

EQUITY RESIDENTIAL
Form DEF 14A
April 17, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a) of the
Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only** (as permitted by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

EQUITY RESIDENTIAL
(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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Notice of 2014 Annual

Meeting of Shareholders

and Proxy Statement

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NOTICE OF 2014 ANNUAL MEETING OF SHAREHOLDERS

Dear Shareholder:

You are cordially invited to attend Equity Residential's 2014 Annual Meeting of Shareholders. This year's meeting will be held on Thursday, June 12, 2014 at 1:00 p.m., at Two North Riverside Plaza, Suite 2400, Chicago, Illinois, at which time shareholders of record at the close of business on March 31, 2014, will be asked to:

1. Elect eleven trustees to a one-year term;
2. Ratify our selection of Ernst & Young LLP as our independent auditor for 2014;
3. Approve our executive compensation; and
4. Consider any other business properly brought before the meeting.

Your vote is very important. Whether or not you attend the meeting in person, I urge you to vote as soon as possible. Instructions on how to vote are contained in the Proxy Statement.

Thank you for your continued support of Equity Residential.

Sincerely,

Bruce C. Strohm

Executive Vice President, General Counsel and

Corporate Secretary

April 17, 2014

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This Proxy Statement and related proxy materials are being made available to shareholders of Equity Residential (Equity Residential or the Company) on or about April 17, 2014 in connection with the solicitation by our Board of Trustees (the Board) of proxies to be voted at the Company's 2014 Annual Meeting of Shareholders (the Annual Meeting) to be held on Thursday, June 12, 2014, at 1:00 p.m., at Two North Riverside Plaza, Suite 2400, Chicago, Illinois.

SUMMARY OF MATTERS FOR SHAREHOLDER VOTING

At this year's Annual Meeting, we are asking our shareholders to vote on the following matters:

Proposal 1: Election of Trustees

The Board recommends a vote **FOR** the election of the following nominees for trustee (the Trustees) named in this Proxy Statement.

Name	Age	Trustee Since	Independence Status
Samuel Zell, Chairman	72	1993	Management Trustee (as Chairman)
Gerald A. Spector, Vice Chairman	67	1993	Independent
Charles L. Atwood, Lead Trustee	65	2003	Independent
David J. Neithercut, CEO & President	58	2006	Management Trustee (as CEO & President)
John W. Alexander	67	1993	Independent
Linda Walker Bynoe	61	2009	Independent
Mary Kay Haben	57	2011	Independent
Bradley A. Keywell	44	2011	Independent
John E. Neal	64	2006	Independent
Mark S. Shapiro	44	2010	Independent
B. Joseph White	66	1993	Independent

Proposal 2: Ratification of Ernst & Young LLP as Independent Auditor for 2014

The Board recommends a vote **FOR** this proposal.

Proposal 3: Advisory Approval of Executive Compensation

The Board recommends a vote **FOR** this proposal.

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Corporate Governance

The Company is dedicated to establishing and maintaining high standards of corporate governance. The Board has implemented many corporate governance measures over the years designed to serve the interests of our shareholders and further align the interests of trustees and management with those of our shareholders.

Board of Trustees

Our business and affairs are managed under the direction of the Board of Trustees, which currently consists of the eleven members noted above.

Members of the Board are kept informed of the Company's business through discussions with the Chairman, the Chief Executive Officer and other officers, by reviewing materials provided to them and by participating in meetings of the Board and its committees. Board members have complete access to the Company's management team and our independent auditor.

The Board and each of the key committees—Audit, Compensation and Corporate Governance—also have authority to retain, at the Company's expense, outside counsel, consultants or other advisors in the performance of their duties. The Company's Guidelines on Governance require that a majority of the trustees be independent within the meaning of the New York Stock Exchange (NYSE) listing standards.

Current charters for the Audit, Compensation and Corporate Governance Committees and the Company's Guidelines on Governance and Code of Ethics and Business Conduct may be viewed on the Company's website at www.equityresidential.com in the investor section under Corporate Governance. In addition, the Company will mail copies of the Committee charters, the Guidelines on Governance and the Code of Ethics and Business Conduct to shareholders upon written request to Equity Residential, Two North Riverside Plaza, Suite 400, Chicago, Illinois 60606, Attn: Corporate Secretary or by contacting Investor Relations by phone (1-888-879-6356) or e-mail (investorrelations@eqrworld.com). The information contained on the Company's website is not part of or incorporated into this Proxy Statement.

