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AvalonBay Communities, Inc. Announces the Acquisition of Verona Apartments in Bellevue, Washington

ALEXANDRIA, Va.--(BUSINESS WIRE)-- AVALONBAY COMMUNITIES, INC. (NYSE:AVB) announced today that it purchased Verona Apartments, a community of 220 homes in downtown Bellevue, WA, on behalf of its secured investment management fund, AvalonBay Value Added Fund II, L.P. ("Fund II"). The acquisition price was \$33.1 million (or \$150,500 per home), reflecting a discount of approximately 45% below the Company's estimate of replacement cost. Built in 1994, the community is a four story mid-rise over two levels of parking and is located near the Company's existing Avalon Bellevue community. Verona provides easy access to I-405 and over 12 million square feet of retail, entertainment and office space in downtown Bellevue.

Fund II is a private, discretionary investment vehicle with total equity commitments of \$400 million (including a \$125 million equity commitment from AvalonBay). Fund II can employ leverage of up to 65%, allowing for an investment capacity of approximately \$1.1 billion. Fund II has a term of ten years, plus two one-year extension options. The acquisition of Verona Apartments is Fund II's first investment.

The Company is actively seeking new acquisition opportunities. Fund II's investment strategy is to acquire and operate multifamily apartment communities primarily in AvalonBay's high barrier-to-entry markets of the Northeast, Mid-Atlantic, Midwest, and West Coast regions of the U.S. with the objective of creating value through redevelopment, enhanced operations and/or pricing efficiency. Fund II will serve as the exclusive vehicle through which AvalonBay will acquire apartment communities for a period of three years from the initial closing date of August 26, 2008 or until 90% of its committed capital is invested, subject to limited exceptions. Fund II will not include or involve AvalonBay's development activities.

About AvalonBay Communities, Inc.

As of March 31, 2009, the Company owned or held a direct or indirect ownership interest in 173 apartment communities containing 50,291 apartment homes in ten states and the District of Columbia, of which 12 communities were under construction and seven communities were under reconstruction. AvalonBay is in the business of developing,

redeveloping, acquiring, and managing apartment communities in high barrier-to-entry markets of the United States. More information on AvalonBay, an S&P 500 company, may be found on the Company's Web site at <http://www.avalonbay.com>.

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