



P R E S S R E L E A S E

For Immediate News Release  
July 23, 2014

## AVALONBAY COMMUNITIES, INC. ANNOUNCES SECOND QUARTER 2014 OPERATING RESULTS AND UPDATES FULL YEAR 2014 FINANCIAL OUTLOOK

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today Net Income Attributable to Common Stockholders for the quarter ended June 30, 2014 of \$158,086,000. This resulted in Earnings per Share – diluted ("EPS") of \$1.21 for the three months ended June 30, 2014, compared to EPS of \$0.28 for the comparable period of 2013, an increase of 332.1%. For the six months ended June 30, 2014, EPS was \$2.31 compared to EPS of \$0.89 for the comparable period of 2013, an increase of 159.6%.

The increase in EPS for the three and six months ended June 30, 2014 over the respective prior year periods is due primarily to an increase in Net Operating Income ("NOI") from newly developed and acquired communities, including those acquired as part of the Archstone acquisition, as described in the Company's first quarter 2013 earnings release dated April 30, 2013, and a decrease in depreciation expense related to in-place leases acquired as part of the Archstone acquisition. The increase for the six months ended June 30, 2014 is also attributable to a decrease in expensed acquisition costs related to the Archstone acquisition.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the three months ended June 30, 2014 increased 10.3% to \$1.71 from \$1.55 for the comparable period of 2013. FFO per share for the six months ended June 30, 2014 increased 41.9% to \$3.35 from \$2.36 for the comparable period of 2013. FFO per share adjusted for non-routine items as detailed in Attachment 16 ("Core FFO" per share) increased by 4.9% to \$1.70 and 11.0% to \$3.32 for the three and six months ended June 30, 2014, respectively, over the prior year periods.

The following table compares the Company's actual results for FFO per share and Core FFO per share for the quarter ended June 30, 2014 to its April 2014 outlook:

|  | <b>Second Quarter 2014 Results<br/>Comparison to April 2014 Outlook</b> |                |        |
|--|---|----------------|--------|
|  | Per Share   |                |        |
|  | FFO   | Core FFO       |        |
| Projected per share - April 2014 outlook (1) | \$ 1.64   | \$ 1.66        |        |
| Community NOI                                |   | 0.05           | 0.05   |
| JV income                                    |   | 0.05           | 0.01   |
| Overhead and other                           |   | (0.03)         | (0.02) |
| Q2 2014 per share reported results           | <u>\$ 1.71</u>  | <u>\$ 1.70</u> |        |

(1) Represents the mid-point of the Company's April 2014 outlook.

Commenting on the Company's results, Tim Naughton, Chairman and CEO, said, "Our results for the second quarter and year to date are consistent with our original outlook. We expect improving economic conditions will continue to support apartment fundamentals resulting in strong earnings growth for the balance of 2014 from our existing operating communities as well as our lease-up portfolio."

### Operating Results for the Quarter Ended June 30, 2014 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by \$23,675,000, or 6.1%, to \$413,806,000. This increase is primarily due to current and stabilized development communities and growth in Established Community revenue noted below.

The Company updated its Established Communities portfolio, as of April 1, 2014, primarily to incorporate the stabilized assets acquired as part of the Archstone acquisition. The Company's Established Communities' operating results for the three months ended June 30, 2014 include most of the stabilized operating communities acquired as part of the Archstone acquisition.

For Established Communities as of April 1, 2014, which includes 51,524 apartment homes, Average Rental Rates increased by 3.2%, and were partially offset by a decrease in Economic Occupancy of 0.1%, resulting in an increase in rental revenue of 3.1%. Total revenue for Established Communities increased \$9,814,000 to \$329,993,000. Operating expenses for Established Communities increased \$3,500,000, or 3.6%, to \$99,990,000. Accordingly, NOI for Established Communities increased \$6,314,000, or 2.8%, to \$230,003,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the second quarter of 2014 compared to the second quarter of 2013:

| <b>Q2 2014 Compared to Q2 2013 (1)</b> |                |               |              |              |                |
|--|----------------|---------------|--------------|--------------|----------------|
|  | Rental Revenue |               |              |              |                |
|  | Avg Rent       | Ec            |              |              | % of           |
|  | <u>Rates</u>   | <u>Occ</u>    | <u>Opex</u>  | <u>NOI</u>   | <u>NOI (2)</u> |
| New England                            | 3.1 %          | (1.2)%        | 7.4 %        | (0.9)%       | 14.7%          |
| Metro NY/NJ                            | 2.9 %          | — %           | 7.9 %        | 0.9 %        | 25.8%          |
| Mid-Atlantic                           | (1.6)%         | (0.5)%        | 9.9 %        | (6.7)%       | 16.5%          |
| Pacific NW                             | 6.7 %          | (0.7)%        | 5.7 %        | 5.9 %        | 4.7%           |
| No. California                         | 7.1 %          | 0.3 %         | (8.8)%       | 13.7 %       | 19.8%          |
| So. California                         | 3.4 %          | 0.2 %         | 0.5 %        | 5.0 %        | 18.5%          |
| Total                                  | <u>3.2 %</u>   | <u>(0.1)%</u> | <u>3.6 %</u> | <u>2.8 %</u> | <u>100.0%</u>  |

(1) Results based upon revised Established Communities as of April 1, 2014, which includes 51,524 apartment homes.

(2) Total represents each region's % of total NOI from the Company, including discontinued operations.

### Operating Results for the Six Months Ended June 30, 2014 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by \$108,970,000, or 15.4%, to \$814,460,000. This increase is primarily attributable to communities acquired as part of the Archstone acquisition, new developments and growth in Established Community revenue noted below.

The Company's Established Communities' operating results for the six months ended June 30, 2014 do not include any impact from communities acquired as part of the Archstone acquisition.

For Established Communities, which includes 37,137 apartment homes as determined at January 1, 2014, Average Rental Rates increased by 4.1%, and were partially offset by a decrease in Economic Occupancy of 0.4%, resulting in an increase in rental revenue of 3.7%. Total revenue for Established Communities increased \$17,041,000 to \$479,923,000. Operating expenses for Established Communities increased \$8,811,000, or 6.4%, to \$146,043,000. Accordingly, NOI for Established Communities increased \$8,230,000, or 2.5%, to \$333,880,000.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the six months ended June 30, 2014 compared to the six months ended June 30, 2013:

| <b>YTD 2014 Compared to YTD 2013 (1)</b> |                |               |              |              |                |
|--|----------------|---------------|--------------|--------------|----------------|
|  | Rental Revenue |               |              |              |                |
|  | Avg Rent       | Ec            |              |              | % of           |
|  | <u>Rates</u>   | <u>Occ</u>    | <u>Opex</u>  | <u>NOI</u>   | <u>NOI (2)</u> |
| New England                              | 3.4 %          | (1.1)%        | 8.9 %        | (1.2)%       | 14.7 %         |
| Metro NY/NJ                              | 3.4 %          | (0.1)%        | 7.3 %        | 1.6 %        | 25.8 %         |
| Mid-Atlantic                             | (0.1)%         | (0.5)%        | 8.2 %        | (3.9)%       | 16.8 %         |
| Pacific NW                               | 6.5 %          | (0.9)%        | 7.3 %        | 4.8 %        | 4.7 %          |
| No. California                           | 7.6 %          | 0.3%          | 2.5 %        | 9.6 %        | 19.4 %         |
| So. California                           | 4.3 %          | (0.3)%        | 3.0 %        | 4.5 %        | 18.6 %         |
| Total                                    | <u>4.1 %</u>   | <u>(0.4)%</u> | <u>6.4 %</u> | <u>2.5 %</u> | <u>100.0 %</u> |

(1) Results based upon Established Communities as of January 1, 2014, which includes 37,137 apartment homes.

(2) Total represents each region's % of total NOI from the Company, including discontinued operations.

### Development Activity

During the three months ended June 30, 2014, the Company engaged in the following development activity:

The Company completed the development of three communities: AVA University District, located in Seattle, WA; Avalon Morrison Park, located in San Jose, CA; and Avalon Ossining, located in Ossining, NY. These three communities contain an aggregate of 701 apartment homes and were constructed for an aggregate Total Capital Cost of \$191,100,000.

The Company started the construction of four communities: Avalon Irvine III, located in Irvine, CA; Avalon Dublin Station II, located in Dublin, CA; Avalon Huntington Beach, located in Huntington Beach, CA; and Avalon West Hollywood, located in West Hollywood, CA. These communities will contain 1,080 apartment homes when completed and will be developed for an estimated Total Capital Cost of \$421,400,000.

The Company also acquired an interest in two land parcels for development, one of which was acquired through a joint venture in which the Company holds a 70% investment interest, for an aggregate investment of \$32,175,000. The Company anticipates starting construction of apartment communities on both of these land parcels during the next 12 months.

The Company added one Development Right. If developed as expected, this Development Right will contain 439 apartment homes and will be developed for an estimated Total Capital Cost of \$200,000,000.

Overall Development Rights declined from \$3.6 billion at March 31, 2014 to \$3.2 billion at June 30, 2014.

## Redevelopment Activity

During the three months ended June 30, 2014, the Company started the redevelopment of two Eaves branded communities which contain an aggregate of 407 apartment homes and will be redeveloped for an aggregate Total Capital Cost of \$14,800,000, excluding costs incurred prior to the redevelopment. The Company also completed the redevelopment of two AVA branded communities containing an aggregate of 832 apartment homes for an aggregate Total Capital Cost of \$25,400,000, excluding costs incurred prior to the redevelopment.

## Disposition Activity

During the three months ended June 30, 2014, the Company sold two wholly-owned communities. Oakwood Philadelphia, located in Philadelphia, PA, which was acquired as part of the Archstone acquisition in 2013, contains 80 homes, was sold for \$28,875,000, and resulted in a gain in accordance with GAAP of \$3,268,000 and an Economic Gain of \$1,754,000. Avalon Danvers, located in Danvers, MA, containing 433 homes, was sold for \$108,500,000, and resulted in a gain in accordance with GAAP of \$41,021,000 and an Economic Gain of \$23,146,000. Avalon Danvers yielded an unleveraged IRR of 8.7% over a hold period of 8.6 years.

AvalonBay Value Added Fund, L.P. ("Fund I"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of approximately 15.2%, sold three communities containing an aggregate 616 apartment homes for an aggregate sales price of \$90,750,000. The Company's share of the total gain in accordance with GAAP was \$2,972,000.

In July 2014, Fund I sold its final apartment community containing 108 apartment homes for \$34,250,000.

The Residual JV, which consists of three limited liability companies entered into with Equity Residential, completed the disposition of substantially all of its indirect interest in German multifamily real estate assets and the associated property management company. The Company received \$37,992,000 for its proportionate share of proceeds from the dispositions during the three months ended June 30, 2014.

## Liquidity and Capital Markets

At June 30, 2014, the Company did not have any borrowings outstanding under its \$1,300,000,000 unsecured credit facility, and had \$519,126,000 in unrestricted cash and cash in escrow.

The Company's annualized Net Debt-to-EBITDA for the second quarter of 2014 was 5.5 times.

### *New Financing Activity*

In August 2012, the Company commenced a third continuous equity program ("CEP III"), under which the Company may sell up to \$750,000,000 of shares of its common stock from time to time during a 36-month period. During the three months ended June 30, 2014, the Company sold 1,418,959 shares at an average sales price of \$140.94 per share, for net

proceeds of \$196,984,000. As of June 30, 2014, the Company had \$446,286,000 remaining authorized for issuance under this program.

In April 2014, in conjunction with certain requirements associated with the development of Avalon Natick, the Company entered into a \$53,000,000 secured mortgage loan maturing in 2019, with an option to extend the maturity to 2024. The mortgage is comprised of a \$15,000,000 fixed rate note with an interest rate of 2.99% and a \$38,000,000 variable rate note at LIBOR plus 2.00%.

In April 2014, the Company repaid \$150,000,000 principal amount of its 5.375% coupon unsecured notes pursuant to their scheduled maturity.

In June 2014, in conjunction with the disposition of Oakwood Philadelphia, the Company repaid a fixed rate secured mortgage loan in the amount of \$10,427,000 with an interest rate of 6.19% in advance of its November 2015 maturity date. In accordance with the requirements of the master credit agreement governing this and certain other secured borrowings, the Company repaid an additional \$5,914,000 principal amount of secured borrowings for eight other operating communities. The Company incurred a charge for early debt extinguishment of \$412,000.

In June 2014, in conjunction with the disposition of a Fund I operating community that was consolidated by the Company for financial reporting purposes, Fund I repaid its obligation to the Company under a fixed rate secured mortgage loan in the amount of \$21,748,000 with an interest rate of 6.06% in advance of its October 2014 maturity date.

