EQUITY RESIDENTIAL
Form 424B5
November 26, 2012
**Table of Contents**

**Filed pursuant to Rule 424(b)(5)**
**Registration No. 333-169956**

**The information in this preliminary supplement is not complete and may be changed. This preliminary supplement and the accompanying base prospectus are not an offer to sell these securities and we are not soliciting offers to buy these securities in any state where the offer or sale is not permitted.**

*PROSPECTUS SUPPLEMENT (Subject to Completion)* *Issued November 26, 2012*
*(To Prospectus dated October 15, 2010)*

# *Equity Residential*

*19,000,000 COMMON SHARES*

***We are offering 19,000,000 of our common shares of beneficial interest, par value $0.01 per share. For a detailed description of our common shares, see the section entitled Description of Equity Residential Securities Common Shares beginning on page 5 of the accompanying prospectus.***

***Our common shares are listed on the New York Stock Exchange under the symbol EQR . The last reported sale price of our common shares on the New York Stock Exchange on November 23, 2012 was $54.46 per share.***

***To assist us in maintaining our qualification as a real estate investment trust, or REIT, for federal income tax purposes, our articles of restatement of declaration of trust contain certain restrictions on ownership of our common shares. See Description of Equity Residential***

***Securities Restriction on Ownership and Transfer in the accompanying prospectus.***

***Investing in our common shares involves risks. See Risk Factors beginning on page S-9 of this prospectus supplement and the risks set forth in the documents we have filed with the Securities and Exchange Commission that are incorporated by reference in this prospectus supplement.***

| | ***Price to Public*** | ***Underwriting Discounts and Commissions*** | ***Proceeds to Us, Before Expenses*** |
|---|---|---|---|
| *Per Share* | *$* | *$* | *$* |
| *Total* | *$* | *$* | *$* |

*We have granted the underwriters the right to purchase an additional 2,850,000 common shares to cover over-allotments.*

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

*The underwriters expect to deliver the common shares to purchasers on December , 2012.*

*MORGAN STANLEY*

*November , 2012*

**Table of Contents**

**TABLE OF CONTENTS**

**Prospectus Supplement**



**Prospectus**



**You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus or in any free writing prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since then.**

Table of Contents

## ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, which gives a description of our common shares and more general information about other securities we may offer from time to time under our shelf registration statement, some of which does not apply to this offering.

If the description of this offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information contained in or incorporated by reference in this prospectus supplement.

It is important for you to read and consider all information contained in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference herein and therein, in making your investment decision. This prospectus supplement and the accompanying prospectus incorporate important business and financial information about us and our subsidiaries that is not included in or delivered with these documents. This information is available without charge to security holders upon written or oral request. See  Where You Can Find More Information About Us.

Unless the context otherwise requires or as otherwise specified, references in this prospectus to  we,  us,  our  or  the Company  refer to Equity Residential and its subsidiaries, including ERP Operating Limited Partnership. The term  Archstone  refers to Archstone Enterprise LP and its consolidated subsidiaries. See  Prospectus Supplement Summary  Recent Developments.  The  underwiriters  refers to the financial institutions named in the  Underwriting  section of this prospectus supplement.

**Table of Contents**

## SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference as described under Where You Can Find More Information About Us contain certain information that we intend to be considered forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended. These forward-looking statements relate to such things as our anticipated future economic performance, our plans and objectives for future operations and projections of revenue and other financial items, which can be identified by the use of forward-looking words such as may, will, should, expect, anticipate, estimate or continue or the thereof or other variations thereon or comparable terms. Forward-looking statements also include, without limitation, statements regarding our ability to complete the Archstone Transaction (as described herein), our ability to finance the Archstone Transaction as expected (including our ability to complete successfully dispositions of certain of our assets and the impact of the timing of those dispositions on our financial results), our ability to and the impact of incurring additional debt in connection with the Archstone Transaction (including significant additional near-term maturities), and the impact on the market price of our common shares if we fail to consummate the Archstone Transaction. Factors that could cause actual results to vary from our forward-looking statements include, without limitation, the failure to receive, on a timely basis or otherwise, the required approvals by government or regulatory agencies in connection with the Archstone Transaction or other third party consents, the risk that a condition to closing under the agreement governing the Archstone Transaction may not be satisfied, the possibility that the anticipated benefits from the Archstone Transaction will take longer to realize than expected or will not be realized at all, risks related to the diversion of management time and attention to the operation of our business as a result of the Archstone Transaction, and risks related to our investments in joint ventures, including the joint ventures with AvalonBay Communities, Inc. relating to the Archstone Transaction.

Actual results could differ materially from those contemplated by these forward-looking statements as a result of many factors. The cautionary statements under the caption Risk Factors contained in our Annual Report on Form 10-K for the year ended December 31, 2011, which is incorporated herein by reference, and other similar statements contained in this prospectus supplement, the accompanying prospectus and the documents incorporated or deemed incorporated by reference herein and therein, identify important factors with respect to forward-looking statements, including certain risks and uncertainties, that could cause actual results to differ materially from those in such forward-looking statements. Additional risks and uncertainties not presently known to us or that we currently believe to be immaterial also may adversely affect us. Should any known or unknown risks and uncertainties develop into actual events, those developments could have a material adverse effect on our business, financial condition and results of operations.

In light of these risks and uncertainties, there can be no assurance that the results and events contemplated by the forward-looking information contained in this prospectus supplement and the documents incorporated by reference or deemed incorporated by reference herein will in fact transpire. Potential investors are cautioned not to place undue reliance on these forward-looking statements. We do not undertake any obligation to update or revise any forward-looking statements. All subsequent written or oral forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements.

S-1

Table of Contents

## PROSPECTUS SUPPLEMENT SUMMARY

*This summary highlights selected information about us. It may not contain all the information that may be important to you in deciding whether to invest in our common shares. You should read this entire prospectus supplement and the accompanying prospectus, together with the information incorporated by reference, including the risk factors, financial data and related notes, before making an investment decision.*

## EQUITY RESIDENTIAL

We are a Maryland real estate investment trust ( REIT ) formed in March 1993 and an S&P 500 company focused on the acquisition, development and management of high quality apartment properties in top United States growth markets. We are the managing general partner of ERP Operating Limited Partnership and have elected to be taxed as a REIT. As of September 30, 2012, we had a national portfolio of 418 multifamily properties containing 118,986 apartment units located in 13 states and the District of Columbia.

Our principal executive offices are located at Two North Riverside Plaza, Suite 400, Chicago, Illinois 60606, and our telephone number is (312) 474-1300.

