

# First Quarter 2006

## Earnings Release and Supplemental Financial Information



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# First Quarter 2006 Results

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**EQUITY RESIDENTIAL**

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Note: This press release supplement contains certain non-GAAP financial measures that management believes are helpful in understanding our business, as further discussed within this press release supplement. These financial measures, which include but are not limited to Funds From Operations and Same Store Net Operating Income, should not be considered as an alternative to net earnings or any other GAAP measurement of performance or as an alternative to cash flows from operating, investing or financing activities. Furthermore, these non-GAAP financial measures are not intended to be a measure of cash flow or liquidity.

Information included in this supplemental package is unaudited.



## NEWS RELEASE

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FOR IMMEDIATE RELEASE  
MAY 2, 2006

### **EQUITY RESIDENTIAL REPORTS FIRST QUARTER RESULTS**

**CHICAGO, IL – MAY 2, 2006** - Equity Residential (NYSE: EQR) today reported results for the quarter ended March 31, 2006. All per share results are reported on a fully diluted basis.

“As expected, 2006 will be a very good year for the multifamily industry,” said David J. Neithercut, Equity Residential’s President and CEO. “We continue to see good job growth and household formation across all of our markets. That, combined with little new supply, existing rental units taken off the market when converted to condominiums and the rising cost of single family homes, make for the strongest fundamentals we have seen in years.”

#### **First Quarter 2006**

For the quarter ended March 31, 2006, the company reported earnings of \$1.25 per share compared to \$0.74 per share in the first quarter of 2005. The quarterly increase is primarily attributable to higher gains on sales of properties as well as the items discussed below.

Funds from Operations (FFO) for the quarter ended March 31, 2006 were \$0.56 per share compared to \$0.74 per share in the same period of 2005. The decrease is primarily attributable to an \$0.18 per share decrease in other income due to the gain recognized in 2005 from eBay’s acquisition of the company’s interest in Rent.com, a \$0.03 per share reduction in gains on sales of land parcels and a \$0.02 per share decrease in incremental gains on sales of condominiums, offset by a \$0.05 per share improvement in same-store NOI results.

Total revenues from continuing operations for the quarter were \$521.0 million compared to \$444.0 million in the first quarter of 2005. The primary components of this \$77.0 million increase in revenues include the properties acquired in 2005.

### **“Same-Store” Results**

“Our same-store properties experienced exceptionally strong net operating income (“NOI”) growth of 6.3% in the first quarter,” said Mr. Neithercut. “Once again the benefits of our portfolio repositioning were evident in the first quarter, with our 2003 acquisitions achieving 9.2% NOI growth and the 2004 acquisitions delivering NOI growth of 10.8%.”

On a “same-store” first quarter to first quarter comparison, which includes 158,398 units, revenues increased 6.0 percent, expenses increased 5.7 percent and NOI increased 6.3 percent. The increase in same-store revenues was driven primarily by increases in occupancy and rental rate and a decrease in concessions. The same-store expense increase was primarily attributable to increases in utilities, real estate taxes and insurance.

### **Acquisitions/Dispositions**

During the first quarter of 2006, the company acquired eleven properties, consisting of 2,779 units, for an aggregate purchase price of \$506.6 million at an average capitalization (cap) rate of 5.0 percent and two land parcels for \$14.2 million.

Also during the quarter, the company sold 25 properties, consisting of 8,110 units, for an aggregate sale price of \$799.9 million at an average cap rate of 5.5 percent. In addition, the company sold 171 condominium units for \$35.0 million.

### **Lexford Housing Division Sale**

On March 2, 2006, Equity Residential announced that it had retained JPMorgan to assist the company in the possible sale of its Lexford Housing Division, currently comprised of 289 properties consisting of 26,118 apartment units and a property management business based in Columbus, Ohio. Potential

purchasers are currently in contact with JPMorgan but there can be no guarantee that a sale will occur.

### **Second Quarter 2006 Results**

Equity Residential expects to announce second quarter 2006 results on Tuesday, August 1, 2006 and host a conference call to discuss those results at 10:00 a.m. CT on Wednesday, August 2, 2006.

Equity Residential is the largest publicly traded apartment company in America. Nationwide, Equity Residential owns or has investments in 911 properties, in 31 states and the District of Columbia, consisting of 192,240 units. For more information on Equity Residential, please visit our website at [www.equityresidential.com](http://www.equityresidential.com).

### **Forward-Looking Statements**

In addition to historical information, this press release contains forward-looking statements and information within the meaning of the federal securities laws. These statements are based on current expectations, estimates, projections and assumptions made by management. While Equity Residential's management believes the assumptions underlying its forward-looking statements are reasonable, such information is inherently subject to uncertainties and may involve certain risks, including, without limitation, changes in general market conditions, including the rate of job growth and cost of labor and construction material, the level of new multifamily construction and development, competition and local government regulation. Other risks and uncertainties are described under the heading "Risk Factors" in our Annual Report on Form 10-K filed with the Securities and Exchange Commission (SEC) and available on our website, [www.equityresidential.com](http://www.equityresidential.com). Many of these uncertainties and risks are difficult to predict and beyond management's control. Forward-looking statements are not guarantees of future performance, results or events. Equity Residential assumes no obligation to update or supplement forward-looking statements that become untrue because of subsequent events.