## Third Quarter and Updated Full Year 2014 Outlook

During the year, the Company may update its financial outlook based in part on portfolio trend analysis, including actual rental rates and occupancy levels, in addition to considering changes in economic conditions which differ from the assumptions used in developing the Company's outlook provided earlier in the year.

### *EPS, Projected FFO and Projected Core FFO Outlook*

For the third quarter of 2014, the Company expects EPS in the range of \$1.85 to \$1.93 and expects Projected FFO per share in the range of \$2.11 to \$2.19. For the full year 2014, the Company expects EPS in the range of \$5.60 to \$5.76 and expects Projected FFO per share in the range of \$7.18 to \$7.34.

EPS and Projected FFO per share for the third quarter and full year 2014 are expected to be impacted by non-routine items, which include the Company's recognition of its promoted interest from the expected sale of Avalon Chrystie Place, the operating community owned by CVP I, LLC, a joint venture in which the Company has a 20% equity ownership interest. Adjusting for the recognition of the Company's promoted interest and other non-routine items as detailed in Attachment 16, the Company expects Projected Core FFO per share for the third quarter of 2014 to be in the range of \$1.69 to \$1.75, and \$6.73 to \$6.87 for the full year 2014.

Further detail of the Company's current full year 2014 outlook is available on Attachment 15.

### **Other Matters**

The Company will hold a conference call on July 24, 2014 at 1:00 PM ET to review and answer questions about this release, its second quarter 2014 results, the Attachments (described below) and related matters. To participate on the call, dial 800-768-6569 domestically and 785-830-7992 internationally and use conference id: 1865958.

To hear a replay of the call, which will be available from July 24, 2014 at 6:00 PM ET to July 31, 2014 at 6:00 PM ET, dial 888-203-1112 domestically and 719-457-0820 internationally, and use conference id: 1865958. A webcast of the conference call will also be available at <http://www.avalonbay.com/earnings>, and an on-line playback of the webcast will be available for at least 30 days following the call.

The Company produces Earnings Release Attachments (the "Attachments") that provide detailed information regarding operating, development, redevelopment, disposition and acquisition activity. These Attachments are considered a part of this earnings release and are available in full with this earnings release via the Company's website at <http://www.avalonbay.com/earnings>. To receive future press releases via e-mail, please submit a request through <http://www.avalonbay.com/email>.

In addition to the Attachments, the Company provides a management letter and teleconference presentation that will be available on the Company's website at <http://www.avalonbay.com/earnings> before the market opens July 24, 2014.

### **About AvalonBay Communities, Inc.**

As of June 30, 2014, the Company owned or held a direct or indirect ownership interest in 275 apartment communities containing 82,348 apartment homes in eleven states and the District of Columbia, of which 32 communities were under construction and six communities were under reconstruction. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in high barrier-to-entry markets of the United States. More information may be found on the Company's website at <http://www.avalonbay.com>. For additional information, please contact Jason Reilly, Director of Investor Relations at 703-317-4681.

### **Forward-Looking Statements**

This release, including its Attachments, contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements, which you can identify by the Company's use of words such as "expects," "plans," "estimates," "anticipates," "projects," "intends," "believes," "outlook" and similar expressions that do not relate to historical matters, are based on the Company's expectations, forecasts and assumptions at the time of this release, which may not

be realized and involve risks and uncertainties that cannot be predicted accurately or that might not be anticipated. These could cause actual results to differ materially from those expressed or implied by the forward-looking statements. Risks and uncertainties that might cause such differences include the following, among others: we may abandon development or redevelopment opportunities for which we have already incurred costs; adverse capital and credit market conditions may affect our access to various sources of capital and/or cost of capital, which may affect our business activities, earnings and common stock price, among other things; changes in local employment conditions, demand for apartment homes, supply of competitive housing products, and other economic conditions may result in lower than expected occupancy and/or rental rates and adversely affect the profitability of our communities; delays in completing development, redevelopment and/or lease-up may result in increased financing and construction costs and may delay and/or reduce the profitability of a community; debt and/or equity financing for development, redevelopment or acquisitions of communities may not be available or may not be available on favorable terms; we may be unable to obtain, or experience delays in obtaining, necessary governmental permits and authorizations; expenses may result in communities that we develop or redevelop failing to achieve expected profitability; our assumptions concerning risks relating to our lack of control of joint ventures and our abilities to successfully dispose of certain assets may not be realized; our assumptions and expectations in our financial outlook may prove to be too optimistic. Additional discussions of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 under the heading "Risk Factors" and under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations - Forward-Looking Statements" and in subsequent quarterly reports on Form 10-Q.

The Company does not undertake a duty to update forward-looking statements, including its expected 2014 operating results and other financial data forecasts contained in this release. The Company may, in its discretion, provide information in future public announcements regarding its outlook that may be of interest to the investment community. The format and extent of future outlooks may be different from the format and extent of the information contained in this release.

### **Definitions and Reconciliations**

Non-GAAP financial measures and other capitalized terms, as used in this earnings release, are defined and further explained on Attachment 16, "Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms." Attachment 16 is included in the full earnings release available at the Company's website at <http://www.avalonbay.com/earnings>.

# AvalonBay

COMMUNITIES, INC.

## SECOND QUARTER 2014

Supplemental Operating and Financial Data



Avalon Mosaic  
Fairfax, VA

eaves West Valley  
San Jose, CA

AVA Highline  
New York, NY

AvalonBay offers three distinct brands – Avalon, AVA and eaves by Avalon - each targeted to different customer segments with unique needs and preferences. This expanded brand portfolio helps us reach new customers and better serve our existing residents.

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# SECOND QUARTER 2014

## Supplemental Operating and Financial Data

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The following is a "Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The projections and estimates contained in the following attachments are forward-looking statements that involve risks and uncertainties, and actual results may differ materially from those projected in such statements. Risks associated with the Company's development, redevelopment, construction, and lease-up activities which could impact the forward-looking statements are discussed in the paragraph titled "Forward-Looking Statements" in the release to which these attachments relate. Among other risks, development opportunities may be abandoned; Total Capital Cost of a community may exceed original estimates, possibly making the community uneconomical and/or affecting projected returns; construction and lease-up may not be completed on schedule, resulting in increased debt service and construction costs; and other risks described in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2013 and the Company's Quarterly Reports on Form 10-Q for subsequent quarters, could cause actual results to differ materially from such projections and estimates.

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**Attachment 1**

**AvalonBay Communities, Inc.**  
**Detailed Operating Information**  
**June 30, 2014**

(Dollars in thousands except per share data)  
(unaudited)

|  | Q2<br>2014         | Q2<br>2013         | %<br>Change     | YTD<br>2014        | YTD<br>2013        | %<br>Change    |
|--|--------------------|--------------------|-----------------|--------------------|--------------------|----------------|
| <b>Revenue:</b>  |                    |                    |                 |                    |                    |                |
| Rental and other income  | \$ 411,134         | \$ 375,294         | 9.5 %           | \$ 808,131         | \$ 674,379         | 19.8 %         |
| Management, development and other fees   | 2,672              | 2,913              | (8.3)%          | 5,750              | 5,185              | 10.9 %         |
| <b>Total</b>   | <b>413,806</b>     | <b>378,207</b>     | <b>9.4 %</b>    | <b>813,881</b>     | <b>679,564</b>     | <b>19.8 %</b>  |
| <b>Operating expenses:</b>   |                    |                    |                 |                    |                    |                |
| Direct property operating expenses, excluding property taxes                     | 84,875             | 72,995             | 16.3 %          | 168,509            | 132,486            | 27.2 %         |
| Property taxes   | 42,439             | 41,011             | 3.5 %           | 86,924             | 72,912             | 19.2 %         |
| Property management and other indirect operating expenses                        | 15,047             | 13,774             | 9.2 %           | 28,976             | 25,096             | 15.5 %         |
| <b>Total operating expenses</b>  | <b>142,361</b>     | <b>127,780</b>     | <b>11.4 %</b>   | <b>284,409</b>     | <b>230,494</b>     | <b>23.4 %</b>  |
| Interest expense, net  | (43,722)           | (43,169)           | 1.3 %           | (86,255)           | (81,342)           | 6.0 %          |
| Loss on extinguishment of debt, net  | (412)              | —                  | 100.0 %         | (412)              | —                  | 100.0 %        |
| General and administrative expense   | (10,220)           | (11,345)           | (9.9)%          | (19,456)           | (21,384)           | (9.0)%         |
| Joint venture income (loss) (1) (2)  | 7,710              | (940)              | N/A (4)         | 12,933             | (19,503)           | N/A (4)        |
| Investments and investment management  | (1,137)            | (1,096)            | 3.7 %           | (2,116)            | (2,110)            | 0.3 %          |
| Expensed acquisition, development and other pursuit costs (2)                    | (2,017)            | (3,806)            | (47.0)%         | (2,732)            | (43,865)           | (93.8)%        |
| Depreciation expense   | (110,395)          | (189,977)          | (41.9)%         | (216,762)          | (295,536)          | (26.7)%        |
| Gain on sale of land   | —                  | 240                | (100.0)%        | —                  | 240                | (100.0)%       |
| Gain on sale of communities (3)  | 60,945             | —                  | 100.0 %         | 60,945             | —                  | 100.0 %        |
| <b>Income (loss) from continuing operations</b>                                  | <b>172,197</b>     | <b>334</b>         | <b>N/A (4)</b>  | <b>275,617</b>     | <b>(14,430)</b>    | <b>N/A (4)</b> |
| <b>Discontinued operations:</b>  |                    |                    |                 |                    |                    |                |
| Income from discontinued operations  | —                  | 2,081              | (100.0)%        | 310                | 7,827              | (96.0)%        |
| Gain on sale of discontinued operations  | —                  | 33,682             | (100.0)%        | 37,869             | 118,173            | (68.0)%        |
| <b>Total discontinued operations</b>   | <b>—</b>           | <b>35,763</b>      | <b>(100.0)%</b> | <b>38,179</b>      | <b>126,000</b>     | <b>(69.7)%</b> |
| <b>Net income</b>  | <b>172,197</b>     | <b>36,097</b>      | <b>377.0 %</b>  | <b>313,796</b>     | <b>111,570</b>     | <b>181.3 %</b> |
| Net (income) loss attributable to noncontrolling interests (3)                   | (14,111)           | 121                | N/A (4)         | (13,971)           | 78                 | N/A (4)        |
| <b>Net income attributable to common stockholders</b>                            | <b>\$ 158,086</b>  | <b>\$ 36,218</b>   | <b>336.5 %</b>  | <b>\$ 299,825</b>  | <b>\$ 111,648</b>  | <b>168.5 %</b> |
| <b>Net income attributable to common stockholders per common share - basic</b>   | <b>\$ 1.22</b>     | <b>\$ 0.28</b>     | <b>335.7 %</b>  | <b>\$ 2.31</b>     | <b>\$ 0.90</b>     | <b>156.7 %</b> |
| <b>Net income attributable to common stockholders per common share - diluted</b> | <b>\$ 1.21</b>     | <b>\$ 0.28</b>     | <b>332.1 %</b>  | <b>\$ 2.31</b>     | <b>\$ 0.89</b>     | <b>159.6 %</b> |
| <b>Funds from Operations</b>   | <b>\$ 222,486</b>  | <b>\$ 200,574</b>  | <b>10.9 %</b>   | <b>\$ 435,330</b>  | <b>\$ 294,113</b>  | <b>48.0 %</b>  |
| Per common share - diluted   | \$ 1.71            | \$ 1.55            | 10.3 %          | \$ 3.35            | \$ 2.36            | 41.9 %         |
| <b>Dividends declared - common</b>   | <b>\$ 152,107</b>  | <b>\$ 138,457</b>  | <b>9.9 %</b>    | <b>\$ 302,412</b>  | <b>\$ 276,916</b>  | <b>9.2 %</b>   |
| Per common share   | \$ 1.16            | \$ 1.07            | 8.4 %           | \$ 2.32            | \$ 2.14            | 8.4 %          |
| Average shares and participating securities outstanding - basic                  | 130,065,698        | 129,388,864        | 0.5 %           | 129,784,847        | 124,671,230        | 4.1 %          |
| Average shares outstanding - diluted   | 130,248,321        | 129,595,399        | 0.5 %           | 129,938,232        | 124,879,663        | 4.1 %          |
| <b>Total outstanding common shares and operating partnership units</b>           | <b>131,137,295</b> | <b>129,406,367</b> | <b>1.3 %</b>    | <b>131,137,295</b> | <b>129,406,367</b> | <b>1.3 %</b>   |

- (1) Joint venture income (loss) for the periods presented includes gains on dispositions of unconsolidated communities including the recognition of the Company's promoted interest related to those sales.
- (2) Amounts for the three and six months ended June 30, 2013 include an aggregate of \$8,668 and \$77,939, respectively, of Archstone acquisition related costs of which \$5,095 and \$34,552, respectively, are included as a component of joint venture income (loss).
- (3) Gain on sale of communities for the three and six months ended June 30, 2014 includes \$16,656 related to the sale of a community owned by Fund I that was consolidated for financial reporting purposes. The Company's joint venture partners' 85% interest in this gain of \$14,132 is reported as a component of net (income) loss attributable to noncontrolling interests.
- (4) Percentage change is not meaningful.