Board Leadership Structure

Since the formation of the Company in 1993, we have separated the roles of Chairman of the Board and Chief Executive Officer of Equity Residential. Our Chairman of the Board, Samuel Zell, founded a predecessor of the Company in the 1960s, has served as Chairman since our initial public offering in August 1993 and is uniquely qualified to serve in this role. Mr. Zell is recognized as one of the founders of today's public real estate industry after creating, for the first time in history, two of the largest real estate investment trusts (REITs) in the country and one other REIT, the largest in its sector. As our Chairman, he presides over meetings of the full Board of Trustees, stewards the Company, counsels senior management regarding strategy and provides them with a network of resources across the industry. David J. Neithercut, our CEO, sets the strategic direction for the Company under the direction of the Board, is responsible for the day-to-day leadership and performance of the Company and sets the agenda for Board meetings in consultation with the Chairman and our Lead Trustee. We believe the Company is

well-served by our current leadership structure.

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Lead Trustee

Charles L. Atwood has been the Company's Lead Trustee since March 2009. In this capacity, Mr. Atwood, who is an independent trustee, coordinates with the other independent trustees on the following:

presiding at all meetings of the Board at which the Chairman is not present, including executive sessions of the non-management trustees;

serving as liaison between the Chairman and the non-management trustees;

calling meetings of the non-management trustees;

consistent and regular communication with the CEO regarding the Board's oversight responsibilities;

participating with the CEO in planning and setting schedules and agendas for Board meetings;

determining with the CEO the necessary information trustees should receive and when they should receive it;

overseeing the Board's annual evaluation of the CEO's performance; and

performing such other functions as the Board may direct.

Executive Sessions

Pursuant to the Company's Guidelines on Governance, the non-management trustees of the Board (all trustees who are not executive officers of the Company) meet in regularly scheduled executive sessions without management. The independent trustees also meet in executive session at least once a year. The Lead Trustee chairs these sessions. In 2013, the non-management Trustees held four executive sessions, and the independent trustees held one executive session.

The Board's Role in Risk Oversight

The Board as a whole has responsibility for oversight of enterprise risk management. The Board is involved in risk oversight through direct decision-making authority with respect to significant matters and the oversight of management by the Board and its committees. The Board delegates the review of certain areas of risk to its

committees based on their respective principal areas of focus. Each of these committees reports on its deliberations and recommendations to the full Board. The Corporate Governance Committee is responsible for the Board's regular review of information from senior management regarding areas of risk designed to provide visibility about the identification, assessment and management of critical risks and management's risk mitigation strategies. These areas of focus include strategic, competitive, economic, operational, financial (accounting, credit, liquidity and tax), legal, regulatory, compliance and reputational risks and other current matters that may present material risk to the Company. The Company also performs an annual risk survey, led by the Company's senior internal audit officer, who interviews each of the Company's executive officers and surveys other officers of the Company and reports these results to the Audit Committee. This survey assesses risk throughout the business, focusing on the primary areas of operational, financial, legal and compliance risks.

The Company's Compensation Committee is responsible for overseeing the management of risks relating to the Company's leadership assessment, management succession planning and compensation philosophy, programs and arrangements, including

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incentive compensation plans. The Audit Committee oversees management of risks associated with financial matters, particularly financial reporting, counterparty risk, tax, accounting, disclosure, internal control over financial reporting, financial policies and cash investment guidelines and credit and liquidity matters, as well as potential conflicts of interest. As part of its charter, the Audit Committee reviews the Company's policies with respect to risk assessment and risk management. The Audit Committee also meets in separate executive sessions with key management personnel, representatives of the Company's independent auditor and the Company's senior internal audit officer. The Corporate Governance Committee manages risks associated with corporate governance and compliance and trustee succession planning, and contributes to the Board's oversight of enterprise risk management. While each committee is responsible for evaluating certain risks and direct oversight of the management of such risks, as mentioned above, the entire Board of Trustees is informed about and oversees such risks.