## RECENT DEVELOPMENTS

On November 26, 2012, we and ERP Operating Limited Partnership ( ERP ) entered into an Asset Purchase Agreement (the Purchase Agreement ) with AvalonBay Communities, Inc. ( AVB ), Archstone Enterprise LP ( Archstone ) and Lehman Brothers Holdings Inc. ( LBHI ). Pursuant to the terms of the Purchase Agreement, ERP, AVB and certain of their respective subsidiaries have agreed to acquire from Archstone and its affiliates (the Archstone Transaction ), substantially all of the assets and interests in various entities affiliated with Archstone, constituting a portfolio of apartment properties and other assets (the Archstone Assets ) in exchange for (i) $2.016 billion in cash to be paid by us and $669 million in cash to be paid by AVB, (ii) 34,468,085 of our common shares and 14,889,706 shares of AVB common stock and (iii) the assumption of substantially all of the liabilities related to the Archstone Assets. Following consummation of the Archstone Transaction, we will own assets representing approximately 60% of the Archstone Assets and AVB will own assets representing approximately 40% of the Archstone Assets, as described further herein. See Archstone Transaction.

Pursuant to the Archstone Transaction, we have agreed to acquire, directly or indirectly, 78 wholly-owned, stabilized properties consisting of 23,110 apartment units, five additional partially owned and unconsolidated stabilized properties consisting of 1,936 apartment units as well as ownership or ownership interests in four projects under construction for 1,225 apartment units, and fifteen land sites for the potential development of approximately 3,636 apartment units. In addition, EQR and AVB will acquire interests in certain assets and liabilities of Archstone through one or more unconsolidated joint ventures between EQR and AVB that are expected to be owned 60% by EQR and 40% by AVB. These assets include Archstone s interests in unconsolidated joint ventures that own apartment properties in various U.S. markets and Archstone s interest in a portfolio of apartment properties in Germany. EQR and AVB will co-manage these assets while working towards liquidating them.

The consummation of the Archstone Transaction is not subject to a financing condition. We plan to initially fund our portion of the cash purchase price through a combination of cash on-hand, available borrowings under our revolving credit facility, proceeds from the disposition of assets sold prior to closing, bank term debt and unsecured debt and equity offerings. Contemporaneously with entering into the Purchase

Agreement, we also obtained a commitment from Morgan Stanley Senior Funding, Inc. to provide a $2.5 billion senior unsecured bridge loan facility, for purposes of financing our portion of the cash purchase price and to pay fees and expenses relating to the Archstone Transaction. This facility will only be entered into if we do not otherwise raise all of the capital necessary to finance our portion of the cash purchase price from sources other than the bridge loan facility. As part of the Archstone Transaction we will assume approximately $5.0 billion of outstanding Archstone debt, inclusive of an estimated mark-to-market adjustment of $311.0 million but excluding the anticipated payoff of approximately $421.2 million of Archstone secured debt at closing. In addition, we will assume, through certain partially owned unconsolidated assets in which we are acquiring an interest, approximately $385.6 million of outstanding secured debt, of which our share is approximately $161.7 million. Finally, the unconsolidated joint ventures between EQR and AVB will assume approximately $321.4 million of outstanding secured debt (representing the ventures share of $2.2 billion in secured debt), of which our share is approximately $192.3 million. Approximately $5.1 billion of this assumed debt is secured mortgage indebtedness held by (or credit enhanced by) the Federal National Mortgage Association ( Fannie Mae ) or the Federal Home Loan Mortgage Corporation ( Freddie Mac ). Of the $421.2 million discussed above, $300 million is a required prepayment of debt held by Fannie Mae.

We intend to finance a portion of the Archstone Transaction cash purchase price, and refinance a portion of the debt incurred or assumed in the Archstone Transaction, through dispositions of our assets in markets we intend to exit, including Atlanta, Orlando, Phoenix and Jacksonville, as well as other non-core assets in other markets. We intend these dispositions to be between $3.0 billion and $4.0 billion by the end of 2013, all of which are intended to be structured as tax free exchanges. Of this amount, we expect to close approximately $1.0 billion of asset sales by the close of the Archstone Transaction and expect that Archstone will sell approximately $750 million of assets that were to be acquired by us prior to the close of the transaction, reducing our cash purchase price by a like amount. We then intend to sell approximately $2.0 billion to $3.0 billion of assets in the balance of 2013, depending on market and other conditions. As a result of these dispositions, as well as the additional indebtedness assumed or incurred in the Archstone Transaction, we expect that the Archstone Transaction will negatively impact our results of operations in 2013.

We cannot assure you that we will be able to complete our dispositions or otherwise obtain alternative sources of financing for the Archstone Transaction in the amounts targeted, in the time period expected, on attractive terms, or at all. See Archstone Transaction Financing and Risk Factors.

The Archstone Transaction is expected to close in the first quarter of 2013, subject to the satisfaction or waiver of a number of customary conditions set forth in the Purchase Agreement.

Table of Contents

## THE OFFERING

| | |
|---|---|
| Common Shares Offered by Us | 19,000,000 (or 21,850,000 if the underwriters overallotment option is exercised in full) |
| Common Shares Outstanding after this Offering | 321,674,716 (or 324,524,716 if the underwriters overallotment option is exercised in full) |
| Use of Proceeds | We estimate that the net proceeds from this offering will be approximately $ ($ if the underwriters overallotment option is exercised in full), after deducting underwriting discounts and estimated offering expenses. We intend to use the net proceeds of this offering to finance a portion of the cash purchase price of the Archstone Transaction. See Archstone Transaction Financing. If the Archstone Transaction is not consummated, we intend to use the net proceeds from this offering for working capital and general company purposes, including, without limitation, the acquisition or development of multifamily properties and the repayment of debt. |
| New York Stock Exchange Symbol | EQR |

Table of Contents

## ARCHSTONE TRANSACTION

### The Archstone Transaction

On November 26, 2012, we and ERP Operating Limited Partnership ( ERP ) entered into an Asset Purchase Agreement (the Purchase Agreement ) with AvalonBay Communities, Inc. ( AVB ), Archstone Enterprise LP ( Archstone ) and Lehman Brothers Holdings Inc. ( LBHI ). Pursuant to the terms of the Purchase Agreement, ERP, AVB and certain of their respective subsidiaries have agreed to acquire from Archstone and its affiliates (the Archstone Transaction ), substantially all of the assets and interests in various entities affiliated with Archstone, constituting a portfolio of apartment properties and other assets (the Archstone Assets ) in exchange for (i) $2.016 billion in cash to be paid by us and $669 million in cash to be paid by AVB, (ii) 34,468,085 of our common shares and 14,889,706 shares of AVB common stock and (iii) the assumption of substantially all of the liabilities related to the Archstone Assets. Following consummation of the Archstone Transaction, we will own assets representing approximately 60% of the Archstone Assets and AVB will own assets representing approximately 40% of the Archstone Assets, as described further herein.

