

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported): October 27, 2014

AVALONBAY COMMUNITIES, INC.
(Exact name of registrant as specified in its charter)

Commission file number 1-12672

Maryland
*(State or other jurisdiction of
incorporation or organization)*

77-0404318
*(I.R.S. Employer
Identification No.)*

Ballston Tower
671 N. Glebe Rd, Suite 800
Arlington, Virginia 22203
(Address of principal executive offices)(Zip code)

(703) 329-6300
(Registrant's telephone number, including area code)

(Former name, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On October 27, 2014, AvalonBay Communities, Inc. issued a press release announcing its financial results for the third quarter 2014. That release referred to certain attachments with supplemental information that were available on the Company's website. The full text of the press release, including the supplemental information and attachments referred to within the release, are furnished as Exhibit 99.1 and Exhibit 99.2 hereto.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

99.1 Press Release of AvalonBay Communities, Inc. dated October 27, 2014, including Attachments.

99.2 Supplemental discussion of third quarter 2014 operating results (the "Full Release") dated October 27, 2014, including Attachments.

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SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be filed on its behalf by the undersigned hereunto duly authorized.

AVALONBAY COMMUNITIES, INC.

Dated: October 27, 2014

By: /s/ Kevin P. O'Shea

Kevin P. O'Shea
Chief Financial Officer

Exhibit Index

- 99.1 Press Release of AvalonBay Communities, Inc. dated October 27, 2014, including Attachments.
- 99.2 Supplemental discussion of third quarter 2014 operating results (the “Full Release”) dated October 27, 2014, including Attachments.



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

For Immediate News Release
October 27, 2014

AVALONBAY COMMUNITIES, INC. ANNOUNCES THIRD QUARTER 2014 OPERATING RESULTS

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today Net Income Attributable to Common Stockholders for the quarter ended September 30, 2014 of \$241,100,000. This resulted in Earnings per Share – diluted ("EPS") of \$1.83 for the three months ended September 30, 2014, compared to a loss of \$0.08 per share for the comparable period of 2013. For the nine months ended September 30, 2014, EPS was \$4.14 compared to EPS of \$0.80 for the comparable period of 2013, an increase of 417.5%.

The increase in EPS for the three and nine months ended September 30, 2014 over the respective prior year periods is due primarily to (i) an increase in joint venture income resulting from the gains on sales of communities in various ventures, as well as from the Company's promoted interests; (ii) increases in Net Operating Income ("NOI") from newly developed and operating communities; (iii) losses on an interest rate contract in the prior year periods, not present in 2014; and (iv) a decrease in depreciation expense related to in-place leases acquired as part of the Archstone acquisition, as described in the Company's first quarter 2013 earnings release dated April 30, 2013. The increase for the nine months ended September 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 September 30, 2014 increased 81.4% to \$2.14 from \$1.18 for the comparable period of 2013. FFO per share for the nine months ended September 30, 2014 increased 55.1% to \$5.49 from \$3.54 for the comparable period of 2013. FFO per share adjusted for non-routine items as detailed in the Definitions and Reconciliations of this release ("Core FFO" per share) increased by 6.1% to \$1.73 and 9.5% to \$5.05 for the three and nine months ended September 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 third quarter 2014 to its July 2014 outlook:

Third Quarter 2014 Results Comparison to July 2014 Outlook			
	Per Share		
	FFO	Core FFO	
Projected per share - July 2014 outlook (1)	\$ 2.15	\$ 1.72	
Community NOI	0.03	0.03	
Overhead and other	(0.02)	(0.02)	
Joint venture income	(0.01)	0.01	
CEP share issuance	\$ (0.01)	\$ (0.01)	
Q3 2014 per share reported results	\$ 2.14	\$ 1.73	

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

Commenting on the Company's results, Tim Naughton, Chairman and CEO, said, "Our third quarter results were in-line with our expectations. Apartment fundamentals remain healthy across our markets, and support strong performance from our stabilized portfolio and continued value creation from our development platform."