**###**

**A live web cast of the company's conference call discussing these results and outlook for 2006 will take place tomorrow, Wednesday, May 3, at 10:00 a.m. Central. Please visit the Investor Information section of the company's web site at [www.equityresidential.com](http://www.equityresidential.com) for the link. A replay of the web cast will be available for two weeks at this site.**

**EQUITY RESIDENTIAL**  
**CONSOLIDATED STATEMENTS OF OPERATIONS**  
(Amounts in thousands except per share data)  
(Unaudited)

	Quarter Ended March 31,	
	2006	2005
<b>REVENUES</b>		
Rental income	\$ 518,492	\$ 441,392
Fee and asset management	2,487	2,572
Total revenues	<u>520,979</u>	<u>443,964</u>
<b>EXPENSES</b>		
Property and maintenance	140,030	119,464
Real estate taxes and insurance	53,070	47,933
Property management	26,384	22,943
Fee and asset management	2,069	2,187
Depreciation	143,590	115,231
General and administrative	13,817	18,070
Total expenses	<u>378,960</u>	<u>325,828</u>
Operating income	142,019	118,136
Interest and other income	2,328	59,454
Interest:		
Expense incurred, net	(110,292)	(89,522)
Amortization of deferred financing costs	<u>(2,790)</u>	<u>(1,676)</u>
Income before allocation to Minority Interests, loss from investments in unconsolidated entities, net gain on sales of unconsolidated entities and land parcels and discontinued operations	31,265	86,392
Allocation to Minority Interests:		
Operating Partnership, net	(1,201)	(5,426)
Preference Interests	(1,095)	(3,884)
Junior Preference Units	(4)	(4)
Partially Owned Properties	(1,521)	1,477
Premium on redemption of Preference Interests	(674)	(1,728)
Loss from investments in unconsolidated entities	(230)	(58)
Net gain on sales of unconsolidated entities	329	124
Net gain on sales of land parcels	-	10,368
Income from continuing operations, net of minority interests	26,869	87,261
Gain on sales of discontinued operations, net of minority interests	347,953	131,136
Discontinued operations, net of minority interests	2,993	8,642
Net income	377,815	227,039
Preferred distributions	(10,095)	(13,025)
Net income available to Common Shares	<u>\$ 367,720</u>	<u>\$ 214,014</u>
<b>Earnings per share - basic:</b>		
Income from continuing operations available to Common Shares	<u>\$ 0.06</u>	<u>\$ 0.26</u>
Net income available to Common Shares	<u>\$ 1.27</u>	<u>\$ 0.75</u>
Weighted average Common Shares outstanding	<u>288,880</u>	<u>284,511</u>
<b>Earnings per share - diluted:</b>		
Income from continuing operations available to Common Shares	<u>\$ 0.06</u>	<u>\$ 0.26</u>
Net income available to Common Shares	<u>\$ 1.25</u>	<u>\$ 0.74</u>
Weighted average Common Shares outstanding	<u>314,049</u>	<u>308,576</u>
Distributions declared per Common Share outstanding	<u>\$ 0.4425</u>	<u>\$ 0.4325</u>

**EQUITY RESIDENTIAL**  
**CONSOLIDATED STATEMENTS OF FUNDS FROM OPERATIONS**  
(Amounts in thousands except per share data)  
(Unaudited)

	<b>Quarter Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
Net income	\$ 377,815	\$ 227,039
Allocation to Minority Interests - Operating Partnership, net	1,201	5,426
Adjustments:		
Depreciation	143,590	115,231
Depreciation - Non-real estate additions	(1,844)	(1,294)
Depreciation - Partially Owned and Unconsolidated Properties	1,550	(250)
Net gain on sales of unconsolidated entities	(329)	(124)
Discontinued operations:		
Depreciation	3,181	13,837
Gain on sales of discontinued operations, net of minority interests	(347,953)	(131,136)
Net incremental gain on sales of condominium units	7,127	13,482
Minority Interests - Operating Partnership	211	631
FFO (1)(2)	184,549	242,842
Preferred distributions	(10,095)	(13,025)
FFO available to Common Shares and OP Units - basic	<u>\$ 174,454</u>	<u>\$ 229,817</u>
FFO available to Common Shares and OP Units - diluted	<u>\$ 174,700</u>	<u>\$ 230,592</u>
FFO per share and OP Unit - basic	<u>\$ 0.56</u>	<u>\$ 0.75</u>
FFO per share and OP Unit - diluted	<u>\$ 0.56</u>	<u>\$ 0.74</u>
Weighted average Common Shares and OP Units outstanding - basic	<u>309,335</u>	<u>305,391</u>
Weighted average Common Shares and OP Units outstanding - diluted	<u>314,686</u>	<u>310,123</u>

- (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 of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be 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 units to condominiums, it simultaneously discontinues depreciation of such property.
- (2) The Company believes that FFO is helpful to investors as a supplemental measure of the operating performance of a real estate company, because it is a recognized measure 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 can help compare the operating performance of a company's real estate between periods or as compared to different companies. FFO in and of itself does not represent net income or net cash flows from operating activities in accordance with GAAP. Therefore, FFO should not be exclusively considered as an alternative to net income or to net cash flows from operating activities as determined by GAAP or as a measure of liquidity. The Company's calculation of FFO 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.