Assessment of Board Performance and Board Processes

The trustees, through the Corporate Governance Committee, annually assess the performance of the full Board, individual Board members and Board committees. The Chair of the Corporate Governance Committee is responsible for leading the evaluation process and discussing with each trustee individually his or her own evaluation and for providing the full Board with feedback on its performance as a whole. The Lead Trustee is responsible for providing individual feedback to the Chair of the Corporate Governance Committee. The purpose of this annual evaluation process is to determine whether the current board leadership and structure continues to be optimal for the Company and takes the assessments into account in making its recommendations to the Board regarding trustee nominees.

Management Development and Succession

The Board's goal, through the oversight of the Compensation Committee, is to have an ongoing program for effective leadership development and succession. As reflected in the Company's Corporate Governance Guidelines, the Compensation Committee discusses with the CEO his recommendations for management development and corporate succession for the Company's other executive officers. Additionally, the Compensation Committee oversees long range plans for management development and executive succession for the CEO.

The Board's executive succession plan involves conducting regular talent reviews, creating profiles of ideal candidates and selecting potential successors expected to fit the needs of the Company over time. In implementing these plans, the Board believes that, at its core, succession planning: (1) is a board-driven, collaborative process; (2) is a continuous process; (3) should be driven by corporate strategy; and (4) involves building a talent-rich organization by attracting and developing the right people. Individuals who are identified as high potential leaders are given exposure and visibility to Board members through formal presentations and informal events. Furthermore, for 2013, ten percent of the assessment of the executive officers' annual performance is based on an individual goal that is development, succession or leadership orientated. In addition to their review of executive officer development and succession, the Board is regularly updated on key talent indicators for the overall workforce, including diversity and development programs.

In the event the Chairman of the Board and/or the CEO is unable to serve, (i) the Lead Trustee shall automatically be appointed to serve as the interim Chairman, (ii) the Vice Chairman of the Board (or the Chairman if there is no Vice Chairman) shall automatically be appointed to serve as the interim CEO and (iii) the Chair of the Compensation Committee will

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promptly call a meeting to initiate the process for the selection of a permanent replacement for either or both positions.

Certain Relationships and Related Transactions

The Company has adopted a Code of Ethics and Business Conduct that applies to all trustees and employees. The purpose of the Code of Ethics and Business Conduct is to promote honest and ethical conduct, including the ethical handling of actual or apparent conflicts of interest between personal and professional relationships; to promote full, fair, accurate, timely and understandable disclosure in periodic reports required to be filed by the Company; and to promote compliance with all applicable rules and regulations that apply to the Company and its officers, employees and trustees.

The Audit Committee has responsibility for reviewing the Company's written policies relating to the avoidance of conflicts of interest and reviewing any proposed related party transactions. Pursuant to such policy, the Company discloses the following with respect to related party transactions:

No trustees or executive officers are indebted to the Company under any Company loans.

The Audit Committee approved a transaction in July 2011 whereby ERP Operating Limited Partnership (the Operating Partnership), of which the Company is the general partner, leases its corporate headquarters pursuant to a ten-year lease from an entity controlled by Mr. Zell. While the rules of the Securities and Exchange Commission (SEC) classify this lease as a material related-party transaction due to Mr. Zell's position on the Board, the Company deems the lease to be immaterial and no different than any other office lease transaction that the Company could have entered into on arms-length terms at the same time. Specifically, an independent commercial office brokerage firm confirmed at the inception of the lease that the lease had terms that were equivalent to, or more tenant-friendly than, any other arms-length office lease with a ten-year term, entered into at the time, for similar space in Chicago's West Loop neighborhood. Furthermore, the lease does not, in the Company's opinion, affect Mr. Zell's ability to act in the best interests of the Company and its shareholders as the amount of lease income is insignificant for Mr. Zell in relation to his considerable net worth. Amounts incurred by the Company for the office lease and related office facility services in 2013 totaled \$1,747,984.

Trustee Resignation Policy

The Company has a majority vote standard for the election of trustees in uncontested elections which incorporates a trustee resignation policy for any trustee who does not receive the requisite vote. This resignation policy requires that any trustee nominee who is not elected by a majority of votes cast must promptly tender his or her resignation to the Board. The Board would then decide within 90 days following certification of the shareholder vote, through a process managed by the Corporate Governance Committee and excluding the nominee in question, whether to accept or reject the tendered resignation, or whether other action is recommended. The Board would promptly publically disclose its decision and rationale.