### Assets to be Acquired

Pursuant to the Archstone Transaction, we have agreed to acquire, directly or indirectly, 78 wholly-owned, stabilized properties consisting of 23,110 apartment units with an average monthly rent of $2,492 per unit, five additional partially-owned and unconsolidated stabilized properties consisting of 1,936 apartment units, as well as ownership or ownership interests in four projects under construction for 1,225 apartment units, and fifteen land sites for the potential development of approximately 3,636 apartment units. The 78 wholly-owned, stabilized properties are located in the following markets:

| Market | Properties | Apartment Units |
|---|---|---|
| New York Metro | 10 | 2,638 |
| Washington D.C. | 24 | 7,578 |
| Southern California | 12 | 3,374 |
| South Florida | 1 | 196 |
| Boston | 8 | 1,984 |
| San Francisco Bay Area | 14 | 4,827 |
| Seattle | 7 | 1,841 |
| All Other Markets | 2 | 672 |
| Total | 78 | 23,110 |

The following table provides the percentage of net operating income ( NOI ) generated during the nine months ended September 30, 2012, by market for all operating properties and pro forma combined with the Archstone Portfolio:

| Market | Equity Residential % of 2012 YTD 9/30/12 NOI | Archstone % of 2012 YTD 9/30/12 NOI | Pro Forma % of 2012 YTD 9/30/12 NOI |
|---|---|---|---|
| New York Metro | 13.8% | 18.1% | 14.8% |
| Washington D.C. | 16.1% | 33.5% | 20.1% |

| | | | |
|---|---|---|---|
| Southern California | 20.3% | 11.0% | 18.1% |
| South Florida | 9.4% | 0.4% | 7.3% |
| Boston | 8.0% | 13.3% | 9.2% |
| San Francisco Bay Area | 7.8% | 18.5% | 10.3% |
| Seattle | 7.3% | 4.3% | 6.6% |
| All Other Markets | 17.3% | 0.9% | 13.6% |
| Total | 100.0% | 100.0% | 100.0% |

**Table of Contents**

The following table provides the name and location of the 78 wholly-owned, stabilized properties we have agreed to acquire:

**Washington D.C.**
Archstone 2501 Porter
The Flats at DuPont Circle
Calvert Woodley
Cleveland House
Archstone Connecticut Heights
Archstone DuPont Circle
Park Connecticut
Alban Towers
Archstone Van Ness
Westchester at the Pavilions
Westchester Rockville Station
Archstone 2201 Wilson
Archstone Columbia Crossing
Archstone Courthouse Plaza
Crystal Place
Archstone Crystal Towers
Archstone Lofts 590
Archstone Fairchase
Archstone Monument Park
Oakwood Crystal City/Gateway Place
Archstone Pentagon City
Archstone Rosslyn
Archstone Virginia Square
Water Park Towers

**San Francisco Bay Area**
Archstone Cupertino
Archstone Emerald Park
Archstone Emeryville
Archstone Santa Clara
Archstone Fox Plaza
Archstone Fremont Center
Archstone Hacienda
Archstone Mountain View
Archstone Redwood Shores
Harborside
Archstone San Mateo
Archstone Sausalito
Archstone South Market
Archstone South San Francisco

**Seattle**
Archstone Belltown
Cedar River*
Archstone Elliot Bay
Archstone Northcreek
Oakwood Bellevue
Archstone Redmond Park

**Southern California**
Archstone Agoura Hills
Archstone City Place
Archstone Glendale
Archstone Playa Del Rey
Archstone Santa Monica
Archstone Ventura
Archstone Westside
Breakwater at Marina Del Rey/Villa Venetia
Archstone Marina Del Rey
Oakwood Marina Del Rey
Archstone Del Mar Heights
Archstone Encinitas

**Boston**
Archstone Avenir
Archstone CambridgePark
Archstone Cronin s Landing
Archstone Kendall Square
Oakwood Boston
Archstone Quarry Hills

**New York Metro**
Archstone 101 West End
Archstone Brooklyn Heights
Archstone Camargue
Archstone Chelsea
Archstone East 39th
Archstone Hoboken
West 96th/Key West
Archstone Murray Hill
The Westmont
Archstone West 54th

**Southern Florida**
Archstone Delray Beach

**All Other Markets**
Westchester at Clairmont

| | | |
|---|---|---|
| Archstone Redmond Court | Archstone Watertown Square | Archstone Desert Harbor |
| | Archstone Boston Common | |

* The above property information is as of September 30, 2012. Cedar River was sold subsequent to September 30, 2012, with EQR receiving the economic benefit of such sale.

In addition, EQR and AVB will acquire certain assets of Archstone, including Archstone s interests in certain joint ventures, interests in Archstone s German portfolio and certain development land parcels, through one or more unconsolidated joint ventures between EQR and AVB that are expected to be owned 60% by EQR and 40% by AVB. These joint ventures between EQR and AVB will consist of assets that do not fit EQR s or AVB s core strategy or asset class. As a result, EQR and AVB plan to divest these joint venture assets as promptly as reasonably possible, subject to market and other economic conditions.

EQR and AVB will also own, through an unconsolidated joint venture expected to be owned 60% by EQR and 40% by AVB, certain entities that are subject to existing tax protection arrangements and approximately $330.0 million in preferred interests of Archstone unitholders ($260.6 million of which are subject to tax protection arrangements), which will restrict our ability to dispose of certain assets acquired from Archstone and require the joint venture to comply with the requirements of the preferred interests, including their right of redemption.

**Additional Agreements; Closing**

At the closing of the Archstone Transaction, LBHI and EQR have agreed to enter into a Registration Rights Agreement, which grants LBHI certain customary registration rights to cover resales of the EQR common shares to be acquired by LBHI, and EQR, Archstone, LBHI and certain affiliates receiving EQR common shares have agreed to enter into a Shareholders Agreement pursuant to which LBHI will agree to vote their common shares in most cases in accordance with the recommendations of our board of trustees.

The Archstone Transaction is expected to close in the first quarter of 2013, subject to the satisfaction or waiver of a number of customary conditions set forth in the Purchase Agreement. The consummation of the Archstone Transaction is not conditioned on receipt of any third-party consents, including Archstone unitholders.

**Financing**

The consummation of the Archstone Transaction is not subject to a financing condition. We plan to fund our portion of the cash purchase price through a combination of cash on-hand, available borrowings under our $1.75 billion revolving credit facility (which we have the right to increase to $2.25 billion under certain conditions, and which we may attempt to further increase), proceeds from the disposition of non-core apartment assets, bank term debt and unsecured debt and equity offerings. Contemporaneously with entering into the Purchase Agreement, we also obtained a commitment from Morgan Stanley Senior Funding, Inc. to provide a $2.5 billion senior unsecured bridge loan facility (the Facility ), for purposes of financing our portion of cash purchase price and to pay fees and expenses relating to the Archstone Transaction. The Facility will only be entered into if we do not otherwise raise all of the capital necessary to finance our portion of the cash purchase price from sources other than the Facility.