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

	<u>March 31, 2006</u>	<u>December 31, 2005</u>
<b>ASSETS</b>		
Investment in real estate		
Land	\$ 2,980,663	\$ 2,848,601
Depreciable property	13,339,890	13,336,636
Construction in progress (including land)	<u>336,822</u>	<u>405,133</u>
Investment in real estate	16,657,375	16,590,370
Accumulated depreciation	<u>(2,908,508)</u>	<u>(2,888,140)</u>
Investment in real estate, net	13,748,867	13,702,230
Cash and cash equivalents	86,777	88,828
Investments in unconsolidated entities	4,891	6,838
Rents receivable	1,364	789
Deposits - restricted	125,662	77,093
Escrow deposits - mortgage	32,234	35,225
Deferred financing costs, net	42,575	40,636
Goodwill, net	30,000	30,000
Other assets	<u>108,537</u>	<u>117,306</u>
<b>Total assets</b>	<b><u>\$ 14,180,907</u></b>	<b><u>\$ 14,098,945</u></b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Liabilities:		
Mortgage notes payable	\$ 3,455,316	\$ 3,379,289
Notes, net	3,839,475	3,442,784
Lines of credit	145,000	769,000
Accounts payable and accrued expenses	105,108	108,855
Accrued interest payable	70,016	78,441
Rents received in advance and other liabilities	306,209	302,418
Security deposits	56,716	54,823
Distributions payable	<u>145,116</u>	<u>145,812</u>
<b>Total liabilities</b>	<b><u>8,122,956</u></b>	<b><u>8,281,422</u></b>
<i>Commitments and contingencies</i>		
Minority Interests:		
Operating Partnership	358,626	345,034
Preference Interests	25,000	60,000
Junior Preference Units	184	184
Partially Owned Properties	<u>19,034</u>	<u>16,965</u>
<b>Total Minority Interests</b>	<b><u>402,844</u></b>	<b><u>422,183</u></b>
Shareholders' equity:		
Preferred Shares of beneficial interest, \$0.01 par value; 100,000,000 shares authorized; 3,284,250 shares issued and outstanding as of March 31, 2006 and 3,323,830 shares issued and outstanding as of December 31, 2005	503,106	504,096
Common Shares of beneficial interest, \$0.01 par value; 1,000,000,000 shares authorized; 291,244,226 shares issued and outstanding as of March 31, 2006 and 289,536,344 shares issued and outstanding as of December 31, 2005	2,912	2,895
Paid in capital	5,272,754	5,253,188
Distributions in excess of accumulated earnings	(111,305)	(350,367)
Accumulated other comprehensive loss	<u>(12,360)</u>	<u>(14,472)</u>
<b>Total shareholders' equity</b>	<b><u>5,655,107</u></b>	<b><u>5,395,340</u></b>
<b>Total liabilities and shareholders' equity</b>	<b><u>\$ 14,180,907</u></b>	<b><u>\$ 14,098,945</u></b>

## EQUITY RESIDENTIAL

### First Quarter 2006 vs. First Quarter 2005 Quarter over Quarter Same-Store Results

\$ in Millions - 158,398 Same-Store Units

<u>Description</u>	<u>Revenues</u>	<u>Expenses</u>	<u>NOI (2)</u>
Q1 2006	\$ 444.9	\$ 180.5	\$ 264.4
Q1 2005	\$ 419.6	\$ 170.8	\$ 248.8
Change	<u>\$ 25.3</u>	<u>\$ 9.7</u>	<u>\$ 15.6</u>
Change	6.0%	5.7%	6.3%

### First Quarter 2006 vs. Fourth Quarter 2005 Sequential Quarter over Quarter Same-Store Results

\$ in Millions - 158,398 Same-Store Units\*

<u>Description</u>	<u>Revenues</u>	<u>Expenses (1)</u>	<u>NOI (2)</u>
Q1 2006	\$ 444.9	\$ 180.5	\$ 264.4
Q4 2005	\$ 440.5	\$ 174.5	\$ 266.0
Change	<u>\$ 4.4</u>	<u>\$ 6.0</u>	<u>\$ (1.6)</u>
Change	1.0%	3.4%	(0.6%)

\* Includes the same units as the First Quarter 2006 vs. First Quarter 2005 Same Store results for comparability purposes.

### Same-Store Statistics

	<u>Occupancy</u>	<u>Turnover</u>		<u>Occupancy</u>	<u>Turnover</u>
<b>Q1 2006</b>	94.5%	13.5%	<b>Q1 2006</b>	94.5%	13.5%
<b>Q1 2005</b>	<u>93.7%</u>	<u>14.4%</u>	<b>Q4 2005</b>	<u>94.0%</u>	<u>15.2%</u>
Change	0.8%	(0.9%)	Change	0.5%	(1.7%)

(1) Fourth Quarter 2005 expenses exclude \$11.1 million of uninsured property damage caused by Hurricane Wilma.

(2) The Company's primary financial measure for evaluating each of its apartment communities is net operating income ("NOI"). NOI represents rental income less property and maintenance expense, real estate tax and insurance expense, and property management expense. The Company believes that NOI is helpful to investors as a supplemental measure of the operating performance of a real estate company because it is a direct measure of the actual operating results of the Company's apartment communities.

## EQUITY RESIDENTIAL

### Same Store NOI Reconciliation

#### First Quarter 2006 vs. First Quarter 2005

The following table presents a reconciliation of operating income per the consolidated statements of operations to NOI for the First Quarter 2006 Same Store Properties:

	Quarter Ended March 31,	
	2006	2005
	(Amounts in millions)	
Operating income	\$ 142.0	\$ 118.1
Adjustments:		
Insurance (1)	(2.9)	-
Non-same store operating results	(31.7)	(2.2)
Fee and asset management revenue	(2.5)	(2.6)
Fee and asset management expense	2.1	2.2
Depreciation	143.6	115.2
General and administrative	13.8	18.1
Same store NOI	<u>\$ 264.4</u>	<u>\$ 248.8</u>

(1) Amount represents additional hurricane insurance reimbursements.