Table of Contents**GOVERNANCE OF THE COMPANY***Share Ownership Guidelines*

In keeping with its belief that aligning the financial interests of the Company's executive officers and trustees with those of the shareholders will result in enhanced shareholder value, the Board has established the following executive officer and trustee share ownership guidelines:

Position	Minimum Share Ownership
CEO	5x base salary
Executive Vice Presidents	3x base salary
Senior Vice Presidents	1x base salary
Trustees	\$250,000

Executive officers and trustees have three years to comply with the ownership requirements, and all of our named executive officers and trustees are in compliance. In fact, Mr. Neithercut's December 31, 2013 share holdings of over \$27,800,000 exceeds his share ownership requirement by 5 times, and the other named executive officers as a group on average exceed their required share ownership requirements by 2.5 times.

The following count toward fulfillment of ownership guidelines:

Company shares excluding pledged shares. None of the Company's executive officers' holdings are pledged.

Limited partnership interests (OP Units) in the Operating Partnership which are exchangeable on a one-for-one basis into the Company's common shares.

Long-Term Incentive Plan (LTIP) Units in the Operating Partnership which are convertible on a one-for-one basis into OP Units subject to certain vesting and other tax restrictions.

Restricted shares granted in connection with long-term compensation awards. The LTIP Units and restricted shares are collectively referred to as Share Awards .

Securities Trading Policy

The Company's Securities Trading Policy sets forth guidelines and restrictions applicable to trustees and executive officers of the Company regarding transactions involving Company securities. Pursuant to this policy, the Company regularly imposes a trading moratorium on all trustees and all high level officers from time to time when they have knowledge of material non-public information. Among other things, this policy prohibits our trustees and executive officers from engaging in puts, calls or similar options on our common shares or in any derivative equity securities of the Company or selling our shares short. In addition, this policy prohibits trustees and executive officers from entering into hedging arrangements with respect to their holdings of the Company's equity securities that are designed to offset

or reduce the risk of price fluctuations in the underlying security (such as covered calls, collars or other transactions that sever the ultimate alignment with our shareholders' interests).

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Biographical Information and Qualifications of Trustees

Our Trustees bring to the Company's Board a wealth of leadership experience derived from their service as senior executives and, in some cases, leaders of complex organizations, and have the collective experience that meets the Company's strategic objectives and contributes to the Board's effectiveness as a whole. They also all bring public board and committee experience and have an understanding of corporate governance practices and trends. The process undertaken by the Corporate Governance Committee in recommending qualified trustee candidates is described under "Trustee Nomination Procedures" below.

Set forth below are biographies of each of our trustees as of April 1, 2014, which include a discussion of the specific skills and expertise that led to the Board's conclusion that such individual should serve as a Trustee of the Company.

SAMUEL ZELL, our founder and the Company's Chairman since our initial public offering in 1993, is Chairman and Chief Executive Officer of Equity Group Investments, LLC, the private entrepreneurial investment firm he founded more than 40 years ago. He is also co-founder and chairman of Equity International, a private investment firm focused on real estate-related companies outside the U.S., including three publicly-held portfolio companies listed on the NYSE: Gafisa in Brazil; Xinyuan in China; and Homex in Mexico; and a fourth, BR Malls, Brazil's largest retail property owner and operator, listed on the Bovespa exchange. He also serves as chairman of Anixter International, Inc., Covanta Holding Corporation and Equity LifeStyle Properties, Inc. Previously, Mr. Zell served as chairman of Equity Office Properties Trust, which was sold in February 2007 for \$39 billion in the largest ever private equity transaction at the time, and which delivered an annual total return to shareholders from its initial public offering in July 1997 through its sale of approximately 17%. Mr. Zell served as the chairman of the Tribune Company until December 2012, at which time the Tribune Company emerged from Chapter 11 bankruptcy.

Mr. Zell serves on the JPMorgan National Advisory Board, the President's Advisory Board at the University of Michigan, the Visitor's Committee at the University of Michigan Law School, and with the combined efforts of the University of Michigan Business School, established the Zell/Lurie Entrepreneurial Center. He was appointed a DeRoy Visiting Professor in Honors at the College of Literature, Science and the Arts at the University of Michigan. Mr. Zell received a J.D. from the University of Michigan Law School.