**Attachment 2**

**AvalonBay Communities, Inc.**  
**Condensed Consolidated Balance Sheets**  
(Dollars in thousands)  
(unaudited)

|  | June 30,<br>2014 | December 31,<br>2013 |
|--|------------------|----------------------|
| Real estate  | \$ 15,438,675    | \$ 14,749,350        |
| Less accumulated depreciation                      | (2,695,462)      | (2,482,409)          |
| Net operating real estate                          | 12,743,213       | 12,266,941           |
| Construction in progress, including land           | 1,570,883        | 1,582,986            |
| Land held for development                          | 195,673          | 300,364              |
| Operating real estate assets held for sale, net    | —                | 133,918              |
| Total real estate, net                             | 14,509,769       | 14,284,209           |
| Cash and cash equivalents                          | 425,741          | 281,355              |
| Cash in escrow                                     | 93,385           | 98,564               |
| Resident security deposits                         | 29,538           | 26,672               |
| Investments in unconsolidated real estate entities | 318,640          | 367,866              |
| Other assets                                       | 280,878          | 269,477              |
| Total assets                                       | \$ 15,657,951    | \$ 15,328,143        |
| Unsecured notes, net                               | \$ 2,695,112     | \$ 2,594,709         |
| Unsecured credit facility                          | —                | —                    |
| Notes payable                                      | 3,559,762        | 3,539,642            |
| Resident security deposits                         | 48,942           | 44,872               |
| Liabilities related to assets held for sale        | —                | 13,172               |
| Other liabilities                                  | 516,519          | 518,701              |
| Total liabilities                                  | \$ 6,820,335     | \$ 6,711,096         |
| Redeemable noncontrolling interests                | 16,084           | 17,320               |
| Equity   | 8,821,532        | 8,599,727            |
| Total liabilities and equity                       | \$ 15,657,951    | \$ 15,328,143        |



**Attachment 3**

**AvalonBay Communities, Inc.**  
**Sequential Operating Information by Business Segment (1) (2)**  
**June 30, 2014**  
(Dollars in thousands)  
(unaudited)

|   | Total<br>Apartment Homes | Quarter Ended<br>June 30, 2014 | Quarter Ended<br>March 31, 2014 | Quarter Ended<br>December 31, 2013 |
|---|--------------------------|--------------------------------|---------------------------------|------------------------------------|
| <b>RENTAL REVENUE</b>                               |                          |                                |                                 |                                    |
| Established (3)                                     | 51,524                   | \$ 329,829                     | \$ 324,967                      | \$ 324,023                         |
| Other Stabilized (3) (4)                            | 7,999                    | 44,904                         | 43,490                          | 40,743                             |
| Redevelopment (3)                                   | 3,383                    | 20,250                         | 19,792                          | 19,673                             |
| Development (3)                                     | 10,653                   | 11,476                         | 4,797                           | 2,064                              |
| Total Consolidated Communities                      | 73,559                   | \$ 406,459                     | \$ 393,046                      | \$ 386,503                         |
| <b>OPERATING EXPENSE</b>                            |                          |                                |                                 |                                    |
| Established   |                          | \$ 99,990                      | \$ 103,142                      | \$ 102,106                         |
| Other Stabilized (4)                                |                          | 13,379                         | 13,120                          | 12,092                             |
| Redevelopment                                       |                          | 5,936                          | 6,338                           | 6,269                              |
| Development   |                          | 6,638                          | 4,192                           | 2,507                              |
| Total Consolidated Communities                      |                          | \$ 125,943                     | \$ 126,792                      | \$ 122,974                         |
| <b>NOI (2)</b>                                      |                          |                                |                                 |                                    |
| Established   |                          | \$ 230,003                     | \$ 222,064                      | \$ 222,206                         |
| Other Stabilized (4)                                |                          | 32,589                         | 30,435                          | 29,062                             |
| Redevelopment                                       |                          | 14,316                         | 13,456                          | 13,410                             |
| Development   |                          | 4,850                          | 606                             | (442)                              |
| Total Consolidated Communities                      |                          | \$ 281,758                     | \$ 266,561                      | \$ 264,236                         |
| <b>AVERAGE REVENUE PER OCCUPIED HOME (5)</b>        |                          |                                |                                 |                                    |
| Established   |                          | \$ 2,224                       | \$ 2,191                        | \$ 2,189                           |
| Other Stabilized (4)                                |                          | \$ 1,936                       | \$ 1,912                        | \$ 1,887                           |
| Redevelopment                                       |                          | \$ 2,095                       | \$ 2,050                        | \$ 2,062                           |
| <b>ECONOMIC OCCUPANCY (5)</b>                       |                          |                                |                                 |                                    |
| Established   |                          | 96.0%                          | 96.0%                           | 95.8%                              |
| Other Stabilized (4)                                |                          | 95.6%                          | 93.8%                           | 89.0%                              |
| Redevelopment                                       |                          | 95.3%                          | 95.1%                           | 94.0%                              |
| <b>ESTABLISHED COMMUNITIES TURNOVER</b>             |                          |                                |                                 |                                    |
| Current year period / Prior year period (6)         |                          | 57.3% / 58.8%                  | 45.2% / 45.9%                   | 50.0% / 46.5%                      |
| Current year period YTD / Prior year period YTD (6) |                          | 51.2% / 52.4%                  |                                 | 56.7% / 52.8%                      |

- (1) Includes consolidated communities, and excludes amounts related to communities that have been sold, or that are classified as held for sale.
- (2) Results based upon revised reportable operating segments as determined as of April 1, 2014.
- (3) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (4) Results for these communities for quarters prior to January 1, 2014 may reflect community operations prior to stabilization, including periods of lease-up, such that occupancy levels are below what would be considered stabilized.
- (5) For per home rent projections and economic occupancy for Development Communities currently under construction and/or completed in Q2 2014 see Attachment #9, Development Communities.
- (6) Turnover represents the annualized number of units turned over during the quarter, divided by the total number of apartment homes for Established Communities for the respective reporting period.
- (7) Beginning in the fourth quarter of 2013, Non-Rev Capex per home includes apartment homes acquired as part of the Archstone acquisition. In the fourth quarter of 2013, these amounts were pro rated for the portion of 2013 they were owned by the Company.

|      | <b>CAPITALIZED COSTS</b> |                 |                       |
|------|--------------------------|-----------------|-----------------------|
|      |                          |                 | Non-Rev               |
|      | Cap<br>Interest          | Cap<br>Overhead | Capex per<br>Home (7) |
| Q214 | \$18,626                 | \$8,245         | \$71                  |
| Q114 | \$19,679                 | \$8,368         | \$194                 |
| Q413 | \$19,670                 | \$12,763        | \$156                 |
| Q313 | \$17,205                 | \$8,876         | \$118                 |
| Q213 | \$16,824                 | \$8,545         | \$66                  |

**Attachment 4**

**AvalonBay Communities, Inc.**  
**Quarterly Revenue and Occupancy Changes - Established Communities (1)**  
**June 30, 2014**

|                             | Apartment Homes | Average Rental Rates (2) |          |          | Economic Occupancy |       |          | Rental Revenue (\$000s) (3) (4) |            |          |
|-----------------------------|-----------------|--------------------------|----------|----------|--------------------|-------|----------|---------------------------------|------------|----------|
|                             |                 | Q2 14                    | Q2 13    | % Change | Q2 14              | Q2 13 | % Change | Q2 14                           | Q2 13      | % Change |
| <b>New England</b>          |                 |                          |          |          |                    |       |          |                                 |            |          |
| Boston, MA                  | 5,348           | \$ 2,148                 | \$ 2,063 | 4.1 %    | 95.2%              | 96.4% | (1.2)%   | \$ 32,806                       | \$ 31,896  | 2.9 %    |
| Fairfield-New Haven, CT     | 2,354           | 2,243                    | 2,221    | 1.0 %    | 95.3%              | 96.3% | (1.0)%   | 15,098                          | 15,102     | 0.0 %    |
| New England Average         | 7,702           | 2,177                    | 2,111    | 3.1 %    | 95.2%              | 96.4% | (1.2)%   | 47,904                          | 46,998     | 1.9 %    |
| <b>Metro NY/NJ</b>          |                 |                          |          |          |                    |       |          |                                 |            |          |
| New York City, NY           | 3,373           | 3,612                    | 3,542    | 2.0 %    | 96.3%              | 95.7% | 0.6 %    | 35,197                          | 34,306     | 2.6 %    |
| New York - Suburban         | 4,364           | 2,609                    | 2,522    | 3.4 %    | 96.5%              | 96.7% | (0.2)%   | 32,967                          | 31,933     | 3.2 %    |
| New Jersey                  | 4,088           | 2,224                    | 2,150    | 3.4 %    | 96.3%              | 96.8% | (0.5)%   | 26,259                          | 25,525     | 2.9 %    |
| Metro NY/NJ Average         | 11,825          | 2,762                    | 2,684    | 2.9 %    | 96.4%              | 96.4% | — %      | 94,423                          | 91,764     | 2.9 %    |
| <b>Mid-Atlantic</b>         |                 |                          |          |          |                    |       |          |                                 |            |          |
| Washington Metro            | 7,950           | 2,069                    | 2,103    | (1.6)%   | 95.2%              | 95.7% | (0.5)%   | 46,974                          | 47,990     | (2.1)%   |
| Mid-Atlantic Average        | 7,950           | 2,069                    | 2,103    | (1.6)%   | 95.2%              | 95.7% | (0.5)%   | 46,974                          | 47,990     | (2.1)%   |
| <b>Pacific Northwest</b>    |                 |                          |          |          |                    |       |          |                                 |            |          |
| Seattle, WA                 | 3,179           | 1,795                    | 1,682    | 6.7 %    | 96.0%              | 96.7% | (0.7)%   | 16,426                          | 15,497     | 6.0 %    |
| Pacific Northwest Average   | 3,179           | 1,795                    | 1,682    | 6.7 %    | 96.0%              | 96.7% | (0.7)%   | 16,426                          | 15,497     | 6.0 %    |
| <b>Northern California</b>  |                 |                          |          |          |                    |       |          |                                 |            |          |
| San Jose, CA                | 3,295           | 2,303                    | 2,147    | 7.3 %    | 96.8%              | 96.0% | 0.8 %    | 22,037                          | 20,380     | 8.1 %    |
| Oakland-East Bay, CA        | 3,040           | 1,961                    | 1,816    | 8.0 %    | 96.7%              | 96.1% | 0.6 %    | 17,300                          | 15,931     | 8.6 %    |
| San Francisco, CA           | 2,894           | 2,749                    | 2,592    | 6.1 %    | 96.1%              | 96.4% | (0.3)%   | 22,939                          | 21,688     | 5.8 %    |
| Northern California Average | 9,229           | 2,330                    | 2,176    | 7.1 %    | 96.5%              | 96.2% | 0.3 %    | 62,276                          | 57,999     | 7.4 %    |
| <b>Southern California</b>  |                 |                          |          |          |                    |       |          |                                 |            |          |
| Los Angeles, CA             | 7,719           | 1,887                    | 1,835    | 2.8 %    | 96.1%              | 95.7% | 0.4 %    | 41,961                          | 40,663     | 3.2 %    |
| Orange County, CA           | 2,478           | 1,779                    | 1,693    | 5.1 %    | 95.9%              | 96.0% | (0.1)%   | 12,685                          | 12,077     | 5.0 %    |
| San Diego, CA               | 1,442           | 1,735                    | 1,677    | 3.4 %    | 95.7%              | 96.0% | (0.3)%   | 7,180                           | 6,964      | 3.1 %    |
| Southern California Average | 11,639          | 1,845                    | 1,784    | 3.4 %    | 96.0%              | 95.8% | 0.2 %    | 61,826                          | 59,704     | 3.6 %    |
| Average/Total Established   | 51,524          | \$ 2,224                 | \$ 2,154 | 3.2 %    | 96.0%              | 96.1% | (0.1)%   | \$ 329,829                      | \$ 319,952 | 3.1 %    |

(1) Results based upon Established Communities as of April 1, 2014. Established Communities are communities with stabilized occupancy and operating expenses as of April 1, 2013 such that a comparison of Q2 2013 to Q2 2014 is meaningful.

(2) Reflects the effect of concessions amortized over the average lease term.

(3) With concessions reflected on a cash basis, rental revenue from Established Communities increased 3.1% between years.

(4) If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, Established Communities' rental revenue would have increased by 3.3%.