## EQUITY RESIDENTIAL

### First Quarter 2006 vs. First Quarter 2005 Same-Store Results by Market

	Markets	Units	1Q 2006 % of Actual NOI	1Q 2006 Weighted Average Occupancy %	Increase (Decrease) from Prior Quarter			
					Revenues	Expenses	NOI	Occupancy
1	South Florida	9,582	7.3%	96.4%	11.1%	6.8%	14.0%	0.5%
2	Los Angeles	6,079	6.9%	94.8%	7.8%	6.5%	8.6%	0.4%
3	Boston	5,761	6.0%	93.3%	4.2%	4.5%	4.0%	0.1%
4	San Francisco Bay Area	5,990	5.6%	95.2%	4.2%	8.1%	2.0%	0.0%
5	Phoenix	9,247	5.4%	95.8%	10.8%	1.9%	16.8%	1.5%
6	DC Suburban Virginia	5,183	5.1%	95.0%	7.1%	9.9%	5.7%	1.2%
7	Atlanta	11,142	5.1%	94.8%	2.7%	7.0%	0.5%	0.4%
8	New York Metro Area	3,406	4.9%	95.9%	8.6%	5.7%	10.3%	0.6%
9	Seattle/Tacoma	7,153	4.5%	94.8%	7.0%	6.4%	7.4%	(0.3%)
10	Orlando	6,072	3.9%	95.0%	10.6%	5.8%	13.7%	0.0%
11	Denver	6,921	3.9%	95.1%	3.7%	1.6%	4.8%	1.5%
12	San Diego	3,486	3.7%	94.7%	5.2%	8.3%	3.7%	0.0%
13	Dallas/Ft Worth	8,152	3.6%	94.3%	3.5%	2.1%	4.8%	(0.7%)
14	Orange Co	3,013	3.2%	95.3%	7.2%	7.4%	7.1%	0.5%
15	Inland Empire, CA	3,504	3.1%	92.7%	5.5%	5.5%	5.6%	(1.1%)
16	New England (excl Boston)	5,823	3.0%	91.2%	(0.2%)	6.8%	(6.7%)	(1.9%)
17	DC Suburban Maryland	4,739	2.9%	93.5%	3.4%	14.2%	(3.2%)	0.2%
18	Houston	5,282	2.4%	94.2%	6.9%	5.4%	8.4%	3.4%
19	Tampa/Ft Myers	3,976	2.0%	95.8%	10.8%	6.4%	14.4%	1.5%
20	Portland	3,409	1.8%	95.1%	3.1%	5.7%	1.2%	0.6%
	Top 20 Markets	117,920	84.2%	94.7%	6.3%	6.1%	6.4%	0.4%
	All Other Markets	40,478	15.8%	94.0%	4.9%	3.9%	5.8%	1.9%
	Total	158,398	100.0%	94.5%	6.0%	5.7%	6.3%	0.8%

## EQUITY RESIDENTIAL

### First Quarter 2006 vs. Fourth Quarter 2005\*

#### Sequential Same-Store Results by Market

Markets	Units	1Q 2006 % of Actual NOI	1Q 2006 Weighted Average Occupancy %	Increase (Decrease) from Prior Quarter			
				Revenues	Expenses	NOI	Occupancy
1 South Florida	9,582	7.3%	96.4%	3.8%	5.2%	2.9%	0.4%
2 Los Angeles	6,079	6.9%	94.8%	1.1%	2.7%	0.3%	(0.4%)
3 Boston	5,761	6.0%	93.3%	(1.4%)	7.9%	(7.2%)	(1.4%)
4 San Francisco Bay Area	5,990	5.6%	95.2%	0.2%	4.2%	(2.1%)	0.1%
5 Phoenix	9,247	5.4%	95.8%	3.7%	1.4%	5.1%	1.1%
6 DC Suburban Virginia	5,183	5.1%	95.0%	0.7%	7.4%	(2.3%)	1.2%
7 Atlanta	11,142	5.1%	94.8%	(0.2%)	3.6%	(3.0%)	0.4%
8 New York Metro Area	3,406	4.9%	95.9%	1.8%	2.8%	1.2%	0.1%
9 Seattle/Tacoma	7,153	4.5%	94.8%	2.1%	5.3%	(0.1%)	1.2%
10 Orlando	6,072	3.9%	95.0%	2.8%	3.6%	2.3%	0.3%
11 Denver	6,921	3.9%	95.1%	1.3%	(2.4%)	3.4%	1.2%
12 San Diego	3,486	3.7%	94.7%	(0.6%)	1.1%	(1.5%)	(1.7%)
13 Dallas/Ft Worth	8,152	3.6%	94.3%	1.4%	(4.9%)	8.2%	0.4%
14 Orange Co	3,013	3.2%	95.3%	0.5%	2.8%	(0.6%)	(0.6%)
15 Inland Empire, CA	3,504	3.1%	92.7%	(0.7%)	4.1%	(3.0%)	(0.4%)
16 New England (excl Boston)	5,823	3.0%	91.2%	(1.4%)	14.4%	(13.9%)	(0.4%)
17 DC Suburban Maryland	4,739	2.9%	93.5%	1.9%	12.2%	(4.5%)	2.0%
18 Houston	5,282	2.4%	94.2%	0.2%	0.3%	0.0%	(1.2%)
19 Tampa/Ft Myers	3,976	2.0%	95.8%	3.1%	3.2%	2.9%	1.3%
20 Portland	3,409	1.8%	95.1%	2.0%	1.6%	2.3%	1.1%
Top 20 Markets	117,920	84.2%	94.7%	1.1%	3.9%	(0.6%)	0.3%
All Other Markets	40,478	15.8%	94.0%	0.5%	1.4%	(0.3%)	1.0%
Total	158,398	100.0%	94.5%	1.0%	3.4%	(0.6%)	0.5%

\* Includes the same units as First Quarter 2006 vs. First Quarter 2005 Same Store results for comparability purposes.