As part of the Archstone Transaction we will assume approximately $5.0 billion of outstanding Archstone debt, inclusive of an estimated mark-to-market adjustment of $311.0 million but excluding the anticipated payoff of approximately $421.2 million of Archstone secured debt at closing. In addition, we will assume, through certain partially owned unconsolidated assets in which we are acquiring an interest, approximately $385.6 million of outstanding secured debt, of which our share is approximately $161.7 million. Finally, the unconsolidated joint ventures between EQR and AVB will assume approximately $321.4 million of outstanding secured debt (representing the ventures share of $2.2 billion in secured debt), of which our share is approximately $192.3 million. Approximately $5.1 billion of such assumed debt is secured mortgage indebtedness held by (or credit enhanced by) Fannie Mae or Freddie Mac. Approximately $2.5 billion of such secured debt to be assumed matures prior to the end of 2014. Fannie Mae and Freddie Mac have agreed to the assumption of this debt by EQR. Of the $421.2 million discussed above, $300 million is a required prepayment of debt held by Fannie Mae.

We intend to finance a portion of the Archstone Transaction cash purchase price, and refinance a portion of the debt incurred or assumed in the Archstone Transaction, through dispositions of our assets in markets we intend to exit, including Atlanta, Orlando, Phoenix and Jacksonville, as well as other non-core assets in other markets. We intend these dispositions to be between $3.0 billion and $4.0 billion by the end of 2013, all of which are intended to be structured as tax free exchanges. Of this amount, we expect to close approximately $1.0 billion of asset sales by the close of the Archstone Transaction and expect that Archstone will sell approximately $750 million of assets that were to be acquired by us prior to the close of the transaction, reducing our cash purchase price by a like amount. We then intend to sell approximately $2.0 billion to $3.0 billion of assets in the balance

Table of Contents

of 2013, depending on market and other conditions. As a result of these dispositions, as well as the additional indebtedness assumed or incurred in the Archstone Transaction, we expect that the Archstone Transaction will negatively impact our results of operations in 2013.

We cannot assure you that we will be able to complete our dispositions in the amounts targeted, in the time period expected, or otherwise obtain alternative sources of financing for the Archstone Transaction on attractive terms, or at all. See Risk Factors.

**Additional Information**

There can be no assurance that the Archstone Transaction will be consummated or if consummated, of the timing thereof. The foregoing description of the Archstone Transaction and the Purchase Agreement is not complete and is subject to and qualified in its entirety by reference to Item 1.01 of our Current Report on Form 8-K filed on November 26, 2012, the terms of which are incorporated herein and in the accompanying prospectus by reference. This offering is not conditioned upon completion of the Archstone Transaction.

Table of Contents

## RISK FACTORS

*An investment in our common shares involves various material risks. You should carefully consider the risk factors set forth below and the risks starting on page 11 of our most recent annual report on Form 10-K incorporated by reference in this prospectus supplement and the accompanying prospectus, as updated by our subsequent filings under the Securities Exchange Act of 1934, as amended.*

**We plan to fund a portion of the cash purchase price of the Archstone Transaction as well as repay indebtedness incurred or assumed in connection with the Archstone Transaction with capital raised through significant dispositions of assets. If we are unable to consummate such dispositions in a timely manner, on attractive terms, or at all, we will likely have to incur greater indebtedness and/or issue additional equity securities.**

We currently expect to finance a portion of the cash purchase price of the Archstone Transaction and to ultimately refinance indebtedness assumed or incurred in connection with the Archstone Transaction with proceeds generated from the disposition of certain Archstone assets and of our assets that we believe are not consistent with our ongoing business strategy or that may be in markets in which we intend to reduce our current presence. The amount of such proposed dispositions is significant, with targeted sales between $3.0 billion and $4.0 billion by the end of 2013. We can provide no assurance that we will in fact be able to consummate such dispositions at all, at a time necessary to apply the proceeds to the Archstone Transaction or the refinancing of debt, or at prices that we would otherwise expect to achieve. Factors that could limit our ability to successfully dispose of assets include:

- the possible lack of financing available to potential buyers, in particular if prevailing interest rates rise or if Fannie Mae or Freddie Mac increase their interest rates on their lending, make their underwriting criteria more restrictive, or if the lending of Fannie Mae and/or Freddie Mac are curtailed or ultimately terminated;

- our ability to successfully execute a disposition plan that is significant in size and more significant than any disposition plan that we have previously executed;

- other sellers marketing competing properties; and

- the fact that potential purchasers will perceive that we are more likely to sell on less favorable terms to us due to the Archstone Transaction and related refinancing requirements.

Any failure to timely achieve any anticipated dispositions would likely require us to incur greater indebtedness to fund the Archstone Transaction or seek other methods to refinance the debt incurred or assumed in connection with the Archstone Transaction, which involves the risk described herein, or issue more equity securities, which is subject to execution risk. The failure to successfully execute our disposition plan could have a material adverse effect on our financial condition, liquidity, results of operations and distributions to our shareholders.

In addition, we plan to defer the taxable gain on certain of our dispositions as exchanges made in connection with the Archstone Transaction pursuant to Section 1031 of the Internal Revenue Code. The requirements for qualification under Section 1031 are technical and complex. To the extent we are unable to defer such gains to the extent anticipated, the benefits of such dispositions will be reduced, and we could recognize significant taxable gains as a result of such dispositions, which would require us to make distributions in excess of our expectations, which would have a material adverse effect on our financial condition.

**There can be no assurance that the Archstone Transaction will be consummated in accordance with the anticipated timing or at all, and the closing of this offering is not conditioned on the consummation of the Archstone Transaction.**

Although we expect to close the Archstone Transaction in the first quarter of 2013, there can be no assurance that the Archstone Transaction will be completed in accordance with the anticipated timing or at all.

The Purchase Agreement contains closing conditions, which may not be satisfied or waived, in which case ERP and AVB and/or LBHI will not be obligated to complete the Archstone Transaction. In addition, under circumstances specified in the Purchase Agreement, ERP and AVB or LBHI may terminate the Purchase Agreement.

Additionally, the closing of this offering is not conditioned on the consummation of the Archstone Transaction. Therefore, upon the closing of this offering, you will become a holder of our common shares irrespective of whether the Archstone Transaction is consummated or delayed. If this offering is consummated, your expected earnings per common share and our distributions per common share may be reduced. Also, the price of our common shares may decline to the extent that the current market price of our common shares reflects a market assumption that the Archstone Transaction will be consummated and that we will realize certain anticipated benefits of the Archstone Transaction.

**We expect to incur significant additional indebtedness, including significant floating rate debt and significant amounts of indebtedness with maturity dates in 2013 and 2014, in order to consummate the Archstone Transaction, which may have a material adverse effect on our financial condition, results of operations, and distributions to our shareholders.**

This offering of common shares forms part of a larger financing plan for the Archstone Transaction described elsewhere in this prospectus supplement. In addition to this offering of common shares, we may raise additional funds to finance our portion of the Archstone Transaction cash purchase price through one or more methods, including, without limitation, from borrowings under our revolving credit facility, proceeds from asset dispositions, bank term debt or unsecured debt or equity offerings. Depending on market conditions, we may increase or decrease the anticipated sources of debt financing that are reflected in the footnotes to the Unaudited Pro Forma Condensed Consolidated Financial Statements and Capitalization.