Mr. Zell's Skills and Expertise:

Over 40 years of experience as a chairman, director, and executive of companies in various industries around the world

Active manager of billions of dollars of global investments

Strong track record of stewarding companies towards the maximization of their potential

Recognized as a founder of the modern REIT industry, and a leading driver for increased transparency and disclosure by public companies

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GERALD A. SPECTOR, our Vice Chairman since January 2008, was the Chief Operating Officer of the Tribune Company from December 2009 through December 2010, and served as its Chief Administrative Officer from December 2007 through December 2009. Mr. Spector was Executive Vice President of the Company from March 1993 and Chief Operating Officer of the Company from February 1995 until his retirement in December 2007. He began his real estate career in the early 1970s and has extensive prior public and private board experience as well. Mr. Spector is a Certified Public Accountant.

Mr. Spector's Skills and Expertise:

Demonstrated leadership skills at the corporate board and executive levels

Extensive management and financial experience acquired through 40 years of managing and operating real estate companies through various business cycles

Experienced in driving operational excellence and development of strategic changes in portfolio focus

Audit committee financial expert

CHARLES L. ATWOOD, our Lead Trustee since March 2009, served as Vice Chairman of the Board of Directors of Harrah's Entertainment, Inc. (now known as Caesars Entertainment Corporation), a private gaming and hospitality company, until retiring from Harrah's in December 2008. Mr. Atwood had been Vice Chairman of Harrah's public predecessor company until its sale in January 2008, a member of its Board since 2005, its Chief Financial Officer from 2001 to 2006, and had been with Harrah's and its predecessors since 1979. During his tenure at Harrah's, Mr. Atwood led that company's merger, acquisition and divestiture activities, new development, and design and construction projects, representing tens of billions of dollars of transactions. Mr. Atwood serves as a director of Gala Coral, a private United Kingdom gaming industry company and ALST Casino Holdco, LLC, a private company in the casino and hospitality industry. Mr. Atwood received an M.B.A. in finance from Tulane University.

Mr. Atwood's Skills and Expertise:

Exceptional expertise in dealing with complex accounting, financial, regulatory and risk assessment issues, gained as CFO of a large international corporation

Board and executive leadership experience in a wide range of complicated strategic transactions at multi-faceted companies

Audit committee financial expert, based on prior experience as a CFO

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DAVID J. NEITHERCUT has served as Chief Executive Officer of the Company since January 2006 and President of the Company since May 2005. He was Executive Vice President – Corporate Strategy of the Company from January 2004 to May 2005, and Executive Vice President and Chief Financial Officer of the Company from February 1995 to August 2004. Prior to joining Equity Residential, Mr. Neithercut served as Senior Vice President of Finance for Equity Group Investments, L.L.C., an owner, manager and financier of real estate and corporations. Mr. Neithercut is a director of General Growth Properties, Inc., serves on the Executive Committee of the National Association of Real Estate Investment Trusts (NAREIT) and is a member of the National Multifamily Housing Council. Mr. Neithercut is also a member of the Urban Land Institute and serves on the Policy Advisory Board of the Joint Center for Housing Studies at Harvard University. Mr. Neithercut received an M.B.A. from the Columbia University Graduate School of Business.

Mr. Neithercut's Skills and Expertise:

Uniquely qualified as the active Chief Executive Officer of the Company

Long and successful track record in various leadership roles at the Company and other organizations, including leading the development and execution of the Company's portfolio repositioning over the last 10 years

Wealth of expertise in dealing with complex management, financial and business issues

JOHN W. ALEXANDER has been President of Mallard Creek Capital Partners, Inc., an investment company with interests in real estate, development entities and operating companies, since 1994. He also has been a partner of Meringoff Equities, a real estate investment company, since 1987 and previously served as its Chief Financial Officer and as a managing director. He had earlier careers at Citibank and Toronto-based Cadillac Fairview, which was North America's largest public real estate company at that time.