**Attachment 5**

**AvalonBay Communities, Inc.**  
**\*Sequential Quarterly\* Revenue and Occupancy Changes - Established Communities (1)**  
**June 30, 2014**

|                             | Apartment Homes | Average Rental Rates (2) |          |          | Economic Occupancy |       |          | Rental Revenue (\$000s) (3) |            |          |
|-----------------------------|-----------------|--------------------------|----------|----------|--------------------|-------|----------|-----------------------------|------------|----------|
|                             |                 | Q2 14                    | Q1 14    | % Change | Q2 14              | Q1 14 | % Change | Q2 14                       | Q1 14      | % Change |
| <b>New England</b>          |                 |                          |          |          |                    |       |          |                             |            |          |
| Boston, MA                  | 5,348           | \$ 2,148                 | \$ 2,127 | 1.0%     | 95.2%              | 94.9% | 0.3 %    | \$ 32,806                   | \$ 32,377  | 1.3%     |
| Fairfield-New Haven, CT     | 2,354           | 2,243                    | 2,203    | 1.8%     | 95.3%              | 95.4% | (0.1)%   | 15,098                      | 14,839     | 1.7%     |
| New England Average         | 7,702           | 2,177                    | 2,149    | 1.3%     | 95.2%              | 95.0% | 0.2 %    | 47,904                      | 47,216     | 1.5%     |
| <b>Metro NY/NJ</b>          |                 |                          |          |          |                    |       |          |                             |            |          |
| New York City, NY           | 3,373           | 3,612                    | 3,582    | 0.8%     | 96.3%              | 95.8% | 0.5 %    | 35,197                      | 34,743     | 1.3%     |
| New York - Suburban         | 4,364           | 2,609                    | 2,563    | 1.8%     | 96.5%              | 96.6% | (0.1)%   | 32,967                      | 32,409     | 1.7%     |
| New Jersey                  | 4,088           | 2,224                    | 2,182    | 1.9%     | 96.3%              | 96.3% | — %      | 26,259                      | 25,765     | 1.9%     |
| Metro NY/NJ Average         | 11,825          | 2,762                    | 2,723    | 1.4%     | 96.4%              | 96.2% | 0.2 %    | 94,423                      | 92,917     | 1.6%     |
| <b>Mid-Atlantic</b>         |                 |                          |          |          |                    |       |          |                             |            |          |
| Washington Metro            | 7,950           | 2,069                    | 2,053    | 0.8%     | 95.2%              | 96.0% | (0.8)%   | 46,974                      | 46,977     | —%       |
| Mid-Atlantic Average        | 7,950           | 2,069                    | 2,053    | 0.8%     | 95.2%              | 96.0% | (0.8)%   | 46,974                      | 46,977     | —%       |
| <b>Pacific Northwest</b>    |                 |                          |          |          |                    |       |          |                             |            |          |
| Seattle, WA                 | 3,179           | 1,795                    | 1,753    | 2.4%     | 96.0%              | 95.2% | 0.8 %    | 16,426                      | 15,922     | 3.2%     |
| Pacific Northwest Average   | 3,179           | 1,795                    | 1,753    | 2.4%     | 96.0%              | 95.2% | 0.8 %    | 16,426                      | 15,922     | 3.2%     |
| <b>Northern California</b>  |                 |                          |          |          |                    |       |          |                             |            |          |
| San Jose, CA                | 3,295           | 2,303                    | 2,254    | 2.2%     | 96.8%              | 96.6% | 0.2 %    | 22,037                      | 21,521     | 2.4%     |
| Oakland-East Bay, CA        | 3,040           | 1,961                    | 1,911    | 2.6%     | 96.7%              | 96.9% | (0.2)%   | 17,300                      | 16,895     | 2.4%     |
| San Francisco, CA           | 2,894           | 2,749                    | 2,695    | 2.0%     | 96.1%              | 96.7% | (0.6)%   | 22,939                      | 22,615     | 1.4%     |
| Northern California Average | 9,229           | 2,330                    | 2,279    | 2.2%     | 96.5%              | 96.7% | (0.2)%   | 62,276                      | 61,031     | 2.0%     |
| <b>Southern California</b>  |                 |                          |          |          |                    |       |          |                             |            |          |
| Los Angeles, CA             | 7,719           | 1,887                    | 1,864    | 1.2%     | 96.1%              | 96.1% | — %      | 41,961                      | 41,467     | 1.2%     |
| Orange County, CA           | 2,478           | 1,779                    | 1,757    | 1.3%     | 95.9%              | 94.7% | 1.2 %    | 12,685                      | 12,371     | 2.5%     |
| San Diego, CA               | 1,442           | 1,735                    | 1,700    | 2.0%     | 95.7%              | 96.1% | (0.4)%   | 7,180                       | 7,066      | 1.6%     |
| Southern California Average | 11,639          | 1,845                    | 1,821    | 1.3%     | 96.0%              | 95.8% | 0.2 %    | 61,826                      | 60,904     | 1.5%     |
| Average/Total Established   | 51,524          | \$ 2,224                 | \$ 2,191 | 1.5%     | 96.0%              | 96.0% | — %      | \$ 329,829                  | \$ 324,967 | 1.5%     |

(1) Results based upon Established Communities as of April 1, 2014.

(2) Reflects the effect of concessions amortized over the average lease term.

(3) If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, Established Communities' sequential rental revenue would have increased by 1.6%.

**AvalonBay Communities, Inc.**  
**Year To Date Revenue and Occupancy Changes - Established Communities (1)**  
**June 30, 2014**

|                             | Apartment Homes | Average Rental Rates (2) |                   |               | Economic Occupancy |                   |               | Rental Revenue (\$000's) (3) (4) |                   |               |
|-----------------------------|-----------------|--------------------------|-------------------|---------------|--------------------|-------------------|---------------|----------------------------------|-------------------|---------------|
|                             |                 | Year to Date 2014        | Year to Date 2013 | % Change      | Year to Date 2014  | Year to Date 2013 | % Change      | Year to Date 2014                | Year to Date 2013 | % Change      |
| <b>New England</b>          |                 |                          |                   |               |                    |                   |               |                                  |                   |               |
| Boston, MA                  | 5,124           | \$ 2,154                 | \$ 2,061          | 4.5 %         | 95.0%              | 96.1%             | (1.1)%        | \$ 62,904                        | \$ 60,823         | 3.4 %         |
| Fairfield-New Haven, CT     | 2,354           | 2,223                    | 2,201             | 1.0 %         | 95.3%              | 96.3%             | (1.0)%        | 29,937                           | 29,942            | — %           |
| New England Average         | <u>7,478</u>    | <u>2,176</u>             | <u>2,104</u>      | <u>3.4 %</u>  | <u>95.1%</u>       | <u>96.2%</u>      | <u>(1.1)%</u> | <u>92,841</u>                    | <u>90,765</u>     | <u>2.3 %</u>  |
| <b>Metro NY/NJ</b>          |                 |                          |                   |               |                    |                   |               |                                  |                   |               |
| New York City, NY           | 2,196           | 3,594                    | 3,479             | 3.3 %         | 96.9%              | 96.4%             | 0.5 %         | 45,870                           | 44,196            | 3.8 %         |
| New York - Suburban         | 3,968           | 2,576                    | 2,493             | 3.3 %         | 96.5%              | 96.8%             | (0.3)%        | 59,156                           | 57,451            | 3.0 %         |
| New Jersey                  | 4,088           | 2,203                    | 2,130             | 3.4 %         | 96.3%              | 96.6%             | (0.3)%        | 52,024                           | 50,453            | 3.1 %         |
| Metro NY/NJ Average         | <u>10,252</u>   | <u>2,645</u>             | <u>2,559</u>      | <u>3.4 %</u>  | <u>96.5%</u>       | <u>96.6%</u>      | <u>(0.1)%</u> | <u>157,050</u>                   | <u>152,100</u>    | <u>3.3 %</u>  |
| <b>Mid-Atlantic</b>         |                 |                          |                   |               |                    |                   |               |                                  |                   |               |
| Washington Metro            | 4,370           | 1,964                    | 1,966             | (0.1)%        | 95.6%              | 96.1%             | (0.5)%        | 49,254                           | 49,565            | (0.6)%        |
| Mid-Atlantic Average        | <u>4,370</u>    | <u>1,964</u>             | <u>1,966</u>      | <u>(0.1)%</u> | <u>95.6%</u>       | <u>96.1%</u>      | <u>(0.5)%</u> | <u>49,254</u>                    | <u>49,565</u>     | <u>(0.6)%</u> |
| <b>Pacific Northwest</b>    |                 |                          |                   |               |                    |                   |               |                                  |                   |               |
| Seattle, WA                 | 2,591           | 1,790                    | 1,681             | 6.5 %         | 95.6%              | 96.5%             | (0.9)%        | 26,607                           | 25,207            | 5.6 %         |
| Pacific Northwest Average   | <u>2,591</u>    | <u>1,790</u>             | <u>1,681</u>      | <u>6.5 %</u>  | <u>95.6%</u>       | <u>96.5%</u>      | <u>(0.9)%</u> | <u>26,607</u>                    | <u>25,207</u>     | <u>5.6 %</u>  |
| <b>Northern California</b>  |                 |                          |                   |               |                    |                   |               |                                  |                   |               |
| San Jose, CA                | 1,692           | 2,598                    | 2,444             | 6.3 %         | 97.0%              | 96.4%             | 0.6 %         | 25,570                           | 23,923            | 6.9 %         |
| Oakland-East Bay, CA        | 2,064           | 2,038                    | 1,863             | 9.4 %         | 96.8%              | 96.4%             | 0.4 %         | 24,435                           | 22,259            | 9.8 %         |
| San Francisco, CA           | 2,222           | 2,747                    | 2,560             | 7.3 %         | 96.3%              | 96.2%             | 0.1 %         | 35,259                           | 32,829            | 7.4 %         |
| Northern California Average | <u>5,978</u>    | <u>2,460</u>             | <u>2,287</u>      | <u>7.6 %</u>  | <u>96.6%</u>       | <u>96.3%</u>      | <u>0.3 %</u>  | <u>85,264</u>                    | <u>79,011</u>     | <u>7.9 %</u>  |
| <b>Southern California</b>  |                 |                          |                   |               |                    |                   |               |                                  |                   |               |
| Los Angeles, CA             | 3,445           | 1,917                    | 1,845             | 3.9 %         | 96.5%              | 96.6%             | (0.1)%        | 38,224                           | 36,813            | 3.8 %         |
| Orange County, CA           | 1,929           | 1,761                    | 1,679             | 4.9 %         | 95.2%              | 96.0%             | (0.8)%        | 19,402                           | 18,635            | 4.1 %         |
| San Diego, CA               | 1,094           | 1,750                    | 1,677             | 4.4 %         | 95.8%              | 96.0%             | (0.2)%        | 11,001                           | 10,561            | 4.2 %         |
| Southern California Average | <u>6,468</u>    | <u>1,842</u>             | <u>1,766</u>      | <u>4.3 %</u>  | <u>96.0%</u>       | <u>96.3%</u>      | <u>(0.3)%</u> | <u>68,627</u>                    | <u>66,009</u>     | <u>4.0 %</u>  |
| Average/Total Established   | <u>37,137</u>   | <u>\$ 2,241</u>          | <u>\$ 2,153</u>   | <u>4.1 %</u>  | <u>96.0%</u>       | <u>96.4%</u>      | <u>(0.4)%</u> | <u>\$ 479,643</u>                | <u>\$ 462,657</u> | <u>3.7 %</u>  |

(1) Results based upon Established Communities as of January 1, 2014. Established Communities are communities with stabilized occupancy and operating expenses as of January 1, 2013 such that a comparison of 2013 to 2014 is meaningful.

(2) Reflects the effect of concessions amortized over the average lease term.

(3) With concessions reflected on a cash basis, rental revenue from Established Communities increased 3.5% between years.

(4) If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, Established Communities' rental revenue would have increased by 4.1%.

