura (CA) (fka Ventura)	Ventura, CA	—	2002	192	8,600,000	44,308,202	406,230	8,
Wood Creek II (fka Willow Brook (CA))	Pleasant Hill, CA	—	1985	228	5,055,000	38,388,672	4,889,178	5,
EQR Partially Owned Unencumbered				1,505	169,498,774	381,478,911	24,114,536	16
EQR Partially Owned Encumbered:								
Bellevue Meadows	Bellevue, WA	—	1983	180	4,507,100	12,574,814	4,524,770	4,
Canyon Creek (CA)	San Ramon, CA	—	1984	268	5,425,000	18,812,121	6,427,590	5,
Harrison Square (fka Elliot Bay)	Seattle, WA	Y	1992	166	7,600,000	35,844,345	3,159,773	7,
Isle at Arrowhead Ranch	Glendale, AZ	—	1996	256	1,650,237	19,593,123	2,216,333	1,
Lantern Cove	Foster City, CA	—	1985	232	6,945,000	23,064,976	5,705,946	6,
Rosecliff		—	1990	156	5,460,000	15,721,570	2,561,718	5,

	Quincy, MA							
Schooner Bay I	Foster City, CA	—	1985	168	5,345,000	20,390,618	4,756,784	5,
Schooner Bay II	Foster City, CA	—	1985	144	4,550,000	18,064,764	4,275,408	4,
Surrey Downs	Bellevue, WA	—	1986	122	3,057,100	7,848,618	2,407,669	3,
Virgil Square	Los Angeles, CA	—	1979	142	5,500,000	15,216,613	2,175,257	5,
Wisconsin Place	Chevy Chase, MD	—	2009	432	—	172,089,355	550,832	—
Portfolio/Entity Encumbrances (1)								
EQR Partially Owned Encumbered				2,266	50,039,437	359,220,917	38,762,080	50
Total Consolidated Investment in Real Estate				102,911	$6,907,534,212	$19,372,503,705	$1,395,345,007	$

(1) See attached Encumbrances Reconciliation

S-12

Table of Contents

EQUITY RESIDENTIAL
ERP OPERATING LIMITED PARTNERSHIP
Schedule III - Real Estate and Accumulated Depreciation
December 31, 2014
NOTES:

(A) The balance of furniture & fixtures included in the total investment in real estate amount was $1,365,276,528 as of December 31, 2014.

(B) The cost, net of accumulated depreciation, for Federal Income Tax purposes as of December 31, 2014 was approximately $16.7 billion.

(C) The life to compute depreciation for building is 30 years, for building improvements ranges from 5 to 15 years, for furniture & fixtures and replacements is 5 to 10 years, and for lease intangibles is the average remaining term of each respective lease.

(D) This asset consists of various acquisition dates and largely represents furniture, fixtures and equipment, leasehold improvements and capitalized software costs owned by the Management Business, which are generally depreciated over periods ranging from 3 to 7 years.

(E) Primarily represents capital expenditures for major maintenance and replacements incurred subsequent to each property's acquisition date.

(F) Represents land and/or construction-in-progress on projects either held for future development or projects currently under development.

(G) A portion of these properties includes and/or will include retail/commercial space.

(H) Total properties and units exclude three unconsolidated properties containing 1,281 apartment units and two Military Housing properties containing 5,033 units.

(I) through (L) See Encumbrances Reconciliation schedule.

(M) Boot Property for Bond Partnership mortgage pool.

Table of Contents

EXHIBIT INDEX

The exhibits listed below are filed as part of this report. References to exhibits or other filings under the caption "Location" indicate that the exhibit or other filing has been filed, that the indexed exhibit and the exhibit referred to are the same and that the exhibit referred to is incorporated by reference. The Commission file numbers for our Exchange Act filings referenced below are 1-12252 (Equity Residential) and 0-24920 (ERP Operating Limited Partnership).