## EQUITY RESIDENTIAL

### Portfolio as of March 31, 2006

	<u>Properties</u>	<u>Units</u>
Wholly Owned Properties	820	170,356
Partially Owned Properties:		
Consolidated	45	7,366
Unconsolidated	45	10,846
Military Housing (Fee Managed)	1	3,672
	<u>911</u>	<u>192,240</u>

### Portfolio Rollforward Q1 2006

		<u>Properties</u>	<u>Units</u>	<u>\$ Millions</u>	<u>Cap Rate</u>
	12/31/2005	926	197,404		
Acquisitions:					
Rental Properties		11	2,779	\$ 506.6	5.0%
Land Parcels		-	-	\$ 14.2	
Dispositions:					
Rental Properties		(25)	(8,110)	\$ (799.9)	5.5%
Condominium Units		(2)	(171)	\$ (35.0)	
Completed Developments		1	359		
Unit Configuration Changes		-	(21)		
	3/31/2006	<u>911</u>	<u>192,240</u>		

## EQUITY RESIDENTIAL

### Portfolio Summary As of March 31, 2006

Market	Properties	Units	% of Total Units	% of 2006 Stabilized NOI
1 New York Metro Area	17	5,288	2.8	7.7
2 South Florida	49	10,928	5.7	6.7
3 Los Angeles	32	6,727	3.5	6.3
4 DC Northern Virginia	20	7,165	3.7	6.2
5 Seattle/Tacoma	45	10,627	5.5	5.8
6 Atlanta	64	13,590	7.1	5.4
7 Boston	36	6,709	3.5	5.2
8 San Francisco Bay Area	26	6,249	3.3	4.7
9 Phoenix	36	10,381	5.4	4.7
10 Orlando	34	7,664	4.0	4.3
11 Denver	27	8,658	4.5	4.0
12 San Diego	12	3,822	2.0	3.7
13 Inland Empire CA	14	4,355	2.3	3.4
14 Dallas/Ft Worth	34	9,919	5.2	3.3
15 DC Suburban Maryland	25	5,559	2.9	3.1
16 New England (excl Boston)	41	5,823	3.0	2.9
17 Orange County	8	3,013	1.6	2.8
18 Jacksonville	22	4,659	2.4	2.1
19 Houston	17	5,282	2.7	2.0
20 Tampa/Ft Myers	27	4,694	2.4	1.8
<b>Top 20 Total</b>	<b>586</b>	<b>141,112</b>	<b>73.5</b>	<b>86.1</b>
21 Portland OR	11	3,713	1.9	1.6
22 Raleigh/Durham	17	4,392	2.3	1.5
23 Austin	12	3,671	1.9	1.3
24 Minneapolis/St Paul	14	2,405	1.3	1.1
25 Nashville	10	2,451	1.3	0.9
26 Charlotte	11	3,391	1.8	0.9
27 Southeastern Michigan	18	1,963	1.0	0.7
28 Chicago	5	1,716	0.9	0.7
29 Central Valley CA	10	1,595	0.8	0.5
30 Other EQR	14	3,093	1.6	0.7
31 Other Lxford	187	17,008	8.8	4.0
<b>Total</b>	<b>895</b>	<b>186,510</b>	<b>97.1</b>	<b>100.0</b>
Condominium Conversion	15	2,058	1.1	0.0
Military Housing	1	3,672	1.9	0.0
<b>Grand Total</b>	<b>911</b>	<b>192,240</b>	<b>100.0</b>	<b>100.0</b>

## EQUITY RESIDENTIAL

### Debt Summary as of March 31, 2006

	\$ Millions (1)	Weighted Average Rate (1)
Secured	\$ 3,455	5.74%
Unsecured	3,985	5.95%
Total	\$ 7,440	5.86%
Fixed Rate	\$ 6,237	6.21%
Floating Rate	1,203	4.47%
Total	\$ 7,440	5.86%
 <u>Above Totals Include:</u>		
Tax Exempt:		
Fixed	\$ 130	5.35%
Floating	611	3.29%
Total	\$ 741	3.65%
Unsecured Revolving Credit Facilities	\$ 145	4.81%

(1) Net of the effect of any derivative instruments.

### Debt Maturity Schedule as of March 31, 2006

Year	\$ Millions	% of Total
2006 (1)	\$ 533	7.2%
2007	358	4.8%
2008 (2)	725	9.7%
2009	859	11.6%
2010	278	3.7%
2011	818	11.0%
2012	535	7.2%
2013	567	7.6%
2014	504	6.8%
2015+	2,263	30.4%
Total	\$ 7,440	100.0%

(1) Includes \$150.0 million of 7.57% unsecured debt with a final maturity of 2026 that is putable effective August 15, 2006.

(2) Includes \$145.0 million outstanding on the Company's unsecured revolving credit facility, which matures on May 29, 2008.

# EQUITY RESIDENTIAL

## Selected Unsecured Public Debt Covenants

	<u>March 31, 2006</u>	<u>December 31, 2005</u>
Total Debt to Adjusted Total Assets (not to exceed 60%)	43.7%	44.9%
Secured Debt to Adjusted Total Assets (not to exceed 40%)	20.3%	20.0%
Consolidated Income Available For Debt Service To Maximum Annual Service Charges (must be at least 1.5 to 1)	2.68	2.84
Total Unsecured Assets to Unsecured Debt (must be at least 150%)	274.2%	261.4%

These selected covenants relate to ERP Operating Limited Partnership's ("ERPOP") outstanding unsecured public debt. Equity Residential is the general partner of ERPOP.