**Attachment 7**

**AvalonBay Communities, Inc.**  
**Quarterly Operating Expenses ("Opex") - Established Communities (1)**  
**June 30, 2014**  
(Dollars in thousands)  
(unaudited)

|  | <b>Q2</b>        | <b>Q2</b>        |                 | <b>Q2 2014 % of</b> |
|--|------------------|------------------|-----------------|---------------------|
|  | <b>2014 (2)</b>  | <b>2013 (2)</b>  | <b>% Change</b> | <b>Total Opex</b>   |
| Property taxes (3)   | \$ 34,110        | \$ 34,696        | (1.7)%          | 34.1%               |
| Payroll (4)  | 22,116           | 21,540           | 2.7 %           | 22.1%               |
| Repairs & maintenance (5)                                    | 17,414           | 15,711           | 10.8 %          | 17.4%               |
| Office operations (6)  | 11,140           | 11,031           | 1.0 %           | 11.2%               |
| Utilities (7)  | 9,439            | 8,360            | 12.9 %          | 9.4%                |
| Insurance (8)  | 3,543            | 3,005            | 17.9 %          | 3.6%                |
| Marketing (9)  | 2,228            | 2,147            | 3.8 %           | 2.2%                |
| <b>Total Established Communities Operating Expenses (10)</b> | <b>\$ 99,990</b> | <b>\$ 96,490</b> | <b>3.6 %</b>    | <b>100.0%</b>       |

- (1) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (2) Results based upon revised reportable operating segments as determined as of April 1, 2014, which includes 51,524 Established Communities apartment homes.
- (3) Property taxes decreased for the three months ended June 30, 2014 primarily due to lower than expected supplemental billings for certain California communities acquired as part of the Archstone acquisition. These decreases are partially offset by increases in rates and assessments, particularly in the Company's East Coast markets and the Pacific Northwest.
- (4) Payroll includes expenses directly related to on-site operations.
- (5) Repairs and maintenance increased for the three months ended June 30, 2014 primarily due to the timing of various maintenance projects.
- (6) Office operations includes administrative costs, land lease expense, bad debt expense and association and license fees.
- (7) Utilities represent aggregate utility costs, net of resident reimbursements. The increase for the three months ended June 30, 2014 over the prior year period is primarily due to increased consumption and rates for electricity and water, and increased trash removal and sewer expenses. The increase between periods also reflects the timing of cost recoveries for utility reimbursements in the prior year period.
- (8) Insurance costs consist of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The increase for the three months ended June 30, 2014 is primarily due to renewals to the property policy and an increase in the Company's earthquake coverage, as well as timing of claims and related recoveries. Insurance costs can exhibit volatility due to the amounts and timing of estimated and actual claim activity and the related recoveries received.
- (9) Marketing costs represent amounts incurred for electronic and print advertising, as well as prospect management and incentive costs. The increase for the three months ended June 30, 2014 is primarily due to increased signage expenses and resident referrals.
- (10) Operating expenses for Established Communities excludes indirect costs for off-site corporate-level property management related expenses, and other support-related expenses.

**Attachment 8**

**AvalonBay Communities, Inc.**  
**Year To Date Operating Expenses ("Opex") - Established Communities (1)**  
**June 30, 2014**  
(Dollars in thousands)  
(unaudited)

|  | Year to Date<br>2014 (2) | Year to Date<br>2013 (2) | % Change    | YTD 2014 % of<br>Total Opex |
|--|--------------------------|--------------------------|-------------|-----------------------------|
| Property taxes (3)   | \$ 48,963                | \$ 46,697                | 4.9%        | 33.5%                       |
| Payroll (4)  | 32,562                   | 32,054                   | 1.6%        | 22.3%                       |
| Repairs & maintenance (5)                                    | 23,453                   | 21,243                   | 10.4%       | 16.1%                       |
| Office operations (6)  | 16,565                   | 16,362                   | 1.2%        | 11.3%                       |
| Utilities (7)  | 16,042                   | 12,927                   | 24.1%       | 11.0%                       |
| Insurance (8)  | 5,070                    | 4,936                    | 2.7%        | 3.5%                        |
| Marketing (9)  | 3,388                    | 3,013                    | 12.4%       | 2.3%                        |
| <b>Total Established Communities Operating Expenses (10)</b> | <b>\$ 146,043</b>        | <b>\$ 137,232</b>        | <b>6.4%</b> | <b>100.0%</b>               |

- (1) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (2) Results based upon reportable operating segments as determined as of January 1, 2014, which includes 37,137 Established Communities apartment homes.
- (3) Property taxes increased for the six months ended June 30, 2014 primarily due to increases in rates and assessments, particularly in the Company's East Coast markets and the Pacific Northwest, partially offset by reductions from successful appeals .
- (4) Payroll includes expenses directly related to on-site operations.
- (5) Repairs and maintenance increased for the six months ended June 30, 2014 primarily due to the timing of various maintenance projects and an increase in snow removal costs in the Mid-Atlantic during the first quarter of 2014.
- (6) Office operations includes administrative costs, land lease expense, bad debt expense and association and license fees.
- (7) Utilities represent aggregate utility costs, net of resident reimbursements. The increase for the six months ended June 30, 2014 over the prior year period is primarily due to increased consumption and rates for electricity, gas and steam from the colder than normal temperatures in the first quarter of 2014, primarily in the New England and Metro New York/New Jersey regions, as well as increased trash removal and sewer expenses. The increase between periods also reflects the timing of cost recoveries for utility reimbursements in the prior year period.
- (8) Insurance costs consist of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The increases for the six months ended June 30, 2014 over the prior year period is primarily due to increased premiums from renewals of the Company's policies and an increase in the Company's earthquake coverage, as well as the timing of claims and related recoveries. Insurance costs can exhibit volatility due to the amounts and timing of estimated and actual claim activity and the related recoveries received.
- (9) Marketing costs represent amounts incurred for electronic and print advertising, as well as prospect management and incentive costs.
- (10) Operating expenses for Established Communities excludes indirect costs for off-site corporate-level property management related expenses, and other support-related expenses.

**AvalonBay Communities, Inc.**  
**Development Communities as of June 30, 2014**

| Community Information |          | Number of Apt Homes | Total Capital Cost (millions) (1) | Schedule |                   |          |                             | Avg Rent Per Home (1) | % Complete | % Leased | % Occupied | % Economic Occ. Q2 '14 (1) |
|-----------------------|----------|---------------------|-----------------------------------|----------|-------------------|----------|-----------------------------|-----------------------|------------|----------|------------|----------------------------|
| Development Name      | Location |                     |                                   | Start    | Initial Occupancy | Complete | Full Qtr Stabilized Ops (1) |                       |            |          |            |                            |

**Under Construction:**

|     |                                       |                        |              |                   |         |         |         |         |                |       |       |       |       |
|-----|---------------------------------------|------------------------|--------------|-------------------|---------|---------|---------|---------|----------------|-------|-------|-------|-------|
| 1.  | Avalon Mosaic                         | Tysons Corner, VA      | 531          | \$ 114.5          | Q1 2012 | Q3 2013 | Q4 2014 | Q2 2015 | \$2,085        | 75.5% | 64.8% | 55.7% | 41.3% |
| 2.  | Avalon West Chelsea/AVA High Line (2) | New York, NY           | 710          | 276.1             | Q4 2011 | Q4 2013 | Q1 2015 | Q3 2015 | 3,300          | 48.5% | 47.6% | 37.3% | 31.1% |
| 3.  | Avalon Arlington North                | Arlington, VA          | 228          | 84.9              | Q2 2012 | Q4 2013 | Q3 2014 | Q1 2015 | 2,885          | 86.0% | 82.9% | 68.9% | 32.1% |
| 4.  | Avalon Dublin Station                 | Dublin, CA             | 253          | 77.7              | Q2 2012 | Q1 2014 | Q3 2014 | Q1 2015 | 2,475          | 88.5% | 84.2% | 83.0% | 61.0% |
| 5.  | AVA 55 Ninth                          | San Francisco, CA      | 273          | 121.5             | Q3 2012 | Q1 2014 | Q4 2014 | Q2 2015 | 3,660          | 76.9% | 70.0% | 62.3% | 33.6% |
| 6.  | Avalon Canton                         | Canton, MA             | 196          | 40.9              | Q2 2013 | Q1 2014 | Q3 2014 | Q1 2015 | 1,990          | 95.4% | 74.0% | 66.3% | 37.5% |
| 7.  | Avalon Huntington Station             | Huntington Station, NY | 303          | 83.0              | Q1 2013 | Q1 2014 | Q1 2015 | Q3 2015 | 2,555          | 49.8% | 61.1% | 43.6% | 22.1% |
| 8.  | Memorial Heights Villages             | Houston, TX            | 318          | 54.9              | Q3 2012 | Q1 2014 | Q3 2014 | Q1 2015 | 1,840          | 45.9% | 58.5% | 39.3% | 17.2% |
| 9.  | Avalon Alderwood I                    | Lynnwood, WA           | 367          | 68.4              | Q2 2013 | Q2 2014 | Q2 2015 | Q4 2015 | 1,610          | 31.3% | 30.5% | 21.5% | 7.5%  |
| 10. | Avalon Exeter                         | Boston, MA             | 187          | 123.2             | Q2 2011 | Q2 2014 | Q3 2014 | Q1 2015 | 5,660          | 73.3% | 40.6% | 18.7% | 3.4%  |
| 11. | Avalon Assembly Row/AVA Somerville    | Somerville, MA         | 445          | 122.1             | Q2 2012 | Q2 2014 | Q1 2015 | Q3 2015 | 2,405          | 43.8% | 37.1% | 20.7% | 11.5% |
| 12. | Avalon Berkeley                       | Berkeley, CA           | 94           | 33.7              | Q3 2012 | Q2 2014 | Q3 2014 | Q4 2014 | 2,650          | 63.8% | 60.6% | 50.0% | 8.4%  |
| 13. | Avalon at Stratford                   | Stratford, CT          | 130          | 29.7              | Q3 2013 | Q2 2014 | Q4 2014 | Q2 2015 | 1,915          | 27.7% | 62.3% | 23.1% | 3.1%  |
| 14. | Avalon San Dimas                      | San Dimas, CA          | 156          | 41.4              | Q2 2013 | Q3 2014 | Q1 2015 | Q3 2015 | 1,990          | 23.1% | 27.6% | 9.0%  | -     |
| 15. | AVA Little Tokyo (2)                  | Los Angeles, CA        | 280          | 109.8             | Q4 2012 | Q3 2014 | Q2 2015 | Q4 2015 | 2,750          | -     | 13.6% | -     | -     |
| 16. | Avalon North Point Lofts (3)          | Cambridge, MA          | 103          | 28.0              | Q3 2013 | Q3 2014 | Q4 2014 | Q1 2015 | 2,215          | -     | 19.4% | -     | -     |
| 17. | Avalon Wharton                        | Wharton, NJ            | 247          | 55.6              | Q4 2012 | Q1 2015 | Q3 2015 | Q1 2016 | 2,025          | -     | -     | -     | -     |
| 18. | AVA Stuart Street                     | Boston, MA             | 398          | 175.7             | Q1 2013 | Q1 2015 | Q3 2015 | Q1 2016 | 3,750          | -     | -     | -     | -     |
| 19. | Avalon Hayes Valley                   | San Francisco, CA      | 182          | 90.2              | Q3 2013 | Q1 2015 | Q2 2015 | Q4 2015 | 3,495          | -     | -     | -     | -     |
| 20. | Avalon Willoughby Square/AVA DoBro    | Brooklyn, NY           | 826          | 444.9             | Q3 2013 | Q3 2015 | Q4 2016 | Q2 2017 | 3,470          | -     | -     | -     | -     |
| 21. | Avalon Baker Ranch                    | Lake Forest, CA        | 430          | 132.9             | Q4 2013 | Q1 2015 | Q1 2016 | Q3 2016 | 2,140          | -     | -     | -     | -     |
| 22. | Avalon Vista                          | Vista, CA              | 221          | 58.3              | Q4 2013 | Q2 2015 | Q4 2015 | Q2 2016 | 1,965          | -     | -     | -     | -     |
| 23. | Avalon Bloomfield Station             | Bloomfield, NJ         | 224          | 53.4              | Q4 2013 | Q3 2015 | Q1 2016 | Q3 2016 | 2,100          | -     | -     | -     | -     |
| 24. | Avalon Glendora (4)                   | Glendora, CA           | 280          | 82.5              | Q4 2013 | Q3 2015 | Q1 2016 | Q3 2016 | 2,045          | -     | -     | -     | -     |
| 25. | Avalon Roseland                       | Roseland, NJ           | 136          | 46.2              | Q1 2014 | Q2 2015 | Q4 2015 | Q2 2016 | 2,960          | -     | -     | -     | -     |
| 26. | Avalon Hillwood Square                | Falls Church, VA       | 384          | 109.8             | Q1 2014 | Q2 2015 | Q1 2016 | Q3 2016 | 2,300          | -     | -     | -     | -     |
| 27. | Avalon Marlborough                    | Marlborough, MA        | 350          | 77.1              | Q1 2014 | Q2 2015 | Q2 2016 | Q4 2016 | 1,915          | -     | -     | -     | -     |
| 28. | AVA Capitol Hill (2)                  | Seattle, WA            | 249          | 81.4              | Q1 2014 | Q4 2015 | Q2 2016 | Q4 2016 | 2,170          | -     | -     | -     | -     |
| 29. | Avalon Irvine III                     | Irvine, CA             | 156          | 55.0              | Q2 2014 | Q4 2015 | Q1 2016 | Q3 2016 | 2,270          | -     | -     | -     | -     |
| 30. | Avalon Dublin Station II              | Dublin, CA             | 252          | 83.7              | Q2 2014 | Q1 2016 | Q2 2016 | Q4 2016 | 2,390          | -     | -     | -     | -     |
| 31. | Avalon Huntington Beach (2)           | Huntington Beach, CA   | 378          | 120.3             | Q2 2014 | Q3 2016 | Q2 2017 | Q4 2017 | 2,115          | -     | -     | -     | -     |
| 32. | Avalon West Hollywood (2)             | West Hollywood, CA     | 294          | 162.4             | Q2 2014 | Q3 2016 | Q2 2017 | Q4 2017 | 3,495          | -     | -     | -     | -     |
|     | Subtotal / Weighted Average           |                        | <u>9,581</u> | <u>\$ 3,239.2</u> |         |         |         |         | <u>\$2,630</u> |       |       |       |       |