Mr. Alexander's Skills and Expertise:

Extensive hands-on management experience at various large companies in the real estate industry with similar activities to those of the Company

Important insights gained from many years of board and leadership responsibilities

Great depth of knowledge of the Company's business and strategy

LINDA WALKER BYNOE has been President and Chief Executive Officer of Telemat Ltd., a management consulting firm, since 1995 and served as its Chief Operating Officer from 1989 through 1994. Ms. Bynoe served as a Vice President – Capital Markets for Morgan Stanley from 1985 to 1989, joining the firm in 1978. Ms. Bynoe serves as

a director of Anixter International, Inc., Northern Trust Corporation, Prudential Retail Mutual Funds and is a former director of Simon Property Group, Inc. Ms. Bynoe received an M.B.A. from Harvard Business School.

Ms. Bynoe's Skills and Expertise:

Extensive experience as a director of financial services and other complex companies, including REITs

Diverse consulting and investment experience in various industries

Audit committee financial expert, based on her expertise in accounting and financial risk management, as well as experience on other public company audit committees

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MARY KAY HABEN served as the President-North America for the Wm. Wrigley Jr. Company, a leading confectionary company, until her retirement in February 2011. At Wrigley, Ms. Haben drove growth through new product and packaging innovation, as well as marketing efforts in emerging social media. Prior to joining Wrigley in 2007, Ms. Haben held various executive positions during her 27-year career at Kraft Foods Inc. These included leading significant business divisions and functions for Kraft, driving bottom line growth through marketing innovation and brand positioning efforts, as well as acquisitions and productivity initiatives. She serves as a director of Bob Evans Farms, Inc. and The Hershey Company. Ms. Haben received an M.B.A. from the University of Michigan Ross School of Business.

Ms. Haben's Skills and Expertise:

Substantial experience as a brand builder and consumer products business leader

Proven track record in exceeding consumer expectations through innovation and implementation of business strategies in various markets and media platforms

Valuable perspective to the Board as the Company continues to focus on ways to engage with current and future residents

BRADLEY A. KEYWELL is a co-founder and director of Groupon, Inc.; MediaBank LLC, a provider of integrated media procurement technology; and Echo Global Logistics, Inc., a public transportation management firm. He is also a managing partner of Lightbank, a venture fund, and Meadow Lake Management LLC, an investment and advisory firm. Mr. Keywell is an Adjunct Professor at the University of Chicago Booth School of Business. Mr. Keywell received a J.D. from the University of Michigan Law School.

Mr. Keywell's Skills and Expertise:

Successful entrepreneur in both public and private markets across wide-ranging industries, with strong ability to assess risks relating to new ventures and investments

Recognized leader in incorporating technological innovation to implement corporate strategy, operations and growth

Diverse leadership and management experience

JOHN E. NEAL is a partner of Linden LLC, a private equity firm. Mr. Neal has over 30 years of experience in executive positions in the financial services and banking industries with a primary focus on real estate finance. He led Bank One Corporation's real estate lending and corporate banking businesses until the company was merged with JP

Morgan Chase & Co. in July 2004. Prior to joining Bank One, Mr. Neal led the real estate lending businesses at Kemper Financial Services and Continental Bank. He serves as a trustee of the Calamos Mutual Funds and also serves on the boards of private companies in a wide array of industries. He received an M.B.A. from Harvard Business School.

Mr. Neal's Skills and Expertise:

Deep executive and management leadership experience in the real estate lending industry, during various and challenging business cycles

Audit committee financial expert, based on banking and financial background

Valuable insight into capital markets and trends

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MARK S. SHAPIRO has served as an Executive Producer at Dick Clark Productions, an independent producer of television programming, since September 2012, and was its Chief Executive Officer from May 2010 to September 2012. Mr. Shapiro was the Chief Executive Officer and a director of Six Flags, Inc., the world's largest regional theme park company, from December 2005 through May 2010. Six Flags, Inc. filed a voluntary petition to restructure its debt obligations under Chapter 11 of the U.S. Bankruptcy Code (Chapter 11) in June 2009 and emerged from Chapter 11 in May 2010. Prior to joining Six Flags, Inc., Mr. Shapiro spent 12 years at ESPN, Inc., where he served as Executive Vice President, Programming and Production and in various other capacities. At ESPN, he had significant responsibility in building the strength of the network's brand and garnered numerous Emmy and Peabody awards during his tenure. Mr. Shapiro also currently serves as a director of Live Nation, Inc., Frontier Communications Corporation, and Papa John's International, Inc. Mr. Shapiro served as a director of the Tribune Company, a private media conglomerate, until December 2012, at which time the Tribune Company emerged from Chapter 11 bankruptcy.