In the event we are unable to fund our portion of the cash purchase price from the sources described above, we have obtained a commitment for a bridge loan facility pursuant to which the bridge lenders have committed to provide, subject to certain conditions, the additional financing required for the Archstone Transaction through a $2.5 billion bridge loan. We may use this bridge loan facility to finance all or part of the Archstone Transaction. Any such bridge facility financing will be at a higher cost than other sources of financing. Our obligations under the Purchase Agreement are not conditioned upon the consummation of any or all of the financing transactions. See Archstone Transaction Financing and Use of Proceeds.

In connection with the Archstone Transaction, we will also assume significant indebtedness, including a significant amount of secured mortgage indebtedness. At September 30, 2012, we had indebtedness of $9.3 billion, including $7.0 million of outstanding borrowings under our revolving credit facility, a total of $5.4 billion of outstanding unsecured senior debt securities and $3.9 billion of outstanding mortgage debt. Taking into account our existing indebtedness, the assumption of indebtedness in the Archstone Transaction, and possible financing plans to fund our portion of the Archstone Transaction cash purchase price, our pro forma consolidated indebtedness as of September 30, 2012, after giving effect to the Archstone Transaction, would be approximately $16.2 billion, $6.2 billion of which will mature between September 30, 2012 and December 31, 2014. We may not be able to repay or otherwise refinance such indebtedness when it becomes due and payable, which would have a material adverse effect on our results of operations, liquidity and financial condition. If we default under a mortgage loan, we may lose the properties securing these loans.

Further, because a significant amount of the assets we expect to acquire from Archstone are secured by mortgage indebtedness, and because we intend to dispose of significant amounts of our properties that are currently unencumbered, our unencumbered asset pool will be reduced significantly. This may increase our costs of raising additional unsecured indebtedness and could significantly limit our financial flexibility.

In addition, a significant amount of the indebtedness we expect to incur and assume in connection with the Archstone Transaction will have floating interest rates rather than fixed interest rates. To the extent that interest

Table of Contents

rates increase and we are unable to successfully hedge against rising interest rates, our interest expense could increase substantially. For example, based upon our current expectations relating to the Archstone Transaction, a 100 basis point increase in short term interest rates would result in an annualized increase in our interest expense of approximately $30 million.

Our indebtedness could have additional significant adverse consequences on our business, such as:

- having our long-term debt downgraded or put on a watch list by one or more rating agencies;
- requiring us to use a substantial portion of our cash flow from operations to service our indebtedness, which would reduce the available cash flow to fund working capital, capital expenditures, development projects and other general corporate purposes and reduce cash for distributions;
- limiting our ability to obtain additional financing to fund our working capital needs, acquisitions, capital expenditures or other debt service requirements or for other purposes;
- increasing the costs of incurring additional debt and, to the extent we are required to use the bridge loan facility to fund the Archstone Transaction, increase our debt costs relative to other potential sources of debt financing;
- increasing our exposure to floating interest rates;
- limiting our ability to compete with other companies who are not as highly leveraged, as we may be less capable of responding to adverse economic and industry conditions;
- restricting us from making strategic acquisitions, developing properties or exploiting business opportunities;
- restricting the way in which we conduct our business because of financial and operating covenants in the agreements governing our and our subsidiaries existing and future indebtedness, including, in the case of certain indebtedness of subsidiaries, certain covenants that restrict the ability of subsidiaries to pay dividends or make other distributions to us;
- exposing us to potential events of default (if not cured or waived) under financial and operating covenants contained in our or our subsidiaries debt instruments that could have a material adverse effect on our business, financial condition and operating results;
- increasing our vulnerability to a downturn in general economic conditions; and
- limiting our ability to react to changing market conditions in our industry and in our tenants and borrowers industries.

The impact of any of the potential adverse consequences could have a material adverse effect on our results of operations, financial condition, liquidity, and distributions to our shareholders.

**We have not identified any specific use of the net proceeds of this offering in the event that the Archstone Transaction is not consummated or the Purchase Agreement is terminated.**

This offering of common shares is not conditioned upon the completion of the Archstone Transaction. Consummation of the Archstone Transaction is subject to a number of conditions, and, if the Archstone Transaction is not consummated or the Purchase Agreement is terminated for any reason, our board of trustees and management will have broad discretion in the application of the net proceeds from this offering. We have not identified a specific use for any such net proceeds if the Archstone Transaction is not consummated or the Purchase Agreement is terminated. If the Archstone Transaction is not consummated or the Purchase Agreement is terminated for any reason, we intend to use the net proceeds of this offering for general corporate purposes. The failure of our management to use such net proceeds effectively could have a material adverse effect on our business and results of operations, including our earnings per share.

Table of Contents

**The Archstone Acquisition is expected to be dilutive initially to our earnings and earnings per share.**

As a result of the issuance of our common shares to LBHI as part of the consideration paid in the Archstone Transaction and the sale of our common shares in this offering to finance the Archstone Transaction, as well as a result of the expected dispositions necessary to enable us to finance the Archstone Transaction, the Archstone Transaction is expected to be dilutive to our operating results, both on an absolute basis and on a per share basis. However, the amount of any dilution will depend on a number of factors, including the pace of our planned asset sales, as discussed above and the ultimate mix of sources used to finance the Archstone Transaction. For example, if our disposition plan occurs at a faster pace than anticipated, such dispositions will result in more dilution to our revenues, net income, NOI, funds from operations and normalized funds from operations.

**We will incur substantial expenses and payments even if the Archstone Transaction is not completed.**

We have incurred substantial legal, accounting, financial advisory and other costs and our management has devoted considerable time and effort in connection with the Archstone Transaction. If the Archstone Transaction is not completed, we will bear certain fees and expenses associated with the Archstone Transaction without realizing the benefits of the Archstone Transaction. The fees and expenses may be significant and could have an adverse impact on our results of operations.

The Purchase Agreement provides for a break-up fee payable by ERP and AVB of $650 million (or $800 million if ERP and AVB extend the closing date of the Archstone Transaction beyond January 24, 2013) if the Purchase Agreement is terminated under certain circumstances, including as a result of a breach by ERP and AVB of any covenant or agreement under the Purchase Agreement. Any payment of the break-up fees would have a material adverse impact on our results of operations and our liquidity.