**Completed this Quarter:**

|    |                             |              |               |                   |         |         |         |         |                |        |       |       |       |
|----|-----------------------------|--------------|---------------|-------------------|---------|---------|---------|---------|----------------|--------|-------|-------|-------|
| 1. | AVA University District (2) | Seattle, WA  | 283           | \$ 75.2           | Q2 2012 | Q3 2013 | Q2 2014 | Q4 2014 | \$2,075        | 100.0% | 84.8% | 69.3% | 57.2% |
| 2. | Avalon Morrison Park        | San Jose, CA | 250           | 79.1              | Q3 2012 | Q4 2013 | Q2 2014 | Q4 2014 | 2,825          | 100.0% | 97.2% | 94.8% | 52.9% |
| 3. | Avalon Ossining             | Ossining, NY | 168           | 36.8              | Q4 2012 | Q1 2014 | Q2 2014 | Q4 2014 | 2,395          | 100.0% | 86.3% | 77.4% | 36.6% |
|    | Subtotal / Weighted Average |              | <u>701</u>    | <u>\$ 191.1</u>   |         |         |         |         | <u>\$2,420</u> |        |       |       |       |
|    | Total / Weighted Average    |              | <u>10,282</u> | <u>\$ 3,430.3</u> |         |         |         |         | <u>\$2,615</u> |        |       |       |       |

**Asset Cost Basis (millions) (5):**

|  |                   |                                   |      |
|--|-------------------|-----------------------------------|------|
| Total Capital Cost, under construction and completed | \$ 3,541.7        | Weighted Average Projected NOI as | 6.4% |
| Total Capital Cost, disbursed to date                | (2,276.8)         | a % of Total Capital Cost (1)     |      |
| Total Capital Cost, remaining to invest              | <u>\$ 1,264.9</u> |                                   |      |

- (1) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (2) Developments containing at least 10,000 square feet of retail space include AVA University District (12,000 sf), Avalon West Chelsea (21,000 sf), AVA Little Tokyo (19,000 sf), AVA Capitol Hill (15,000 sf), Avalon Huntington Beach (10,000 sf), and Avalon West Hollywood (32,000 sf).
- (3) This community is being developed under a legacy Archstone joint venture structure in which the Company's total equity interest is 20%.
- (4) During the quarter, the Company approved the expansion of this development providing for an additional 24 apartment homes for an additional capital cost of \$7.4 million.
- (5) Includes the communities presented on this attachment plus two additional communities with 714 apartment homes representing \$133.8 million in total capital costs which have completed construction but not yet achieved Stabilized Operations for the full quarter. Excludes future starts and unrelated third party partners interest in unconsolidated joint ventures. Q2 2014 NOI for these 37 communities was \$5.8 million.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the second quarter of 2014.

**Attachment 10**

**AvalonBay Communities, Inc.  
Redevelopment Communities as of June 30, 2014**

| Community Information                     |                          | Number of Apt Homes | Total Capital Cost (1)(2) (millions) | Schedule                 |         |          |                      | Avg Post-Renovated Rent Per Home (2) | Homes Completed @ 6/30/2014 |       |
|---|--------------------------|---------------------|--------------------------------------|--------------------------|---------|----------|----------------------|--------------------------------------|-----------------------------|-------|
| Community Name                            | Location                 |                     |                                      | Acquisition / Completion | Start   | Complete | Restabilized Ops (2) |                                      |                             |       |
| <b>Under Redevelopment: (3)</b>           |                          |                     |                                      |                          |         |          |                      |                                      |                             |       |
| 1.  | AVA Back Bay (4)         | Boston, MA          | 271                                  | \$ 21.0                  | Q3 1998 | Q1 2013  | Q1 2015              | Q3 2015                              | \$ 3,320                    | ...   |
| 2.  | Eaves Creekside          | Mountain View, CA   | 294                                  | 11.9                     | Q4 1997 | Q3 2013  | Q4 2014              | Q2 2015                              | 2,260                       | 208   |
| 3.  | AVA Pacific Beach        | San Diego, CA       | 564                                  | 23.6                     | Q4 1997 | Q1 2014  | Q1 2016              | Q3 2016                              | 1,665                       | 44    |
| 4.  | Avalon Tysons Corner (5) | McLean, VA          | 558                                  | 9.0                      | Q4 1997 | Q1 2014  | Q4 2014              | Q2 2015                              | 2,015                       | 41    |
| 5.  | Eaves Burlington         | Burlington, MA      | 203                                  | 5.6                      | Q4 2012 | Q2 2014  | Q4 2014              | Q2 2015                              | 1,710                       | 3     |
| 6.  | Eaves Dublin             | Dublin, CA          | 204                                  | 9.2                      | Q2 1997 | Q2 2014  | Q1 2015              | Q3 2015                              | 2,095                       | ...   |
| Subtotal / Weighted Average               |                          |                     | 2,094                                | \$ 80.3                  |         |          |                      |                                      | \$ 2,100                    | 296   |
| <b>Completed this Quarter: (6)</b>        |                          |                     |                                      |                          |         |          |                      |                                      |                             |       |
| 1.  | AVA Burbank              | Burbank, CA         | 748                                  | \$ 19.8                  | Q3 1997 | Q4 2012  | Q2 2014              | Q4 2014                              | \$ 1,710                    | 748   |
| 2.  | AVA Pasadena             | Pasadena, CA        | 84                                   | 5.6                      | Q1 2012 | Q2 2013  | Q2 2014              | Q4 2014                              | 2,070                       | 84    |
| Subtotal / Weighted Average               |                          |                     | 832                                  | \$ 25.4                  |         |          |                      |                                      | \$ 1,745                    | 832   |
| Total / Weighted Average                  |                          |                     | 2,926                                | \$ 105.7                 |         |          |                      |                                      | \$ 2,000                    | 1,128 |
| <b>Remaining to Invest (millions) (7)</b> |                          |                     | \$ 51.2                              |                          |         |          |                      |                                      |                             |       |

(1) Exclusive of costs incurred prior to redevelopment.

(2) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(3) The Company commenced the redevelopment of Avalon at Prudential Center 2 in Boston, MA during the second quarter of 2014 for an estimated Total Capital Cost of \$22.3 million, excluding costs incurred prior to redevelopment. The redevelopment of this community is primarily focused on the exterior and/or common area and is not expected to have a material impact on community operations. This community, therefore, is included in the Established Community portfolio and not classified as a Redevelopment Community.

(4) In Q2 2014 the Company expanded the scope of the work on AVA Back Bay to include the renovation of approximately 20% of the apartment homes. As a result, the Company is currently classifying this community as a Redevelopment Community.

(5) The scope of the current redevelopment relates to the common areas and approximately 20% of the apartment homes.

(6) The Company assumed responsibility for the redevelopment of Marina Bay, comprised of 205 apartment homes and 229 boat slips, in conjunction with the Archstone acquisition. Marina Bay, located in Marina del Rey, CA, is owned by the Archstone U.S. Fund, in which the Company holds a 28.6% interest. This community completed redevelopment during the second quarter of 2014 for a Total Capital Cost of \$32.0 million, excluding costs incurred prior to redevelopment. All capital necessary for the redevelopment of Marina Bay was contributed to the venture prior to the Company acquiring an interest in the venture.

(7) Represents the total amount of capital remaining to be spent on the six Redevelopment Communities that are listed as underway. Includes the communities presented on this attachment and excludes future starts.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the second quarter of 2014.



**Attachment 11**

**AvalonBay Communities, Inc.**  
**Future Development as of June 30, 2014**

**DEVELOPMENT RIGHTS (1)**

|   | # of Rights | Estimated<br>Number<br>of Homes | Total Capital<br>Cost (1) (2)<br>(millions) |
|---|-------------|---------------------------------|---|
| <b>Development Rights as of 12/31/2013</b>                          | <b>46</b>   | <b>12,986</b>                   | <b>\$3,778</b>                              |
| <b>Q1 2014</b>  |             |                                 |   |
| Q1 Additions  | 4           | 958                             | \$298                                       |
| Q1 Construction starts  | (4)         | (1,119)                         | (315)                                       |
| Q1 Adjustments to existing Development Rights                       | (1)         | (193)                           | (148)                                       |
| <b>Development Rights as of 3/31/2014</b>                           | <b>45</b>   | <b>12,632</b>                   | <b>\$3,613</b>                              |
| <b>Q2 2014</b>  |             |                                 |   |
| Q2 Additions  | 1           | 439                             | \$200                                       |
| Q2 Construction starts  | (4)         | (1,080)                         | (402)                                       |
| Q2 Adjustments to existing Development Rights                       | (2)         | (641)                           | (166)                                       |
| <b>Development Rights as of 6/30/2014</b>                           | <b>40</b>   | <b>11,350</b>                   | <b>\$3,245</b>                              |
| <br><b>Current Development Rights by Market as of June 30, 2014</b> |             |                                 |   |
| Boston, MA  | 5           | 1,630                           | \$523                                       |
| Fairfield-New Haven, CT   | 1           | 160                             | 40  |
| New York City   | 1           | 167                             | 64  |
| New York Suburban   | 5           | 666                             | 243   |
| New Jersey  | 15          | 4,415                           | 1,086                                       |
| Baltimore, MD   | 1           | 343                             | 69  |
| Washington, DC Metro  | 6           | 1,906                           | 494   |
| Seattle, WA   | 4           | 1,298                           | 359   |
| Oakland-East Bay, CA  | 1           | 439                             | 200   |
| San Francisco, CA   | 1           | 326                             | 167   |
| <b>Total</b>  | <b>40</b>   | <b>11,350</b>                   | <b>\$3,245</b>                              |

(1) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(2) The Company currently owns land (including pursuit costs) in the amount of \$196 million for the future development of 11 of the 40 Development Rights. Construction is expected to commence during the next 12 months on 7 of the 11 Development Rights for which land is owned with a total basis of \$141 million.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the second quarter of 2014.

**Attachment 12**

**AvalonBay Communities, Inc.**  
**Unconsolidated Real Estate Investments**  
**June 30, 2014**  
(Dollars in thousands)  
(unaudited)

| Unconsolidated Real Estate Investments (1)          | # of Communities | Company Ownership Percentage (2) | # of Apartment Homes | NOI (3)          |                  | Debt                |                   |
|---|------------------|----------------------------------|----------------------|------------------|------------------|---------------------|-------------------|
|   |                  |                                  |                      | Q2 2014          | YTD 2014         | Amount (3)          | Interest Rate (4) |
| AvalonBay Value Added Fund, L.P. (Fund I) (5)       | 1                | 15.2%                            | 108                  | \$ 1,343         | \$ 3,075         | \$ 18,554           | 6.13%             |
| AvalonBay Value Added Fund II, L.P. (Fund II)       | 12               | 31.3%                            | 5,051                | 14,639           | 28,756           | 465,866             | 4.34%             |
| Multifamily Partners AC LP                          | 9                | 28.6%                            | 1,730                | 7,404            | 14,730           | 331,733             | 3.84%             |
| Multifamily Partners AC JV LP (6)                   | 2                | 20.0%                            | 818                  | 3,834            | 7,706            | 162,300             | 6.00%             |
| CVP I, LLC  | 1                | 20.0% (7)                        | 361                  | 3,988            | 8,132            | 117,000             | 0.63%             |
| MVP I, LLC  | 1                | 25.0% (7)                        | 313                  | 2,714            | 5,393            | 105,000             | 6.02%             |
| Brandywine Apartments of Maryland, LLC              | 1                | 28.7%                            | 305                  | 1,309            | 2,447            | 24,594              | 4.30%             |
| <b>Total Unconsolidated Real Estate Investments</b> | <b>27</b>        |                                  | <b>8,686</b>         | <b>\$ 35,231</b> | <b>\$ 70,239</b> | <b>\$ 1,225,047</b> | <b>4.24%</b>      |

- (1) Total unconsolidated real estate investments excludes the real estate investments owned through the joint ventures entered into with Equity Residential as part of the Archstone acquisition.
- (2) Company ownership percentages do not reflect the impact of promoted interests.
- (3) NOI and outstanding indebtedness are presented at 100%. NOI includes amounts from communities disposed during the periods presented, and excludes property management fees as the Company serves as the property management company for all ventures except CVP I, LLC and Brandywine Apartments of Maryland, LLC.
- (4) Represents the weighted average interest rate as of June 30, 2014.
- (5) In July 2014, Fund I sold its final apartment community.
- (6) In addition, the venture also owns one Development Community which will contain 103 apartment homes upon completion.
- (7) After the venture makes certain threshold distributions to the third-party partner, we will generally receive approximately 50% of all further distributions. During the three and six months ended June 30, 2014, the Company received distributions of \$1,629 and \$3,090, respectively, in excess of its ownership percentage for its promoted interest in CVP I, LLC, and received distributions of \$123 and \$324, respectively, in excess of its ownership percentage for its promoted interest in MVP I, LLC.

