

March 21, 2013



## AvalonBay Communities Announces \$332 Million of Washington, D.C. Area Dispositions

ARLINGTON, Va.--(BUSINESS WIRE)-- **AvalonBay Communities, Inc. (NYSE: AVB)** announced today the disposition of two communities in March 2013. The Company sold Avalon Decoverly, a 564 apartment home community located in Rockville, Maryland, and Crystal House, an 828 apartment home community located in Arlington, Virginia. Crystal House was acquired by the Company as part of its acquisition of certain assets and assumption of certain liabilities of Archstone Enterprise LP (now known as Jupiter Enterprise LP) on February 27, 2013 (the "Archstone Transaction").

Financial information regarding these sales is set forth in the following table (\$ in millions):

	<u>Sales Price</u>
Avalon Decoverly	\$ 135
<u>Crystal House</u>	<u>197</u>
<u>Total</u>	<u>\$ 332</u>

These two communities were sold at a weighted average initial year market capitalization rate of 5.2%. The sale of Crystal House represents the Company's interest in the leasehold improvements on the site. The proceeds from these sales will be used for general corporate purposes.

### Definitions and Notes

Initial Year Market Capitalization Rate is defined by the Company as Projected NOI of a single community for the first 12 months of operations (assuming no repositioning), less estimates for non-routine allowance of approximately \$200 to \$300 per apartment, divided by the gross sales price for the community. The gross sales price is adjusted for transaction

costs and deferred maintenance in determining the Initial Year Market Capitalization Rate for acquisitions. Projected NOI, as referred to above, represents management's estimate of projected rental revenue minus projected operating expenses before interest, income taxes (if any), depreciation, amortization and extraordinary items. For this purpose, management's projection of operating expenses for the community includes a management fee of 3.0% to 3.5%. The Initial Year Market Capitalization Rate, which may be determined in a different manner by others, is a measure frequently used in the real estate industry when determining the appropriate purchase price for a property or estimating the value for the property. Buyers may assign different Initial Year Market Capitalization Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses, including capital expenditure estimates and (ii) may project different rates of change in future rental revenue due to different estimates for changes in rent and occupancy levels. The weighted average Initial Year Market Capitalization Rate is weighted based on the gross sales price of each community (for dispositions) and on the expected total investment in each community (for acquisitions).

Projected NOI, as used within this release in calculating the Initial Year Market Cap Rate for dispositions, represents management's estimate, as of the date of the buyer's valuation, of projected stabilized rental revenue minus projected stabilized operating expenses. In calculating the Initial Year Market Cap Rate, Projected NOI for dispositions is calculated for the first twelve months following the date of the buyer's valuation. Projected stabilized rental revenue represents management's estimate of projected gross potential minus projected stabilized economic vacancy and adjusted for projected stabilized concessions plus projected stabilized other rental revenue. Projected stabilized operating expenses do not include interest, income taxes (if any), depreciation or amortization, or any allocation of corporate-level property management overhead or general and administrative costs. Projected gross potential for dispositions is based on leased rents for occupied homes and management's best estimate of rental levels for homes which are currently unleased, as well as those homes which will become available for lease during the twelve month forward period used to develop Projected NOI.

### **About AvalonBay Communities**

As of March 1, 2013, including the effect of the Archstone Transaction that occurred on February 27, 2013, the Company owned or held an interest in 273 apartment communities containing 81,970 apartment homes in twelve states and the District of Columbia, of which 28 communities were under construction and five communities were under reconstruction. AvalonBay is in the business of developing, redeveloping, acquiring, and managing apartment communities in high barrier-to-entry markets of the United States. More information on AvalonBay, an S&P 500 listed company, may be found on AvalonBay's website at <http://www.avalonbay.com>.

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AvalonBay Communities, Inc.  
Jason Reilley  
Director  
Investor Relations  
703-317-4681

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