**Our obligations under the Purchase Agreement entered into in the Archstone Transaction are joint and several with AVB. The failure of AVB to perform its obligations could cause the Purchase Agreement to be terminated and could have a material adverse effect on our results of operations and financial condition.**

Although we have agreed to purchase approximately 60% of the Archstone Assets in the Archstone Transaction and AVB has agreed to acquire approximately 40% of the Archstone Assets, our obligations under the Purchase Agreement are joint and several with AVB. If AVB determines not to consummate the Archstone Transaction, we do not have the right to consummate the transaction alone. In addition, although we expect to be liable only for our pro rata share of any break-up fee or other obligations arising under the Purchase Agreement (approximately 60%) pursuant to arrangements with AVB, in the event AVB fails to pay its pro rata share of any such obligations, we will be responsible for paying 100% of such obligations. As a result, the failure of AVB to perform its obligations under the Purchase Agreement would have a material adverse effect on our results of operations, financial condition, liquidity, and distributions to our shareholders.

**Several of the assets we expect to acquire in the Archstone Transaction are subject to tax protection agreements, which could limit our flexibility with respect to our ownership of such assets.**

Several of the assets we expect to acquire in the Archstone Transaction were contributed to Archstone subject to various agreements limiting the ability of the owner of the property to take actions that would trigger income tax liability for the contributing owner of the property, including a taxable disposition of the property. In addition, we will also be required to maintain a certain amount of qualified nonrecourse financing on the tax protected properties during their respective restricted periods. Our obligations relating to the tax protected properties may affect the way in which we conduct our business, including whether, when and under what circumstances we sell properties or interests therein and the timing and nature of our financings and refinancing transactions. As a result, we may not be able to dispose of or refinance the tax protected properties when to do so may have otherwise been favorable to us and our shareholders, which could have a material adverse effect on our results of operations and financial condition.

Table of Contents

**Our business and the market price of our common shares may be adversely affected if the Archstone Transaction is not completed.**

The Archstone Transaction is subject to customary and other closing conditions. If the Archstone Transaction is not completed, we could be subject to a number of risks that may adversely affect our business and the market price of our common shares, including:

- our management s attention may be diverted from our day-to-day business and our employees and our relationships with customers may be disrupted as a result of efforts relating to attempting to consummate the Archstone Transaction;
- the market price of our common shares may decline to the extent that the current market price reflects a market assumption that the Archstone Transaction will be completed;
- we must pay certain costs related to the Archstone Transaction, such as legal and accounting fees and expenses, regardless of whether the Archstone Transaction is consummated; and
- we would not realize the benefits we expect to realize from consummating the Archstone Transaction.

**The intended benefits of the Archstone Transaction may not be realized, which could have a negative impact on our results of operations, financial conditions, the market price of our common shares, and our distributions to our shareholders.**

We may be subject to additional risks and may not be able to achieve the anticipated benefits of the Archstone Transaction if the transaction is consummated. Upon completion of the Archstone Transaction, we will need to integrate the properties and other assets we acquire from Archstone (the Archstone Portfolio ) with our existing operations. The Archstone Transaction represents the largest acquisition of a property portfolio ever attempted by us other than the acquisition by merger of entire operating companies and their supportive infrastructure. We may not be able to accomplish the integration of the Archstone Portfolio smoothly, successfully or within the anticipated costs. The diversion of our management s attention from our current operations to integration efforts and any difficulties encountered could prevent us from realizing the full benefits anticipated to result from the Archstone Transaction and could adversely affect our business and the price of our common shares. Additional risks include, among others:

- inability to successfully integrate the operations or information technology of acquired companies, maintain consistent standards, controls, policies and procedures, or realize the anticipated benefits of the acquisitions within the anticipated timeframe or at all;
- inability to effectively monitor and manage our expanded portfolio of properties, retain key employees or attract highly qualified new employees;
- increased costs or increases in taxable income due to restructuring or other steps required in connection with the integration of the Archstone Portfolio as a result of our compliance with the tax requirements applicable to real estate investment trusts under the Internal Revenue Code;
- projections of estimated future revenues, cost savings or operating metrics that we develop during the due diligence and integration planning process might be inaccurate;

the value of acquired assets or the market price of our common shares may decline;

the impact of the Archstone Portfolio on our internal controls and compliance with the regulatory requirements under the Sarbanes-Oxley Act of 2002;

unanticipated issues, expenses and liabilities;

diversion of our management s attention away from other business concerns;

exposure to any undisclosed or unknown potential liabilities relating to the Archstone Portfolio; and

potential underinsured losses on the Archstone Portfolio.

Table of Contents

We cannot assure you that we would be able to integrate the Archstone Portfolio without encountering difficulties or that any such difficulties will not have a material adverse effect on us. Failure to realize the intended benefits of the Archstone Transaction could have a material adverse effect on our results of operations, financial condition, the market price of our common shares and our distributions to our shareholders.

**We will increase our concentration of properties in certain core markets as a result of the Archstone Transaction, which could have an adverse effect on our operations if a particular market is adversely affected by economic or other conditions.**

As a result of the Archstone Transaction, we will increase our concentration of properties in certain core markets as a result of our strategy to reposition our portfolio from low barrier to entry/non-core markets to high barrier to entry/core markets. If any one or more of such core markets, such as Washington D.C., Southern California, New York or San Francisco, which will generate approximately 20%, 18%, 15% and 10%, respectively, of our NOI as of September 30, 2012, on a pro forma basis, is adversely affected by local or regional economic conditions (such as business layoffs, industry slowdowns, changing demographics and other factors) or local real estate conditions (such as oversupply of or reduced demand for multi-family properties), such conditions may have an increased adverse impact on our results of operations than if our portfolio was more geographically diverse.

**Our real estate development activities are subject to risks particular to development, such as unanticipated expenses, delays and other contingencies, any of which could adversely affect our financial condition, results of operations, cash flow and the per share trading price of our common shares.**

We engage in development and redevelopment activities with respect to certain of our properties and will engage in such development and redevelopment activities with respect to certain of the assets we expect to acquire in the Archstone Transaction. To the extent that we continue to engage in development and redevelopment activities, we will be subject to certain risks, including, without limitation:

- the potential that we may fail to recover expenses already incurred if we abandon development or redevelopment opportunities after we begin to explore them;
- the potential that we may expend funds on and devote management time to projects which we do not complete;
- construction or redevelopment costs of a project may exceed original estimates, possibly making the project less profitable than originally estimated, or unprofitable;
- time required to complete the construction or redevelopment of a project or to lease up the completed project may be greater than originally anticipated, thereby adversely affecting our cash flow and liquidity;
- the cost and timely completion of construction (including risks beyond our control, such as weather or labor conditions, or material shortages);
- contractor and subcontractor disputes, strikes, labor disputes or supply disruptions;

failure to achieve expected occupancy and/or rent levels within the projected time frame, if at all;

delays with respect to obtaining or the inability to obtain necessary zoning, occupancy, land use and other governmental permits, and changes in zoning and land use laws;

occupancy rates and rents of a completed project may not be sufficient to make the project profitable;

our ability to dispose of properties developed or redeveloped with the intent to sell could be impacted by the ability of prospective buyers to obtain financing given the current state of the credit markets; and

the availability and pricing of financing to fund our development activities on favorable terms or at all.