**Attachment 13**

**AvalonBay Communities, Inc.**  
**Debt Structure and Select Debt Metrics**  
**June 30, 2014**  
(Dollars in thousands)  
(unaudited)

| <b>DEBT COMPOSITION AND MATURITIES</b> |                            |                           |                    |
|--|----------------------------|---------------------------|--------------------|
| Debt Composition (1)                   | Amount (2)                 | Average Interest Rate (3) | Maturities (1) (2) |
| Conventional Debt                      |                            |                           | 2014 \$ 9,130      |
| Long-term, fixed rate                  | \$ 4,716,832               |                           | 2015 \$ 604,574    |
| Long-term, variable rate               | 352,774                    |                           | 2016 \$ 285,291    |
| Variable rate facility (4)             | —                          |                           | 2017 \$ 980,748    |
| Subtotal, Conventional                 | <u>5,069,606</u>           | <u>4.3%</u>               | 2018 \$ 96,576     |
| Tax-Exempt Debt                        |                            |                           |                    |
| Long-term, fixed rate                  | 142,108                    |                           |                    |
| Long-term, variable rate               | 945,795                    |                           |                    |
| Subtotal, Tax-Exempt                   | <u>1,087,903</u>           | <u>2.2%</u>               |                    |
| <b>Total Debt</b>                      | <u><b>\$ 6,157,509</b></u> | <u><b>4.0%</b></u>        |                    |

| <b>SELECT DEBT METRICS (5)</b> |             |
|--------------------------------|-------------|
| Net Debt-to-EBITDA             | <u>5.5x</u> |
| Interest Coverage              | <u>5.9x</u> |
| Unencumbered NOI               | <u>69%</u>  |

| <b>DEBT COVENANT COMPLIANCE (5)</b> |  |  |
|-------------------------------------|--|--|
|-------------------------------------|--|--|

| Unsecured Line of Credit Covenants  | June 30, 2014 | Requirement |
|---|---------------|-------------|
| Total Outstanding Indebtedness to Capitalization Value (6)                  | 30.1%         | ≤ 60%       |
| Combined EBITDA to Combined Debt Service                                    | 4.68x         | ≥ 1.50x     |
| Unsecured Indebtedness to Unencumbered Asset Value                          | 17.5%         | ≤ 65%       |
| Secured Indebtedness to Capitalization Value (6)                            | 16.6%         | ≤ 40%       |
| <b>Unsecured Senior Notes Covenants</b>                                     |               |             |
| Total Outstanding Indebtedness to Total Assets (7)                          | 37.5%         | ≤ 60-65%    |
| Secured Indebtedness to Total Assets (7)                                    | 19.4%         | ≤ 40%       |
| Unencumbered Assets to Unsecured Indebtedness                               | 479.4%        | ≥ 150%      |
| Consolidated Income Available for Debt Service to the Annual Service Charge | 5.98x         | ≥ 1.50x     |

(1) The Company has the option to extend the maturity date of \$481,582 and \$692,191 principal amount of indebtedness currently scheduled to mature in 2015 and 2017, respectively. The extension options provide the Company the ability, for a fee, to elect a revised maturity of one or two years beyond the current maturity.

(2) Balances outstanding and amounts due at maturity, exclude any associated issuance discount and mark-to-market premiums.

(3) Rates are as of June 30, 2014 and include costs of financing such as credit enhancement fees, trustees' fees, the impact of interest rate hedges and mark-to-market adjustments.

(4) Represents the Company's \$1.3 billion unsecured credit facility, under which no amounts were outstanding at June 30, 2014.

(5) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(6) Capitalization Value represents the Company's Combined EBITDA for operating communities that the Company has owned for the six months ended June 30, 2014, capitalized at a rate of 6% per annum, plus the book value of Development Communities and real estate acquired during the six months ended June 30, 2014. For discussion of other defined terms, see "Debt Covenant Compliance" in Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(7) Total Assets represents the sum of the Company's undepreciated real estate assets and other assets, excluding accounts receivable. See "Debt Covenant Compliance" in Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

**Attachment 14**

**AvalonBay Communities, Inc.**  
**Summary of Disposition Activity (1)**  
**June 30, 2014**  
(Dollars in thousands)  
(unaudited)

| Number of<br>Communities Sold                                | Weighted Average<br>Hold Period<br>(Years) (3) | Gross Sales<br>Price | GAAP Gain           | Accumulated<br>Depreciation<br>and Other | Economic<br>Gain (Loss) (2) | Weighted Average<br>Initial Year Mkt.<br>Cap Rate (2) (3) | Weighted Average<br>Unleveraged<br>IRR (2) (3) |
|--|--|----------------------|---------------------|--|-----------------------------|---|--|
| <u>2005- 2009:</u>   |  |                      |                     |  |                             |   |  |
| 31 Communities, 1 Office Building,<br>9 Land Parcels (4) (5) | 10.4   | <u>\$ 1,696,237</u>  | <u>\$ 834,276</u>   | <u>\$ 126,694</u>                        | <u>\$ 707,582</u>           | 4.8%  | 15.3%  |
| <u>2010:</u>   |  |                      |                     |  |                             |   |  |
| 3 Communities, 1 Office Building (5)                         | 14.0   | <u>\$ 198,600</u>    | <u>\$ 74,074</u>    | <u>\$ 51,977</u>                         | <u>\$ 22,097</u>            | 6.6%  | 9.8%   |
| <u>2011:</u>   |  |                      |                     |  |                             |   |  |
| 3 Communities, 3 Land Parcels (6)                            | 13.4   | <u>\$ 292,965</u>    | <u>\$ 287,132</u>   | <u>\$ 156,233</u>                        | <u>\$ 130,899</u>           | 5.1%  | 16.0%  |
| <u>2012:</u>   |  |                      |                     |  |                             |   |  |
| 4 Communities, 1 Land Parcel (7)                             | 13.9   | <u>\$ 280,550</u>    | <u>\$ 146,591</u>   | <u>\$ 67,178</u>                         | <u>\$ 79,413</u>            | 5.3%  | 10.6%  |
| <u>2013:</u>   |  |                      |                     |  |                             |   |  |
| 8 Communities, 1 Land Parcel (8)                             | 13.4   | <u>\$ 937,070</u>    | <u>\$ 279,206</u>   | <u>\$ 96,745</u>                         | <u>\$ 182,461</u>           | 4.9%  | 12.8%  |
| <u>2014:</u>   |  |                      |                     |  |                             |   |  |
| 3 Communities (9)  | 10.9   | <u>\$ 190,700</u>    | <u>\$ 82,158</u>    | <u>\$ 31,599</u>                         | <u>\$ 50,559</u>            | 5.3%  | 12.7%  |
| <b>2005 - 2014 Total</b>                                     |  |                      |                     |  |                             |   |  |
| 52 Communities, 2 Office Buildings,<br>14 Land Parcels       | 13.0   | <u>\$ 3,596,122</u>  | <u>\$ 1,703,437</u> | <u>\$ 530,426</u>                        | <u>\$ 1,173,011</u>         | 5.0%  | 14.1%  |

- (1) Provides disposition activity for the most recent 10 year periods and excludes dispositions by Fund I and Fund II and dispositions to joint venture entities in which the Company retains an economic interest.
- (2) See Attachment #16 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.
- (3) For purposes of this attachment, land and office building sales and the disposition of any real estate held in a joint venture for any or all of the Company's investment periods are not included in the calculation of Weighted Average Holding Period, Weighted Average Initial Year Market Cap Rate, or Weighted Average Unleveraged IRR.
- (4) GAAP gains for sales during this period include the Company's proportionate share of communities held by joint ventures and the recovery of any previously recognized impairment losses.
- (5) 2009 and 2010 GAAP and Economic Gain include the recognition of approximately \$2,770 and \$2,675, respectively, in deferred gains for prior year dispositions, recognition of which occurred in conjunction with settlement of associated legal matters.
- (6) 2011 results exclude the Company's proportionate GAAP gain of \$7,675 associated with an asset exchange. 2011 Accumulated Depreciation and Other includes \$20,210 in impairment charges, recorded in prior periods, on two of the land parcels sold.
- (7) 2012 Accumulated Depreciation and Other includes \$16,363 in impairment charges for the land parcel sold. 2012 GAAP and Economic Gains include the recognition of approximately \$1,225 and \$496, respectively, in deferred gains for prior year dispositions and gains for current year dispositions, which occurred in conjunction with settlement of associated legal matters.
- (8) 2013 results include the sale of four Archstone communities for Gross Sales Price and Weighted Average Initial Year Market Cap Rate, but exclude these dispositions for other metrics due to a holding period of less than one year. 2013 Accumulated Depreciation and Other includes \$1,955 in impairment charges, recorded in a prior period, for the Company's basis in the unconsolidated venture sold.
- (9) 2014 results include the sale of one community acquired as part of the Archstone acquisition, which is excluded from the Weighted Average Hold Period and Weighted Average Unleveraged IRR, due to the short hold period.

**2014 Financial Outlook  
As of July 23, 2014**

(Dollars in millions, except per share data)

|   | Annual 2014          |                         |
|---|----------------------|-------------------------|
|   | July 2014<br>Outlook | January 2014<br>Outlook |
| <b>Projected Earnings per Share</b>   | \$5.60 to \$5.76     | \$4.31 to \$4.61        |
| Less - Net gain on asset sales, per share   | \$1.79 to \$1.93     | \$1.02 to \$1.32        |
| Plus - Real estate depreciation, per share  | \$3.37 to \$3.51     | \$3.31 to \$3.61        |
| <b>Projected FFO per share range (1)</b>  | \$7.18 to \$7.34     | \$6.60 to \$6.90        |
| <b>Adjustments from Projected FFO to Projected Core FFO</b>                                 |                      |                         |
| Gain on promoted interest from sale of CVP I, LLC   | \$ 0.44              | \$ —                    |
| Other   | \$ 0.02              | \$ 0.02                 |
| <b>Projected FFO per share change at the mid-point of outlook ranges</b>                    |                      |                         |
| Projected FFO per share change  | 43.8%                | 33.7%                   |
| Projected Core FFO per share change (adjusted for non-routine items in 2013 and 2014)       | 9.1%                 | 8.7%                    |
| <b>Established Communities</b>  |                      |                         |
| <u>Established Communities portfolio - Full Year 2014 vs. Full Year 2013 (2):</u>           |                      |                         |
| Rental revenue change   | 3.5% to 4.1%         | 3.0% to 4.25%           |
| Operating expense change  | 3.0% to 4.0%         | 2.0% to 3.0%            |
| Net Operating Income change   | 3.5% to 4.5%         | 3.0% to 5.0%            |
| <u>Established Communities Effective April 1, 2014 - Q2-Q4 2014 vs. Q2-Q4 2013 (2):</u>     |                      |                         |
| Rental revenue change   | 3.3% to 3.9%         | 3.0% to 4.25%           |
| Operating expense change  | 1.0% to 2.0%         | 2.0% to 3.0%            |
| Net Operating Income change   | 4.0% to 5.0%         | 3.0% to 5.0%            |
| <b>Development and Redevelopment Activity (3)</b>   |                      |                         |
| Development Starts: Expected Total Capital Cost for Communities started in 2014             | \$1,400              | \$1,400                 |
| Development Completions: Expected Total Capital Cost for Communities completed during 2014  | \$1,000              | \$1,100                 |
| Development Spend: Expected Total Capital Cost to be incurred for Communities during 2014   | \$1,200              | \$1,400                 |
| Development homes completed and delivered in 2014   | 4,900                | 5,100                   |
| Development homes occupied in 2014  | 4,700                | 4,700                   |
| Redevelopment Spend: Expected Total Capital Cost to be incurred for Communities during 2014 | \$100                | \$100                   |
| <b>External Funding Activity - Sources (Uses)</b>   |                      |                         |
| New capital from asset sales and new unsecured debt and equity                              | \$1,400              | \$1,500                 |
| Secured and unsecured debt redemptions and amortization                                     | \$(167)              | \$(167)                 |
| Weighted average effective interest rate on maturing debt                                   | 5.50%                | 5.50%                   |
| <b>Capitalized Interest</b>   | \$65 to \$75         | \$70 to \$80            |
| <b>Change in Expensed Overhead (Corporate G&amp;A, Property and Investment Management)</b>  | 0% to 5%             | -5% to +5%              |

(1) This term is a non-GAAP measure or other term that is described more fully on Attachment 16.