## EQUITY RESIDENTIAL

### Capital Structure as of March 31, 2006

(Amounts in thousands except for share and per share amounts)

Secured Debt		\$ 3,455,316	46%	
Unsecured Debt		3,839,475	52%	
Lines of Credit		<u>145,000</u>	<u>2%</u>	
<b>Total Debt</b>		<b><u>7,439,791</u></b>	<b><u>100%</u></b>	<b>33%</b>
Common Shares	291,244,226		93%	
OP Units	<u>20,273,234</u>		<u>7%</u>	
Total Shares and OP Units	311,517,460		100%	
Common Share Equivalents (see below)	<u>1,318,993</u>			
Total outstanding at quarter-end	312,836,453			
Common Share Price at March 31, 2006	<u>\$ 46.79</u>			
Perpetual Preferred Equity (see below)		14,637,618	97%	
<b>Total Equity</b>		<b><u>15,127,618</u></b>	<b><u>100%</u></b>	<b>67%</b>
<b>Total Market Capitalization</b>		<b>\$ 22,567,409</b>		<b>100%</b>

### Convertible Preferred Equity as of March 31, 2006

(Amounts in thousands except for share and per share amounts)

Series	Redemption Date	Outstanding Shares/Units	Liquidation Value	Annual Dividend Per Share/Unit	Annual Dividend Amount	Weighted Average Rate	Conversion Ratio	Common Share Equivalents
Preferred Shares:								
7.00% Series E	11/1/98	491,516	\$ 12,288	\$ 1.75	\$ 860		1.1128	546,959
7.00% Series H	6/30/98	32,734	818	1.75	57		1.4480	47,399
Preference Interests:								
7.625% Series I	6/22/06	270,000	13,500	3.8125	1,029		1.4542	392,634
7.625% Series J	12/14/06	230,000	11,500	3.8125	877		1.4108	324,484
Junior Preference Units:								
8.00% Series B	7/29/09	<u>7,367</u>	<u>184</u>	2.00	<u>15</u>		1.020408	<u>7,517</u>
<b>Total Convertible Preferred Equity</b>		<b><u>1,031,617</u></b>	<b><u>\$ 38,290</u></b>		<b><u>\$ 2,838</u></b>	7.41%		<b><u>1,318,993</u></b>

### Perpetual Preferred Equity as of March 31, 2006

(Amounts in thousands except for share and per share amounts)

Series	Redemption Date	Outstanding Shares/Units	Liquidation Value	Annual Dividend Per Share/Unit	Annual Dividend Amount	Weighted Average Rate
Preferred Shares:						
9 1/8% Series C	9/9/06	460,000	\$ 115,000	\$ 22.8125	\$ 10,494	
8.60% Series D	7/15/07	700,000	175,000	21.50	15,050	
8.29% Series K	12/10/26	1,000,000	50,000	4.145	4,145	
6.48% Series N	6/19/08	<u>600,000</u>	<u>150,000</u>	16.20	<u>9,720</u>	
<b>Total Perpetual Preferred Equity</b>		<b><u>2,760,000</u></b>	<b><u>\$ 490,000</u></b>		<b><u>\$ 39,409</u></b>	8.04%

## EQUITY RESIDENTIAL

### Common Share and Operating Partnership Unit (OP Unit) Weighted Average Amounts Outstanding

	1Q06	1Q05
<b>Weighted Average Amounts Outstanding for Net Income Purposes:</b>		
Common Shares - basic	288,880,193	284,510,654
Shares issuable from assumed conversion/vesting of:		
- OP Units	20,454,349	20,880,456
- share options/restricted shares	4,714,712	3,184,776
Total Common Shares and OP Units - diluted	314,049,254	308,575,886
<b>Weighted Average Amounts Outstanding for FFO Purposes:</b>		
Common Shares - basic	288,880,193	284,510,654
OP Units - basic	20,454,349	20,880,456
Total Common Shares and OP Units - basic	309,334,542	305,391,110
Shares issuable from assumed conversion/vesting of:		
- convertible preferred shares/units	636,811	1,546,710
- share options/restricted shares	4,714,712	3,184,776
Total Common Shares and OP Units - diluted	314,686,065	310,122,596
<b>Period Ending Amounts Outstanding:</b>		
Common Shares	291,244,226	
OP Units	20,273,234	
Total Common Shares and OP Units	311,517,460	

## EQUITY RESIDENTIAL

### Partially Owned Entities as of March 31, 2006 (Amounts in thousands except for project and unit amounts)

	Consolidated				Unconsolidated
	Lexford	FIN 46 / Development	Other	Total	Institutional Joint Ventures
Total projects	18	6 (2)	21	45	45
Total units	2,133	1,337 (2)	3,896	7,366	10,846
Company's ownership percentage	44.9%	100.0%	66.6%		25.0%
Company's share of outstanding debt (1)	\$ 15,764	\$ 229,317	\$ 200,168	\$ 445,249	\$ 121,200
Operating information for the quarter ended 3/31/06 (at 100%):					
Operating revenue	\$ 3,261	\$ 3,867	\$ 12,931	\$ 20,059	\$ 24,302
Operating expenses	1,737	1,285	4,558	7,580	10,968
Net operating income	1,524	2,582	8,373	12,479	13,334
Depreciation	690	1,449	3,714	5,853	5,371
Other	1	-	476	477	61
Operating income	833	1,133	4,183	6,149	7,902
Interest and other income	16	83	236	335	164
Interest:					
Expense incurred, net	(643)	(1,371)	(5,022)	(7,036)	(9,361)
Amortization of deferred financing costs	(36)	(12)	(28)	(76)	(154)
Net income (loss)	<u>\$ 170</u>	<u>\$ (167)</u>	<u>\$ (631)</u>	<u>\$ (628)</u>	<u>\$ (1,449)</u>

(1) All debt is non-recourse to the Company.

(2) Amounts exclude various uncompleted development projects.