Exhibit	Description	Location
3.1	Articles of Restatement of Declaration of Trust of Equity Residential dated December 9, 2004.	Included as Exhibit 3.1 to Equity Residential's Form 10-K for the year ended December 31, 2004.
3.2	Seventh Amended and Restated Bylaws of Equity Residential, effective as of December 14, 2010.	Included as Exhibit 3.1 to Equity Residential's Form 8-K dated and filed on December 14, 2010.
3.3	Sixth Amended and Restated Agreement of Limited Partnership for ERP Operating Limited Partnership dated as of March 12, 2009.	Included as Exhibit 10.1 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated March 12, 2009, filed on March 18, 2009.
3.4	Form of Preference Units Term Sheet for 3.00% Series P Cumulative Redeemable Preference Units.	Included as Exhibit 3.1 to ERP Operating Limited Partnership's Form 8-K dated November 26, 2014, filed on December 2, 2014.
4.1	Indenture, dated October 1, 1994, between the Operating Partnership and The Bank of New York Mellon Trust Company, N.A., as successor trustee ("Indenture").	Included as Exhibit 4(a) to ERP Operating Limited Partnership's Form S-3 filed on October 7, 1994.
4.2	First Supplemental Indenture to Indenture, dated as of September 9, 2004.	Included as Exhibit 4.2 to ERP Operating Limited Partnership's Form 8-K, filed on September 10, 2004.
4.3	Second Supplemental Indenture to Indenture, dated as of August 23, 2006.	Included as Exhibit 4.1 to ERP Operating Limited Partnership's Form 8-K dated August 16, 2006, filed on August 23, 2006.
4.4	Third Supplemental Indenture to Indenture, dated as of June 4, 2007.	Included as Exhibit 4.1 to ERP Operating Limited Partnership's Form 8-K dated May 30, 2007, filed on June 1, 2007.
4.5	Fourth Supplemental Indenture to Indenture, dated as of December 12, 2011.	Included as Exhibit 4.2 to ERP Operating Limited Partnership's Form 8-K dated December 7, 2011, filed on December 9, 2011.
4.6	Terms Agreement regarding 6.63% (subsequently remarketed to a 6.584% fixed rate) Notes due April 13, 2015.	Included as Exhibit 1 to ERP Operating Limited Partnership's Form 8-K, filed on April 13, 1998.
4.7	Terms Agreement regarding 5.125% Notes due March 15, 2016.	Included as Exhibit 1.1 to ERP Operating Limited Partnership's Form 8-K, filed on September 13, 2005.
4.8	Form of 5.375% Note due August 1, 2016.	Included as Exhibit 4.1 to ERP Operating Limited Partnership's Form 8-K dated January 11, 2006, filed on January 18, 2006.
4.9	Form of 5.75% Note due June 15, 2017.	Included as Exhibit 4.3 to ERP Operating Limited Partnership's Form 8-K dated May 30, 2007, filed on June 1, 2007.
4.10	Terms Agreement regarding $7^1/8$% Notes due October 15, 2017.	Included as Exhibit 1 to ERP Operating Limited Partnership's Form 8-K, filed on October 9, 1997.
4.11	Form of 2.375% Note due July 1, 2019.	Included as Exhibit 4.1 to ERP Operating Limited Partnership's Form 8-K dated June 16, 2014, filed

		on June 18, 2014.
4.12	Form of 4.75% Note due July 15, 2020.	Included as Exhibit 4.1 to ERP Operating Limited Partnership’s Form 8-K dated July 12, 2010, filed on July 15, 2010.
4.13	Form of 4.625% Note due December 15, 2021.	Included as Exhibit 4.1 to ERP Operating Limited Partnership's Form 8-K dated December 7, 2011, filed on December 9, 2011.
4.14	Form of 3.00% Note due April 15, 2023.	Included as Exhibit 4.1 to ERP Operating Limited Partnership's Form 8-K dated April 3, 2013, filed on April 8, 2013.
4.15	Terms Agreement regarding 7.57% Notes due August 15, 2026.	Included as Exhibit 1 to ERP Operating Limited Partnership’s Form 8-K, filed on August 13, 1996.
4.16	Form of 4.500% Note due July 1, 2044.	Included as Exhibit 4.2 to ERP Operating Limited Partnership's Form 8-K dated June 16, 2014, filed on June 18, 2014.