Table of Contents

These risks could result in substantial unanticipated delays or expenses and, under certain circumstances, could prevent the initiation of development and redevelopment activities or the completion of development and redevelopment activities once undertaken, any of which could have an adverse effect on our financial condition, results of operations, cash flow, per share trading price of our common shares, distributions to our shareholders, and ability to satisfy our principal and interest obligations.

**The unaudited pro forma financial information in this prospectus supplement may not be indicative of our actual financial position or results of operations, and the purchase price of the Archstone Portfolio may not reflect the prices that we would obtain if such assets were sold to a third party.**

The unaudited pro forma financial information contained in this prospectus supplement is presented for illustrative purposes only and is not necessarily indicative of what our actual financial position or results of operations would have been had the Archstone Transaction been completed as of the date indicated. The unaudited pro forma financial information reflects adjustments, which are based upon assumptions and preliminary estimates that we believe to be reasonable, including an estimate relating to the financing of the Archstone Transaction, but we can provide no assurance that any or all of such assumptions or estimates are correct. See Unaudited Pro Forma Condensed Consolidated Financial Statements for more information.

We did not obtain third-party appraisals for the Archstone Portfolio and based the purchase price for such assets on internal valuations. Accordingly, the values of such assets as set forth in our pro forma financial statements may not reflect the prices that we would obtain if such assets were sold to a third party.

**Our investments in joint ventures could be adversely affected by our lack of sole decision-making authority regarding major decisions, our reliance on our joint venture partners financial condition, any disputes that may arise between us and our joint venture partners, and our exposure to potential losses from the actions of our joint venture partners.**

A portion of the assets we are acquiring in the Archstone Transaction are being acquired through joint ventures with AVB that neither we nor AVB will control solely. Joint ventures, including our proposed joint ventures with AVB, involve risks not present with respect to our wholly owned properties, including the following:

- We may be unable to take actions that are opposed by our joint venture partners under arrangements that require us to share decision-making authority over major decisions affecting the ownership or operation of the joint venture and any property owned by the joint venture, such as the sale or financing of the property or the making of additional capital contributions for the benefit of the property;

- Our joint venture partners may take actions that we oppose;

- Our ability to sell or transfer our interest in a joint venture to a third party may be restricted without prior consent of our joint venture partners;

- Our joint venture partners might become bankrupt or fail to fund their share of required capital contributions, which may delay construction or development of a property or increase our financial commitment to the joint venture;

Our joint venture partners may have business interests or goals with respect to a property that conflict with our business interests and goals, which could increase the likelihood of disputes regarding the ownership, management or disposition of the property;

We may disagree with our joint venture partners about decisions affecting a property or the joint venture, which could result in litigation or arbitration that increases our expenses, distracts our officers and directors and disrupts the day-to-day operations of the property, including by delaying important decisions until the dispute is resolved; and

We may suffer losses as a result of actions taken by our joint venture partners with respect to our joint venture investments.

**Table of Contents**

Any of these risks could materially and adversely affect our ability to generate and recognize attractive returns on our joint venture investments, which could have a material adverse effect on our results of operations, financial condition, and distributions to our shareholders.

**Shares eligible for future resale by LBHI may depress our share price.**

We have agreed to issue 34,468,085 of our common shares to LBHI in connection with the Archstone Transaction. We have agreed to enter into a Registration Rights Agreement at the closing of the Archstone Transaction to cover resales of such shares. The resale of substantial amounts of our common shares by LBHI in the public markets, or even the anticipation of the resale of such shares, could have a material adverse effect on the market price of our common shares. Such an adverse effect on the market price of our common shares would make it more difficult for us to sell our shares in the future at prices which we deem appropriate or to use our shares as currency for future acquisitions.

**The inability of LBHI to fulfill its indemnification obligations to us under the Purchase Agreement could increase our liabilities and adversely affect our results of operations and financial condition.**

In addition to certain indemnification obligations of each party to the Purchase Agreement relating to breaches of fundamental representations and warranties and breaches of covenants and certain other specified matters, we have negotiated as a term in the Purchase Agreement that LBHI retain responsibility for and indemnify us against damages resulting from certain third-party claims or other liabilities. These third-party claims and other liabilities include, without limitation, costs associated with various litigation matters. LBHI filed for bankruptcy protection under Chapter 11 of the Bankruptcy Code in September 2008 and is currently in the process of post-petition liquidation. If LBHI completes its liquidation prior to the termination of their indemnity obligations to us under the Purchase Agreement, or otherwise distributes substantially all of its assets to its creditors prior to such time, LBHI may not be able to satisfy its obligations with respect to claims and retained liabilities covered by the Purchase Agreement. The failure of LBHI to satisfy such obligations could have a material adverse effect on our results of operations and financial condition because claimants may successfully assert that we are liable for those claims and/or retained liabilities. In addition, we expect that certain obligations of LBHI to indemnify us will terminate upon expiration of the applicable indemnification period (generally no more than three years following the closing). The assertion of third-party claims after the expiration of the applicable indemnification period, or the failure of LBHI to satisfy its indemnification obligations, could have a material adverse effect on our results of operations and financial condition.

Table of Contents

**UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

On November 26, 2012, Equity Residential and ERP Operating Limited Partnership (collectively, the Company ) entered into an Asset Purchase Agreement (the Purchase Agreement ) with Avalon Bay Communities, Inc. ( AVB ), Archstone Enterprise LP ( Archstone ) and Lehman Brothers Holdings Inc. ( LBHI ) pursuant to which the Company, AVB and certain of their respective subsidiaries have agreed to acquire from Archstone and its affiliates, all of the assets and interests in various entities affiliated with Archstone. In connection with the acquisition, the Company will acquire a portfolio of apartment properties in exchange for (i) cash in the aggregate amount of $2.0 billion, (ii) 34.5 million common shares of beneficial interest of Equity Residential, and (iii) the assumption of liabilities related to the Archstone Portfolio (see definition below). Following consummation of these transactions, the Company will own assets representing approximately 60% of the Archstone Portfolio and AVB will own assets representing approximately 40% of the Archstone Portfolio.

The Company will pay approximately $9.6 billion, inclusive of assumed debt of approximately $5.0 billion, and receive approximately seventy-five wholly owned and five partially owned properties containing approximately 25,000 apartment units located primarily in high barrier to entry markets where the Company already operates. The portfolio contains 22.2 million net rentable square feet of residential space and approximately 475,000 square feet of commercial space. In addition, the Company and AVB will acquire interests in certain assets of Archstone, including Archstone s interests in certain joint ventures, interests in the Archstone German portfolio and certain development land parcels through one or more unconsolidated joint ventures between the Company and AVB that are expected to be owned 60% by the Company and 40% by AVB (the Company s collective acquisition is referred to as the Archstone Portfolio ). The joint ventures between the Company and AVB will consist of assets that do not fit the Company s or AVB s core strategy or asset class. As a result, the Company and AVB plan to divest (held for sale) the joint venture assets as promptly as reasonably possible, subject to market and other economic conditions.