Mr. Shapiro's Skills and Expertise:

Business acumen as a CEO and board member of large and complex organizations

Provider of unique and critical insights and innovation in media, marketing and branding strategies

Insights into organizational transformation to deal with diverse economic and market-based challenges

B. JOSEPH WHITE is President Emeritus of the University of Illinois and The James F. Towey Professor of Business and Leadership in the College of Business at the University's Urbana-Champaign campus. Mr. White served as President of the University of Illinois, a \$4.5 billion enterprise with multiple locations and 25,000 employees, from February 2005 to December 2009, and in January 2010 was appointed President Emeritus. Mr. White was a professor at the University of Michigan Business School from 1987 through 2004, served as the Dean of the Business School from 1991 to 2001 and as Interim President of the University of Michigan in 2002. His executive experience has included serving as vice president for management development, personnel and public affairs of Cummins, Inc., a global manufacturing company. Mr. White is a director of Kelly Services, Inc. He previously served as a director of Kaydon Corporation and has served as a director of numerous non-profit boards. Mr. White received an M.B.A. from Harvard Business School and a doctorate in Business Administration from the University of Michigan.

Mr. White's Skills and Expertise:

Specialist in academic studies of leadership and management, human resource management, organizational change and corporate governance

Extensive executive experience dealing with leadership and management challenges faced by large organizations

Commitment to robust observance of corporate governance responsibilities of boards in the public, private and non-profit domains

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The Board has key standing Audit, Compensation and Corporate Governance Committees, which are comprised entirely of trustees who are independent within the meaning of the NYSE listing standards. The Board also has an Executive Committee. The members of the key committees are shown below.

Trustee	Audit Committee (1)	Compensation Committee	Corporate Governance Committee
John W. Alexander		Chair	Member
Charles L. Atwood	Member		Member
Linda Walker Bynoe	Member		
Mary Kay Haben		Member	Member
Bradley A. Keywell		Member	
John E. Neal	Chair		
Mark S. Shapiro	Member		Member
Gerald A. Spector	Member		
B. Joseph White		Member	Chair
Number of Meetings in 2013	9	6	4

(1) The Board has determined that Mr. Atwood, Ms. Bynoe, Mr. Neal and Mr. Spector qualify as an audit committee financial expert as defined by the SEC.

Audit Committee

The Audit Committee is comprised entirely of trustees who meet the independence and financial literacy requirements of the NYSE listing standards. The Audit Committee's responsibilities include providing assistance to the Board in fulfilling its responsibilities with respect to oversight of the integrity of the Company's financial statements, compliance with legal and regulatory requirements, the independent auditor's qualifications, performance and independence and the performance of the Company's internal audit function. The Company's senior internal audit officer reports to the Audit Committee. In accordance with its charter, the Audit Committee has sole authority to appoint and replace the independent auditor, which reports directly to the Committee; approve the engagement fees of the independent auditor; and pre-approve the audit services and any permitted non-audit services provided to the Company. In addition, the Audit Committee reviews the scope of audits as well as the annual audit plan, evaluates matters relating to the audit and internal controls of the Company and reviews and approves all material related party transactions. The Audit Committee holds separate executive sessions, outside the presence of senior management, with the Company's independent auditor and the Company's senior internal audit officer. During 2013, no member of the Audit Committee served on more than two other public company audit committees.

Compensation Committee

The Compensation Committee is comprised entirely of trustees who meet the independence requirements of the NYSE listing standards, and no member of the Committee is a past or present officer or employee of the Company. The Compensation Committee's responsibilities include establishing the Company's general compensation philosophy, overseeing the Company's compensation programs and practices, including incentive and

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equity-based compensation plans, reviewing and approving executive compensation plans in light of corporate goals and objectives, evaluating the performance of the CEO in light of these criteria and recommending the CEO's compensation level based on such evaluation, evaluating the performance of the other executive officers before approving their salaries, bonus and incentive and equity compensation, reviewing and making recommendations concerning proposals by management regarding compensation, bonuses, employment agreements, loans to non-executive employees and other benefits and policies regarding such matters for employees of the Company and overseeing the Company's executive succession and management development plans.