Table of Contents

Exhibit		Description	Location
10.1	*	Noncompetition Agreement (Zell).	Included as an exhibit to Equity Residential's Form S-11 Registration Statement, File No. 33-63158.
10.2	*	Noncompetition Agreement (Spector).	Included as an exhibit to Equity Residential's Form S-11 Registration Statement, File No. 33-63158.
10.3	*	Form of Noncompetition Agreement (other officers).	Included as an exhibit to Equity Residential's Form S-11 Registration Statement, File No. 33-63158.
10.4		Revolving Credit Agreement dated as of January 11, 2013 among ERP Operating Limited Partnership, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as Co-Syndication Agents, J.P. Morgan Securities LLC, Wells Fargo Securities, LLC and Merrill Lynch, Pierce, Fenner & Smith Incorporated, as Joint Lead Arrangers and Joint Book Runners, and a syndicate of other banks (the “Revolving Credit Agreement”).	Included as Exhibit 10.1 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated January 11, 2013, filed January 15, 2013.
10.5		Guaranty of Payment made as of January 11, 2013 between Equity Residential and Bank of America, N.A., as administrative agent for the banks party to the Revolving Credit Agreement.	Included as Exhibit 10.2 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated January 11, 2013, filed January 15, 2013.
10.6		Amendment No. 1 to Revolving Credit Agreement dated as of January 16, 2015 among ERP Operating Limited Partnership, the Banks party thereto, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association, as Co-Syndication Agents, and the other Agents named therein.	Attached herein.
10.7		Term Loan Agreement dated as of January 11, 2013 among ERP Operating Limited Partnership, Bank of America, N.A., as Administrative Agent, JPMorgan Chase Bank, N.A. and Wells Fargo Bank, National Association as Co-Syndication Agents, Merrill Lynch, Pierce, Fenner & Smith Incorporated, Wells Fargo Securities, LLC and J.P.Morgan Securities LLC, as Joint Lead Arrangers and Joint Book Runners, and a syndicate of other banks (the "Term Loan Agreement").	Included as Exhibit 10.3 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated January 11, 2013, filed January 15, 2013.
10.8		Guaranty of Payment made as of January 11, 2013 between Equity Residential and Bank of America, N.A., as administrative agent for the banks party to the Term Loan Agreement.	Included as Exhibit 10.4 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated January 11, 2013, filed January 15, 2013.
10.9		Master Credit Facility Agreement, dated February 27, 2013, by and among Federal National Mortgage Association and ASN Santa Monica LLC, et al.	Included as Exhibit 10.7 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated February 27, 2013, filed on February 28, 2013.
10.10		Amended and Restated Fixed Loan Note (Collateral Pool 3), dated February 27, 2013, executed by ASN	Included as Exhibit 10.8 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K

		Santa Monica LLC, et al. in favor of Federal National Mortgage Association.	dated February 27, 2013, filed on February 28, 2013.
10.11		Amended and Restated Limited Partnership Agreement of Lexford Properties, L.P.	Included as Exhibit 10.16 to Equity Residential's Form 10-K for the year ended December 31, 1999.
10.12	*	Equity Residential 2011 Share Incentive Plan.	Included as Exhibit 99.1 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated June 16, 2011, filed on June 22, 2011.
10.13	*	First Amendment to 2011 Share Incentive Plan.	Included as Exhibit 10.1 to Equity Residential's and ERP Operating Limited Partnership's Form 10-Q for the quarterly period ended June 30, 2012.
10.14	*	Second Amendment to 2011 Share Incentive Plan.	Included as Exhibit 10.1 to Equity Residential's and ERP Operating Limited Partnership's Form 10-Q for the quarterly period ended September 30, 2013.
10.15	*	Third Amendment to 2011 Share Incentive Plan.	Included as Exhibit 10.1 to Equity Residential's and ERP Operating Limited Partnership's Form 10-Q for the quarterly period ended March 31, 2014.
10.16	*	Fourth Amendment to 2011 Share Incentive Plan.	Included as Exhibit 10.1 to Equity Residential's and ERP Operating Limited Partnership's Form 10-Q for the quarterly period ended September 30, 2014.