The closing of this pending transaction is subject to certain conditions and restrictions, therefore, there can be no assurance that this transaction will be consummated or that the final terms will not differ in material respects from those summarized in the preceding paragraph.

The accompanying unaudited Pro Forma Condensed Consolidated Balance Sheets of Equity Residential and ERP Operating Limited Partnership are presented as if the Archstone Portfolio had been acquired on September 30, 2012. The accompanying unaudited Pro Forma Condensed Consolidated Statements of Operations for the nine-month period ended September 30, 2012 and for the year ended December 31, 2011 of Equity Residential and ERP Operating Limited Partnership are presented as if the Archstone Portfolio had been acquired on January 1, 2011. The Archstone Portfolio is expected to be purchased during 2013. The unaudited Pro Forma Condensed Consolidated Balance Sheets are segregated into separate components as follows:

- the historical Consolidated Balance Sheets of the Company;
- the carrying value of the Archstone historical working capital;
- the Company s ownership interest in the net working capital of the joint ventures with AVB;
- the details of the transaction including the issuance of common shares, financing required and the allocation of the estimated purchase price to the real estate assets acquired; and
- the Pro Forma Condensed Consolidated Balance Sheets of the Company.

The unaudited Pro Forma Condensed Consolidated Statements of Operations are segregated into separate components as follows (with the year ended December 31, 2011 including an additional reclassification for discontinued operations):

the historical Consolidated Statements of Operations of the Company;

the historical combined revenues and certain expenses of the properties to be acquired for Archstone s period of ownership;

Table of Contents

removal of the historical combined revenues and certain expenses of the properties to be acquired for unconsolidated entities that are included at full ownership in the previous column;

the pro forma loss from investments in unconsolidated entities for Archstone s period of ownership with respect to the Company s 60% ownership interest in the unconsolidated joint ventures with AVB;

the pro forma details of the transaction including the adjusted depreciation and interest expense; and

the Pro Forma Condensed Consolidated Statements of Operations of the Company.

These Unaudited Pro Forma Condensed Consolidated Financial Statements should be read in conjunction with:

The Company s historical consolidated financial statements and notes thereto as of and for the nine-month period ended September 30, 2012, included in the Company s Combined Form 10-Q filed with the SEC on November 1, 2012;

The Company s historical consolidated financial statements and notes thereto as of and for the year ended December 31, 2011, included in the Company s Combined Form 10-K filed with the SEC on February 24, 2012 and as updated for discontinued operations on the Combined Form 8-K filed with the SEC on June 13, 2012; and

Financial statements of real estate operations acquired included in the Company s Form 8-K filed on November 26, 2012.

In management s opinion, all adjustments necessary to reflect the transaction including the acquisition of the Archstone Portfolio have been made. The following unaudited Pro Forma Condensed Consolidated Balance Sheets do not purport to represent the future financial position of the Company. The unaudited Pro Forma Condensed Consolidated Statements of Operations are not necessarily indicative of what the actual results of operations would have been for the nine-month period ended September 30, 2012 or for the year ended December 31, 2011 assuming the above transaction had been consummated on January 1, 2011, nor do they purport to represent the future results of operations of the Company.

These unaudited pro forma condensed consolidated financial statements assume a $750.0 million offering of our common shares. The offering contemplated by this prospectus supplement relates to an offering of 19,000,000 of our common shares (an assumed offering price of approximately $1.035 billion at a per share price of $54.46 (the closing price of our common shares on November 23, 2012)). This increase in the size of the offering has the effect of reducing the pro forma interest expense and increasing the pro forma weighted average shares outstanding. Therefore, these unaudited pro forma condensed consolidated financial statements should not be relied on to determine the pro forma effect of this offering without taking into account the actual number of common shares offered hereby. Please see the Capitalization section of this prospectus supplement for further information on the pro forma effect of this offering.

Table of Contents

**EQUITY RESIDENTIAL**

**PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET**

**SEPTEMBER 30, 2012**

**(Amounts in thousands)**

**(Unaudited)**

| | (1) Equity Residential Historical | (2) Archstone Historical | (3) Joint Venture | (4) Transaction | Pro Forma Amounts |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Investment in real estate | | | | | |
| Land | $ 4,609,337 | $ | $ | $ 2,372,000(4a) | $ 6,981,337 |
| Depreciable property | 15,943,139 | | | 6,156,689(4b) | 22,399,101 |
| | | | | 316,870(4c) | |
| | | | | (17,597)(4d) | |
| Projects under development | 194,254 | | | 22,638(4e) | 216,892 |
| Land held for development | 404,846 | | | 242,240(4f) | 647,086 |
| Investment in real estate | 21,151,576 | | | 9,092,840 | 30,244,416 |
| Accumulated depreciation | (4,880,808) | | | | (4,880,808) |
| Investment in real estate, net | 16,270,768 | | | 9,092,840 | 25,363,608 |
| Cash and cash equivalents | 45,623 | 64,393 | | 24,767(4g) | 134,783 |
| | | | | 726,900(4h) | |
| | | | | 123,706(4i) | |
| | | | | 1,875,000(4j) | |
| | | | | (2,725,606)(4k) | |
| Investments in unconsolidated entities | 17,906 | (3,795) | (56,090) | 164,548(4l) | 191,000 |
| | | | | 68,431(4m) | |
| Deposits restricted | 120,440 | 5,473 | | | 125,913 |
| Escrow deposits mortgage | 10,462 | 40,596 | | | 51,058 |
| Deferred financing costs, net | 38,823 | | | 77,717(4n) | 116,540 |
| Other assets | 164,523 | 16,986 | | 169,910(4o) | 351,419 |
| **Total assets** | **$ 16,668,545** | **$ 123,653** | **$ (56,090)** | **$ 9,598,213** | **$ 26,334,321** |
| **LIABILITIES AND EQUITY** | | | | | |
| Liabilities: | | | | | |
| Mortgage notes payable | $ 3,948,115 | $ | $ | $ 5,047,859(4p) | $ 8,995,974 |
| Notes, net | 5,354,038 | | | 1,125,000(4q) | 6,479,038 |
| Lines of credit | 7,000 | | | 750,000(4r) | 757,000 |
| Accounts payable and accrued expenses | 105,602 | 12,035 | | | 117,637 |
| Accrued interest payable | 78,869 | 17,737 | | | 96,606 |
| Other liabilities | 370,046 | 21,504 | | 11,410(4s) | 600,963 |
| | | | | 198,003(4t) | |
| Security deposits | 68,758 | 10,908 | | | 79,666 |
| Distributions payable | 108,048 | | | | 108,048 |
| **Total liabilities** | **10,040,476** | **62,184** | | **7,132,272** | **17,234,932** |

*Commitments and contingencies*