## EQUITY RESIDENTIAL

### Consolidated Development Projects as of March 31, 2006 (Amounts in thousands except for project and unit amounts)

Projects	Location	No. of Units	Total Capital Cost (1)	Total Book Value To Date (1) (2)	Percentage Completed	Percentage Leased	Percentage Occupied	Estimated Completion Date	Estimated Stabilization Date
<u>Projects Under Development</u>									
Union Station	Los Angeles, CA	278	\$ 63,325	\$ 51,795	83%	-	-	2Q 2006	4Q 2006
Bella Vista III (3)	Woodland Hills, CA	264	71,139	38,892	38%	-	-	4Q 2006	3Q 2007
Vintage	Ontario, CA	300	52,412	20,038	19%	-	-	1Q 2007	4Q 2007
Highland Glen II (3)	Westwood, MA	102	21,620	2,651	4%	-	-	1Q 2007	4Q 2007
Silver Spring	Silver Spring, MD	457	145,224	21,116	3%	-	-	1Q 2008	4Q 2009
Emerson/CRP II (3)	Boston, MA	310	161,309	7,062	2%	-	-	2Q 2008	1Q 2009
<b>Total Projects Under Development</b>		<b>1,711</b>	<b>515,029</b>	<b>141,554</b>					
<u>Completed Not Stabilized: (4)</u>									
2400 M St (5)	Washington, D.C.	359	111,947	107,000	100%	-	-	1Q 2006	3Q 2007
<b>Total Projects Completed Not Stabilized</b>		<b>359</b>	<b>111,947</b>	<b>107,000</b>					
<u>Completed And Stabilized During the Quarter:</u>									
<b>Total Projects Completed And Stabilized During the Quarter</b>		<b>-</b>	<b>-</b>	<b>-</b>					
<b>Total Projects</b>		<b>2,070</b>	<b>\$ 626,976</b>	<b>\$ 248,554</b>					

#### NOI CONTRIBUTION FROM DEVELOPMENT PROJECTS

	Total Capital Cost (1)	Q1 2006 NOI
Projects Under Development	\$ 515,029	\$ -
Completed Not Stabilized	111,947	-
Completed And Stabilized During the Quarter	-	-
Total Development/Newly Stabilized NOI Contribution	<u>\$ 626,976</u>	<u>\$ -</u>

(1) Total capital cost represents estimated development cost for projects under development and all capitalized costs incurred to date plus any estimates of costs remaining to be funded for all projects.

(2) Of the total book value to date, \$107.0 million has been transferred to land and depreciable property and \$141.6 million is currently reflected as construction in progress ("CIP"). The remaining \$195.2 million of CIP represents land held for future development and related costs and land and related development costs for one uncompleted condominium project. Of the \$378.4 million remaining to be invested, \$48.8 million will be funded through third party construction mortgages.

(3) Projects are wholly owned. All others are partially owned.

(4) Indian Ridge was completed in Q4 2005 and purchased by a third party on 2/28/2006.

(5) EQR acquired its partner's interest on 4/28/2006 and now wholly-owns the property.

## EQUITY RESIDENTIAL

### Consolidated Condominium Conversion Projects as of March 31, 2006 (Amounts in thousands except for project and unit amounts)

Projects	Location	Project Start Date (1)	Estimated Close Out Date	Units				2006 YTD Activity		
				Total	Units Closed	Sold Not Closed	Available	Units Closed	Sales Price	FFO Incremental Gain on Sale
<b>For Sale</b>										
Four Lakes	Lisle, IL	Q4 2001	Q2 2006	942	926	8	8	30	\$ 4,948	\$ 496
Atlas (2)	Washington, DC	Q4 2004	Q2 2006	141	140	1	-	5	2,576	166
Grand Marquis	Plantation, FL	Q4 2004	Q2 2006	198	196	1	1	14	2,610	642
Fairway Greens	Pembroke Pines, FL	Q1 2005	Q2 2006	152	135	8	9	32	6,469	1,832
Magnuson Pointe	Seattle, WA	Q1 2005	Q4 2006	105	49	23	33	14	3,348	929
Timber Ridge	Woodinville, WA	Q1 2005	Q1 2007	203	58	36	109	30	4,859	1,138
Milano Terrace	Scottsdale, AZ	Q2 2005	Q4 2006	224	53	50	121	43	9,670	3,080
Braewood	Bothell, WA	Q2 2005	Q4 2006	84	-	4	80	-	-	-
South Palm Place	Tamarac, FL	Q2 2005	Q1 2007	208	-	53	155	-	-	-
Chantecleer Lakes	Naperville, IL	Q4 2005	Q4 2007	304	-	62	242	-	-	-
Fifth Avenue North	Seattle, WA	Q2 2005	Q4 2006	62	-	-	62	-	-	-
Parkside	Seattle, WA	Q4 2005	Q4 2006	44	-	-	44	-	-	-
Oaks at Falls Church	Falls Church, VA	Q4 2005	Q2 2007	176	-	-	176	-	-	-
Bella Vista	Phoenix, AZ	Q4 2005	Q2 2007	248	-	-	248	-	-	-
Regency Park	Centreville, VA	Q4 2005	Q3 2007	252	-	-	252	-	-	-
Alameda Ranch	Scottsdale, AZ	Q4 2005	Q3 2007	272	-	-	272	-	-	-
				<b>3,615</b>	<b>1,557</b>	<b>246</b>	<b>1,812</b>	<b>168</b>	<b>34,480</b>	<b>8,283</b>
<b>Closed Out</b>										
Tuscany Villas	Scottsdale, AZ	Q4 2004	Q1 2006	180	180	-	-	2	331	127
Venetian I & II	Phoenix, AZ	Q1 2004	Q1 2006	264	264	-	-	1	204	(49)
Projects closed out prior to 2006				1,914	1,914	-	-	-	-	1,486
				<b>2,358</b>	<b>2,358</b>	<b>-</b>	<b>-</b>	<b>3</b>	<b>535</b>	<b>1,564</b>
<b>Totals</b>			<b>18</b>	<b>5,973</b>	<b>3,915</b>	<b>246</b>	<b>1,812</b>	<b>171</b>	<b>\$ 35,015</b>	<b>\$ 9,847</b>
<b>Gross incremental gain on sales of condominium units</b>									<b>\$ 9,847</b>	
<b>Provision for income taxes</b>									<b>(2,720)</b>	
<b>Net incremental gain on sales of condominium units</b>									<b>7,127</b>	
<b>Property management and general and administrative expenses</b>									<b>(1,739)</b>	
<b>Discontinued operating income</b>									<b>707</b>	
<b>Net Income - Condominium Division (3)</b>									<b>\$ 6,095</b>	

(1) Project start date represents the date that each respective property was acquired by the taxable REIT subsidiary.