Table of Contents

Exhibit		Description	Location
10.17	*	Equity Residential Second Restated 2002 Share Incentive Plan dated December 10, 2008.	Included as Exhibit 10.15 to Equity Residential's Form 10-K for the year ended December 31, 2008.
10.18	*	First Amendment to Second Restated 2002 Share Incentive Plan.	Included as Exhibit 10.1 to Equity Residential's Form 10-Q for the quarterly period ended September 30, 2010.
10.19	*	Second Amendment to Second Restated 2002 Share Incentive Plan.	Included as Exhibit 10.3 to Equity Residential's Form 10-Q for the quarterly period ended June 30, 2011.
10.20	*	Third Amendment to Second Restated 2002 Share Incentive Plan.	Included as Exhibit 10.2 to Equity Residential's and ERP Operating Limited Partnership's Form 10-Q for the quarterly period ended June 30, 2012.
10.21	*	Fourth Amendment to Second Restated 2002 Share Incentive Plan.	Included as Exhibit 10.2 to Equity Residential's and ERP Operating Limited Partnership's Form 10-Q for the quarterly period ended September 30, 2013.
10.22	*	Form of Change in Control Agreement between the Company and other executive officers.	Included as Exhibit 10.13 to Equity Residential's Form 10-K for the year ended December 31, 2001.
10.23	*	Form of First Amendment to Amended and Restated Change in Control/Severance Agreement with each executive officer.	Included as Exhibit 10.1 to Equity Residential's Form 10-Q for the quarterly period ended March 31, 2009.
10.24	*	Form of Indemnification Agreement between the Company and each trustee and executive officer.	Included as Exhibit 10.18 to Equity Residential's Form 10-K for the year ended December 31, 2003.
10.25	*	Form of Letter Agreement between Equity Residential and each of David J. Neithercut, Alan W. George and Bruce C. Strohm.	Included as Exhibit 10.3 to Equity Residential's Form 10-Q for the quarterly period ended September 30, 2008.
10.26	*	Form of Executive Retirement Benefits Agreement.	Included as Exhibit 10.24 to Equity Residential's Form 10-K for the year ended December 31, 2006.
10.27	*	Retirement Benefits Agreement between Samuel Zell and the Company dated October 18, 2001.	Included as Exhibit 10.18 to Equity Residential's Form 10-K for the year ended December 31, 2001.
10.28	*	Amended and Restated Deferred Compensation Agreement between the Company and Gerald A. Spector dated January 1, 2002.	Included as Exhibit 10.17 to Equity Residential's Form 10-K for the year ended December 31, 2001.
10.29	*	Change in Control Agreement dated as of March 13, 2009 by and between Equity Residential and Mark J. Parrell, Executive Vice President and Chief Financial Officer.	Included as Exhibit 10.2 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated March 12, 2009, filed on March 18, 2009.
10.30	*	The Equity Residential Supplemental Executive Retirement Plan as Amended and Restated effective July 1, 2014.	Included as Exhibit 10.2 to Equity Residential's and ERP Operating Limited Partnership's Form 10-Q for the quarterly period ended September 30, 2014.
10.31	*	The Equity Residential Grandfathered Supplemental Executive Retirement Plan as Amended and Restated effective January 1, 2005.	Included as Exhibit 10.2 to Equity Residential's Form 10-Q for the quarterly period ended March 31, 2008.
10.32		Second Amended and Restated Sales Agency Financing Agreement, dated July 31, 2013, among the Company, the Operating Partnership and Merrill Lynch, Pierce, Fenner & Smith Incorporated.	Included as Exhibit 1.1 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated and filed on July 31, 2013.
10.33		Amended and Restated Sales Agency Financing Agreement, dated July 31, 2013, among the Company,	Included as Exhibit 1.2 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K