(2) Outlook for Established Communities portfolio for full year 2014 excludes communities acquired in the Archstone acquisition. Established Communities Effective April 1, 2014 includes communities acquired in the Archstone acquisition.

(3) Includes 2014 activity discussed in this and the Company's Q1 2014 release.

This chart contains forward-looking statements. Please see the paragraph regarding forward-looking statements on the Table of Contents page relating to the Company's Supplemental Operating and Financial Data for the second quarter of 2014.

## Attachment 16

### AvalonBay Communities, Inc Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms

*This release, including its attachments, contains certain non-GAAP financial measures and other terms. The definition and calculation of these non-GAAP financial measures and other terms may differ from the definitions and methodologies used by other REITs and, accordingly, may not be comparable. The non-GAAP financial measures referred to below should not be considered an alternative to net income as an indication of our performance. In addition, these non-GAAP financial measures do not represent cash generated from operating activities in accordance with GAAP and therefore should not be considered as an alternative measure of liquidity or as indicative of cash available to fund cash needs.*

FFO is determined based on a definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"). FFO is calculated by the Company as Net income or loss attributable to common stockholders computed in accordance with GAAP, adjusted for gains or losses on sales of previously depreciated operating communities, extraordinary gains or losses (as defined by GAAP), cumulative effect of a change in accounting principle, impairment write-downs of depreciable real estate assets, write-downs of investments in affiliates which are driven by a decrease in the value of depreciable real estate assets held by the affiliate and depreciation of real estate assets, including adjustments for unconsolidated partnerships and joint ventures. Management generally considers FFO to be an appropriate supplemental measure of operating performance because, by excluding gains or losses related to dispositions of previously depreciated operating communities 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 one compare the operating performance of a company's real estate between periods or as compared to different companies. A reconciliation of FFO to Net income attributable to common stockholders is as follows (dollars in thousands):

|  | Q2<br>2014        | Q2<br>2013        | YTD<br>2014       | YTD<br>2013       |
|--|-------------------|-------------------|-------------------|-------------------|
| Net income attributable to common stockholders   | \$ 158,086        | \$ 36,218         | \$ 299,825        | \$ 111,648        |
| Depreciation - real estate assets, including discontinued operations and joint venture adjustments | 111,653           | 199,502           | 220,619           | 311,446           |
| Distributions to noncontrolling interests, including discontinued operations                       | 9                 | 8                 | 17                | 16                |
| Gain on sale of unconsolidated entities holding previously depreciated real estate assets          | (449)             | (1,472)           | (449)             | (10,824)          |
| Gain on sale of previously depreciated real estate assets (1)                                      | (46,813)          | (33,682)          | (84,682)          | (118,173)         |
| FFO attributable to common stockholders  | <u>\$ 222,486</u> | <u>\$ 200,574</u> | <u>\$ 435,330</u> | <u>\$ 294,113</u> |
| Average shares outstanding - diluted   | 130,248,321       | 129,595,399       | 129,938,232       | 124,879,663       |
| Earnings (loss) per share - diluted  | <u>\$ 1.21</u>    | <u>\$ 0.28</u>    | <u>\$ 2.31</u>    | <u>\$ 0.89</u>    |
| FFO per common share - diluted   | <u>\$ 1.71</u>    | <u>\$ 1.55</u>    | <u>\$ 3.35</u>    | <u>\$ 2.36</u>    |

(1) Includes the impact of the non-controlling interest portion of the gain on sale of community owned by Fund I that was consolidated for financial reporting purposes.

**Attachment 16**

Core FFO is the Company's FFO as adjusted for the non-routine items outlined in the following table (dollars in thousands):

|  | Q2<br>2014        | Q2<br>2013        | YTD<br>2014       | YTD<br>2013 (2)   |
|--|-------------------|-------------------|-------------------|-------------------|
| FFO, actual  | \$ 222,486        | \$ 200,574        | \$ 435,330        | \$ 294,113        |
| Non-Routine Items                                      |                   |                   |                   |                   |
| Archstone and other acquisition costs                  | 17                | 3,573             | 30                | 43,387            |
| Joint venture (gains) losses and costs                 | (3,951)           | 5,095             | (6,057)           | 35,101            |
| Interest rate protection agreement unrealized gain     | —                 | (1,069)           | —                 | (2,484)           |
| Write-off of Development Rights and retail assets (1)  | 2,564             | —                 | 2,564             | —                 |
| Compensation plan redesign and severance related costs | 300               | 1,475             | 300               | 2,950             |
| Business interruption insurance proceeds               | (587)             | —                 | (587)             | —                 |
| Early extinguishment of debt                           | 412               | —                 | 412               | —                 |
| Gain on sale of land                                   | —                 | (240)             | —                 | (240)             |
| Core FFO   | <u>\$ 221,241</u> | <u>\$ 209,408</u> | <u>\$ 431,992</u> | <u>\$ 372,827</u> |
| Average shares outstanding - diluted                   | 130,248,321       | 129,595,399       | 129,938,232       | 124,879,663       |

(1) Represents write-offs expensed by the Company during the quarter and year to date periods for Development Rights and a retail tenant individually in excess of \$1,000.

(2) The Company issued unsecured notes and common stock for purposes of funding the Archstone acquisition in advance of closing the purchase. This capital markets activity resulted in interest expense of \$834 associated with the unsecured notes, and incremental weighted average shares of the Company's common stock outstanding of 5,527,624 during the six months ended June 30, 2013. The Company has not included the impact of this capital markets activity as a non-routine adjustment for Core FFO.

Projected FFO, as provided within this release in the Company's outlook, is calculated on a basis consistent with historical FFO, and is therefore considered to be an appropriate supplemental measure to projected Net Income from projected operating performance. The Company also anticipates recognizing certain non-routine items in the third quarter and full year 2014. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the third quarter and full year of 2014 to the ranges provided for projected EPS (diluted) and corresponding reconciliation of the ranges for Projected FFO per share to the ranges for Core FFO per share is as follows:

**Attachment 16**

|   | Low<br>Range   | High<br>Range  |
|---|----------------|----------------|
| Projected EPS (diluted) - Q3 2014                       | \$ 1.85        | \$ 1.93        |
| Projected depreciation (real estate related)            | 0.84           | 0.90           |
| Projected gain on sale of operating communities         | (0.58)         | (0.64)         |
| Projected FFO per share (diluted) - Q3 2014             | <u>2.11</u>    | <u>2.19</u>    |
| Gain on Promoted Interest from sale of CVP I, LLC       | (0.43)         | (0.45)         |
| Other   | 0.01           | 0.01           |
| Projected Core FFO per share (diluted) - Q3 2014        | <u>\$ 1.69</u> | <u>\$ 1.75</u> |
|   |                |                |
| Projected EPS (diluted) - Full Year 2014                | \$ 5.60        | \$ 5.76        |
| Projected depreciation (real estate related)            | 3.37           | 3.51           |
| Projected gain on sale of operating communities         | (1.79)         | (1.93)         |
| Projected FFO per share (diluted) - Full Year 2014      | <u>7.18</u>    | <u>7.34</u>    |
| Gain on Promoted Interest from sale of CVP I, LLC       | (0.43)         | (0.45)         |
| Other   | (0.02)         | (0.02)         |
| Projected Core FFO per share (diluted) - Full Year 2014 | <u>\$ 6.73</u> | <u>\$ 6.87</u> |

NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excludes corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, investments and investment management expenses, expensed development and other pursuit costs, net interest expense, gain (loss) on extinguishment of debt, general and administrative expense, joint venture income (loss), depreciation expense, impairment loss on land holdings, gain on sale of real estate assets, gain on sale of discontinued operations, income from discontinued operations and NOI from real estate assets held for sale or that have been sold. The Company considers NOI to be an appropriate supplemental measure to Net Income of operating performance of a community or communities because it helps both investors and management to understand the core operations of a community or communities prior to the allocation of corporate-level property management overhead or general and administrative costs. This is more reflective of the operating performance of a community, and allows for an easier comparison of the operating performance of single assets or groups of assets. In addition, because prospective buyers of real estate have different overhead structures, with varying marginal impact to overhead by acquiring real estate, NOI is considered by many in the real estate industry to be a useful measure for determining the value of a real estate asset or groups of assets.



## Attachment 16

A reconciliation of NOI to Net Income, as well as a breakdown of NOI by operating segment, is as follows (dollars in thousands):

|  | Q2                | Q2                | Q1                | Q4                | YTD               | YTD               |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | 2014 (1)          | 2013 (1)          | 2014 (1)          | 2013 (1)          | 2014 (2)          | 2013 (2)          |
| Net income   | \$ 172,197        | \$ 36,097         | \$ 141,599        | \$ 252,089        | \$ 313,796        | \$ 111,570        |
| Indirect operating expenses, net of corporate income   | 12,343            | 10,852            | 10,818            | 10,881            | 23,161            | 19,894            |
| Investments and investment management expense  | 1,137             | 1,096             | 979               | 836               | 2,116             | 2,110             |
| Expensed acquisition, development and other pursuit costs                                    | 2,017             | 3,806             | 715               | (991)             | 2,732             | 43,865            |
| Interest expense, net  | 43,722            | 43,169            | 42,533            | 44,630            | 86,255            | 81,342            |
| Loss on extinguishment of debt, net  | 412               | —                 | —                 | 14,921            | 412               | —                 |
| General and administrative expense   | 10,220            | 11,345            | 9,236             | 8,312             | 19,456            | 21,384            |
| Joint venture (income) loss  | (7,710)           | 940               | (5,223)           | (5,090)           | (12,933)          | 19,503            |
| Depreciation expense   | 110,395           | 189,977           | 106,367           | 104,807           | 216,762           | 295,536           |
| Gain on sale of real estate assets   | (60,945)          | (240)             | —                 | —                 | (60,945)          | (240)             |
| Gain on sale of discontinued operations  | —                 | (33,682)          | (37,869)          | (160,058)         | (37,869)          | (118,173)         |
| Income from discontinued operations  | —                 | (2,081)           | (310)             | (3,824)           | (310)             | (7,827)           |
| NOI from real estate assets sold or held for sale, not classified as discontinued operations | (2,030)           | (2,308)           | (2,284)           | (2,277)           | (4,314)           | (4,178)           |
| NOI  | <u>\$ 281,758</u> | <u>\$ 258,971</u> | <u>\$ 266,561</u> | <u>\$ 264,236</u> | <u>\$ 548,319</u> | <u>\$ 464,786</u> |
| Established:   |                   |                   |                   |                   |                   |                   |
| New England  | \$ 30,759         | \$ 31,049         | \$ 29,416         | \$ 30,931         | \$ 58,590         | \$ 59,328         |
| Metro NY/NJ  | 66,054            | 65,464            | 63,989            | 65,466            | 109,353           | 107,586           |
| Mid-Atlantic   | 32,531            | 34,867            | 32,800            | 33,515            | 34,784            | 36,190            |
| Pacific NW   | 11,554            | 10,914            | 11,200            | 10,671            | 18,591            | 17,741            |
| No. California   | 47,498            | 41,788            | 45,000            | 42,654            | 65,364            | 59,622            |
| So. California   | 41,607            | 39,607            | 39,659            | 38,969            | 47,198            | 45,183            |
| Total Established  | <u>230,003</u>    | <u>223,689</u>    | <u>222,064</u>    | <u>222,206</u>    | <u>333,880</u>    | <u>325,650</u>    |
| Other Stabilized - AvalonBay   | 32,589            | 21,024            | 30,435            | 29,062            | 49,130            | 31,251            |
| Other Stabilized - Archstone   | N/A               | N/A               | N/A               | N/A               | 121,029           | 81,175            |
| Development/Redevelopment  | 19,166            | 14,258            | 14,062            | 12,968            | 44,280            | 26,710            |
| NOI  | <u>\$ 281,758</u> | <u>\$ 258,971</u> | <u>\$ 266,561</u> | <u>\$ 264,236</u> | <u>\$ 548,319</u> | <u>\$ 464,786</u> |

(1) Results based upon reportable operating segments as determined as of April 1, 2014.

(2) Results based upon reportable operating segments as determined as of January 1, 2014.

NOI as reported by the Company does not include the operating results from discontinued operations (i.e., assets sold during the period January 1, 2013 through December 31, 2013 or classified as held for sale at December 31, 2013) or assets sold or classified as held for sale (i.e., assets sold or classified as held for sale at June 30, 2014 that are not otherwise classified as discontinued operations). A reconciliation of NOI from communities sold, classified as discontinued operations or classified as held for sale, to Net Income for these communities is as follows (dollars in thousands):