(2) Partially owned project; incremental gain on sale represents portion attributable to the Company.

(3) Excludes interest income and interest expense specific to condominium conversion projects.

## EQUITY RESIDENTIAL

### Maintenance Expenses and Capitalized Improvements to Real Estate For the Quarter Ended March 31, 2006 (Amounts in thousands except for unit and per unit amounts)

	Maintenance Expenses						Capitalized Improvements to Real Estate						Total Expenditures		
	Total Units (1)	Expense (2)	Avg. Per Unit	Payroll (3)	Avg. Per Unit	Total	Avg. Per Unit	Replacements (4)	Avg. Per Unit	Building Improvements (5)	Avg. Per Unit	Total	Avg. Per Unit	Grand Total	Avg. Per Unit
Established Properties (6)	144,257	\$ 20,858	\$ 144	\$ 20,177	\$ 140	\$ 41,035	\$ 284	\$ 13,090	\$ 91	\$ 20,042	\$ 139	\$ 33,132	\$ 230	\$ 74,167	\$ 514
New Acquisition Properties (7)	23,738	4,373	197	3,023	136	7,396	333	1,900	85	4,828	217	6,728	302	14,124	635
Other (8)	<u>9,727</u>	<u>2,819</u>		<u>2,614</u>		<u>5,433</u>		<u>4,308</u>		<u>7,246</u>		<u>11,554</u>		<u>16,987</u>	
<b>Total</b>	<u>177,722</u>	<u>\$ 28,050</u>		<u>\$ 25,814</u>		<u>\$ 53,864</u>		<u>\$ 19,298</u>		<u>\$ 32,116</u>		<u>\$ 51,414</u>		<u>\$ 105,278</u>	

(1) Total units exclude 10,846 unconsolidated units and 3,672 military housing (fee managed) units.

(2) Maintenance expenses include general maintenance costs, unit turnover costs including interior painting, regularly scheduled landscaping and tree trimming costs, security, exterminating, fire protection, snow and ice removal, elevator repairs, and other miscellaneous building repair costs.

(3) Maintenance payroll includes employee costs for maintenance, cleaning, housekeeping, and landscaping.

(4) Replacements include new expenditures inside the units such as carpets, appliances, mechanical equipment, fixtures and vinyl flooring.

(5) Building improvements include roof replacement, paving, amenities and common areas, building mechanical equipment systems, exterior painting and siding, major landscaping, vehicles and office and maintenance equipment.

(6) Wholly Owned Properties acquired prior to January 1, 2004.

(7) Wholly Owned Properties acquired during 2004, 2005 and 2006. Per unit amounts are based on a weighted average of 22,237 units.

(8) Includes properties either Partially Owned or sold during the period, commercial space, condominium conversions and \$2.2 million included in building improvements spent on eight specific assets related to major renovations and repositioning of these assets.

## EQUITY RESIDENTIAL

### Discontinued Operations (Amounts in thousands)

	<b>Quarter Ended March 31,</b>	
	<b>2006</b>	<b>2005</b>
<b>REVENUES</b>		
Rental income	\$ 16,268	\$ 53,789
Total revenues	16,268	53,789
<b>EXPENSES (1)</b>		
Property and maintenance	7,492	17,825
Real estate taxes and insurance	2,747	8,384
Property management	90	118
Depreciation	3,181	13,837
General and administrative	226	96
Total expenses	13,736	40,260
Discontinued operating income	2,532	13,529
Interest and other income	1,004	56
Interest (2):		
Expense incurred, net	(332)	(4,176)
Amortization of deferred financing costs	-	(136)
Total interest	(332)	(4,312)
Discontinued operations	3,204	9,273
Minority Interests - Operating Partnership	(211)	(631)
Discontinued operations, net of minority interests	\$ 2,993	\$ 8,642

(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.

## EQUITY RESIDENTIAL

As a result of the Securities and Exchange Commission's Regulation FD, the Company will provide earnings guidance in its quarterly earnings release. These projections are based on current expectations and are forward-looking.

### 2006 Earnings Guidance (per share diluted)

	<u>Q2 2006</u>	<u>2006</u>
Expected EPS (1)	\$0.61 to \$0.66	\$2.73 to \$2.93
Add: Expected depreciation expense	0.47	1.71
Less: Expected net gain on sales (1)	(0.53)	(2.14)
Expected FFO (2)	<u>\$0.55 to \$0.60</u>	<u>\$2.30 to \$2.50</u>

### Same-Store Assumptions

	<u>2006</u>
Physical occupancy	94.5%
Revenue change	4.75% to 5.75%
Expense change	4.25% to 5.25%
NOI change	4.50% to 6.50%
Acquisitions	\$1.5 billion
Dispositions	\$1.5 billion

(1) Earnings per share ("EPS") represents net income per share calculated in accordance with accounting principles generally accepted in the United States. Expected EPS is calculated on a basis consistent with actual EPS. Due to the uncertain timing and extent of property dispositions and the resulting gains/losses on sales, actual EPS could differ materially from expected EPS.

(2) 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), excluding gains (or losses) from sales of depreciable property, plus depreciation and amortization, and after adjustments for unconsolidated partnerships and joint ventures. Adjustments for unconsolidated partnerships and joint ventures will be calculated to reflect funds from operations on the same basis. Expected FFO is calculated on a basis consistent with actual FFO.