	the Operating Partnership and BNY Mellon Capital Markets, LLC.	dated and filed on July 31, 2013.
10.34	Second Amended and Restated Sales Agency Financing Agreement, dated July 31, 2013, among the Company, the Operating Partnership and J.P. Morgan Securities LLC.	Included as Exhibit 1.3 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated and filed on July 31, 2013.
10.35	Second Amended and Restated Sales Agency Financing Agreement, dated July 31, 2013, among the Company, the Operating Partnership and Morgan Stanley & Co. LLC.	Included as Exhibit 1.4 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated and filed on July 31, 2013.
10.36	Sales Agency Financing Agreement, dated July 31, 2013, among the Company, the Operating Partnership and Scotia Capital (USA) Inc.	Included as Exhibit 1.5 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated and filed on July 31, 2013.
10.37	Registration Rights Agreement, dated February 27, 2013, by and between Equity Residential, Archstone Enterprise LP (which subsequently changed its name to Jupiter Enterprise LP) and Lehman Brothers Holdings Inc.	Included as Exhibit 10.1 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated February 27, 2013, filed on February 28, 2013.

Table of Contents

Exhibit	Description	Location
10.38	Shareholders Agreement, dated February 27, 2013, by and among Equity Residential, Archstone Enterprise LP (which subsequently changed its name to Jupiter Enterprise LP) and Lehman Brothers Holdings Inc.	Included as Exhibit 10.2 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated February 27, 2013, filed on February 28, 2013.
10.39	Archstone Residual JV, LLC Limited Liability Company Agreement.	Included as Exhibit 10.3 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated February 27, 2013, filed on February 28, 2013.
10.40	Archstone Parallel Residual JV, LLC Limited Liability Company Agreement.	Included as Exhibit 10.4 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated February 27, 2013, filed on February 28, 2013.
10.41	Archstone Parallel Residual JV 2, LLC Limited Liability Company Agreement.	Included as Exhibit 10.5 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated February 27, 2013, filed on February 28, 2013.
10.42	Legacy Holdings JV, LLC Limited Liability Company Agreement.	Included as Exhibit 10.6 to Equity Residential's and ERP Operating Limited Partnership's Form 8-K dated February 27, 2013, filed on February 28, 2013.
12	Computation of Ratio of Earnings to Combined Fixed Charges.	Attached herein.
21	List of Subsidiaries of Equity Residential and ERP Operating Limited Partnership.	Attached herein.
23.1	Consent of Ernst & Young LLP - Equity Residential.	Attached herein.
23.2	Consent of Ernst & Young LLP - ERP Operating Limited Partnership.	Attached herein.
24	Power of Attorney.	See the signature page to this report.
31.1	Equity Residential - Certification of David J. Neithercut, Chief Executive Officer.	Attached herein.
31.2	Equity Residential - Certification of Mark J. Parrell, Chief Financial Officer.	Attached herein.
31.3	ERP Operating Limited Partnership - Certification of David J. Neithercut, Chief Executive Officer of Registrant's General Partner.	Attached herein.
31.4	ERP Operating Limited Partnership - Certification of Mark J. Parrell, Chief Financial Officer of Registrant's General Partner.	Attached herein.
32.1	Equity Residential - Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of David J. Neithercut, Chief Executive Officer of the Company.	Attached herein.
32.2	Equity Residential - Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Mark J. Parrell, Chief Financial Officer of the Company.	Attached herein.
32.3		Attached herein.

	ERP Operating Limited Partnership - Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of David J. Neithercut, Chief Executive Officer of Registrant's General Partner.	
32.4	ERP Operating Limited Partnership - Certification Pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, of Mark J. Parrell, Chief Financial Officer of Registrant's General Partner.	Attached herein.
101	XBRL (Extensible Business Reporting Language). The following materials from Equity Residential's and ERP Operating Limited Partnership's Annual Report on Form 10-K for the year ended December 31, 2014, formatted in XBRL: (i) consolidated balance sheets, (ii) consolidated statements of operations and comprehensive income, (iii) consolidated statements of cash flows, (iv) consolidated statements of changes in equity (Equity Residential), (v) consolidated statements of changes in capital (ERP Operating Limited Partnership) and (vi) notes to consolidated financial statements.	Attached herein.

Table of Contents

*Management contracts and compensatory plans or arrangements filed as exhibits to this report are identified by an asterisk.