Corporate Governance Committee

The Corporate Governance Committee is comprised entirely of trustees who meet the independence requirements of the NYSE listing standards, and no member of the Committee is a past or present officer or employee of the Company. The Corporate Governance Committee's duties include establishing criteria for recommending candidates for election or reelection to the Board and its committees, considering issues and making recommendations concerning the size, composition, organization and effectiveness of the Board, establishing and overseeing procedures for annual assessment of Board and trustee performance, evaluating issues of corporate governance and shareholder proposals relating to governance matters, and making recommendations to the Board regarding the Company's governance policies and practices, including its Guidelines on Governance and Code of Ethics and Business Conduct. The Corporate Governance Committee identifies individuals qualified to become Board members and will also consider nominees for trustee suggested by shareholders in written submissions to the Company's Corporate Secretary as further described in "Trustee Nomination Procedures" below. The Corporate Governance Committee also contributes to the Board's oversight of enterprise risk management.

Executive Committee

The Executive Committee has the authority within certain parameters to approve proposals to acquire, develop, dispose of and finance investments for the Company. The current members of the Executive Committee are Samuel Zell (Chair), David J. Neithercut, Charles L. Atwood and John E. Neal.

Meetings

During 2013, the Board held five meetings, with an average attendance of 96%. No trustee attended fewer than 75% of the total number of meetings held by the Board and all committees of the Board on which such trustee served. Nine trustees attended the 2013 Annual Meeting of Shareholders. Board members are expected to attend all meetings of the Board and committees of which they are members, as further described in the Company's Guidelines on Governance.

Trustee Nomination Procedures

Trustee Qualifications and Diversity

The Company's Guidelines on Governance set forth the Board's policies for the desired attributes of trustees and the Board as a whole. The Board will seek to ensure that a substantial majority of its members are independent within the NYSE listing standards. Each member of

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the Board must possess the individual qualities of integrity and accountability, informed judgment, financial literacy, high performance standards and must be committed to representing the long-term interests of the Company and the shareholders. The Board values diversity, in its broadest sense, reflecting, but not limited to, profession, geography, gender, ethnicity, skills and experience, and believes that, as a group, the nominees bring a diverse range of perspectives to the Board's deliberations. As a general matter, the Board does not believe it should retain a mandatory retirement age for trustees or establish term limits for trustee service, instead preferring to rely upon its evaluation procedures as the primary method of ensuring that each trustee continues to act in a manner consistent with the best interests of the shareholders, the Board and the Company.

Identifying and Evaluating Nominees

The Corporate Governance Committee regularly assesses the appropriate number of trustees comprising the Board, and whether any vacancies on the Board are expected due to retirement or otherwise. The Corporate Governance Committee considers suggestions of potential trustee candidates made by current Board members, shareholders, professional search firms or other persons. The Corporate Governance Committee may consider those factors it deems appropriate in evaluating trustee candidates including judgment, skill, diversity, strength of character, experience with businesses and organizations comparable in size or scope to the Company, experience and skill relative to other Board members, and specialized knowledge or experience.

The Corporate Governance Committee Chair and all other members of the Corporate Governance Committee (which Committee includes the Lead Trustee), and the Chief Executive Officer (on a non-voting basis), interview potential candidates that the Corporate Governance Committee has deemed qualified and appropriate. If the Committee determines that a potential candidate meets the needs of the Board, has the qualifications and meets the independence standards required by the NYSE as set forth in the Company's Guidelines on Governance, it will recommend the nomination of the candidate to the Board.

Shareholder Nominees

The Corporate Governance Committee will consider properly submitted shareholder nominees for election to the Board and will apply the same evaluation criteria in considering such nominees as it would to persons nominated under any other circumstance. A shareholder wishing to submit to the Corporate Governance Committee a potential nominee for election to the Board for its consideration should follow the same procedure set forth in the Company's Bylaws with respect to shareholder nominees.

Pursuant to the Company's Bylaws, a shareholder of the Company who is a shareholder of record both at the time of giving notice (as described in this paragraph) and at the time of the annual meeting, and who is entitled to vote at such meeting, may nominate individuals for election to the Company's Board of Trustees if the shareholder complies with the following requirements. First, the shareholder must give the Corporate Secretary of the Company timely written notice of nomination. Generally, notice will be timely if it is delivered not earlier than the close of business on the 150th day, nor later than the close of business on t