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

For the Company, including discontinued operations, total revenue increased by \$30,222,000, or 7.5%, to \$430,525,000. This increase is primarily due to growth in revenue from 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, which closed in February 2013. The Company's Established Communities' operating results for the three months ended September 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, rental revenue increased 3.7% due to an increase in average rental rates. If the Company were to include planned, current and previously completed redevelopment communities in its *Established Communities* portfolio, the increase in *Established Communities'* rental revenue would have been 3.9%. Total revenue for *Established Communities* increased \$12,191,000 to \$336,452,000. Operating expenses for *Established Communities* increased \$63,000, or 0.1%, to \$102,927,000. Accordingly, NOI for *Established Communities* increased \$12,128,000, or 5.5%, to \$233,525,000.

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

Q3 2014 Compared to Q3 2013					
Established Communities as of April 1, 2014 - 51,524 apartment homes					
	Rental Revenue				
	Avg Rent	Ec	% of		
	Rates	Occ	Opex	NOI	NOI (1)
New England	2.5 %	0.2 %	(0.5)%	4.6 %	14.6%
Metro NY/NJ	3.0 %	0.3 %	3.0 %	3.9 %	26.0%
Mid-Atlantic	(0.6)%	(0.5)%	1.5 %	(2.2)%	15.9%
Pacific NW	5.7 %	0.2 %	(1.6)%	9.4 %	4.8%
No. California	7.6 %	0.1 %	(4.4)%	12.2 %	20.4%
So. California	4.1 %	0.1 %	(0.5)%	6.8 %	18.3%
Total	3.7 %	0.0%	0.1 %	5.5 %	100.0%
(1) Represents each region's % of total NOI from the Company, including discontinued operations.					

Operating Results for the Nine Months Ended September 30, 2014 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by \$139,194,000, or 12.6%, to \$1,244,986,000. 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 nine months ended September 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 3.9%, and were partially offset by a decrease in Economic Occupancy of 0.2%, resulting in an increase in rental revenue of 3.7%. If the Company were to include planned, current and previously completed redevelopment communities in its *Established Communities* portfolio, the increase in *Established Communities'* rental revenue would have been 4.0%. Total revenue for *Established Communities* increased \$26,206,000 to \$726,503,000. Operating expenses for *Established Communities* increased \$11,581,000, or 5.5%, to \$220,808,000. Accordingly, NOI for

Established Communities increased \$14,625,000, or 3.0%, to \$505,695,000.

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

YTD 2014 Compared to YTD 2013					
Established Communities as of January 1, 2014 - 37,137 apartment homes					
	Rental Revenue				
	Avg Rent	Ec	% of		
	Rates	Occ	Opex	NOI	NOI (1)
New England	3.0 %	(0.6)%	5.5%	0.7 %	14.7%
Metro NY/NJ	3.4 %	(0.1)%	5.7%	2.4 %	26.0%
Mid-Atlantic	(0.2)%	(0.5)%	5.9%	(3.3)%	16.1%
Pacific NW	6.3 %	(0.5)%	4.5%	6.3 %	4.8%
No. California	7.6 %	0.2%	7.4%	7.8 %	19.9%
So. California	4.5 %	(0.3)%	3.5%	4.5 %	18.5%
Total	3.9 %	(0.2)%	5.5%	3.0 %	100.0%
(1) Represents each region's % of total NOI from the Company, including discontinued operations.					

Development Activity

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

The Company completed the development of eight communities:

- Avalon Arlington North, located in Arlington, VA;
- Avalon Dublin Station, located in Dublin, CA;
- AVA 55 Ninth, located in San Francisco, CA;
- Avalon Canton at Blue Hills, located in Canton, MA;
- Memorial Heights Villages, located in Houston, TX;
- Avalon Berkeley, located in Berkeley, CA;
- Avalon at Stratford, located in Stratford, CT; and
- Avalon North Point Lofts, located in Cambridge, MA, in which the Company has a 20% ownership interest.

These eight communities contain an aggregate of 1,595 apartment homes and were constructed for an aggregate Total Capital Cost of \$466,100,000.

The Company started the construction of three communities: Avalon Framingham, located in Framingham, MA; Avalon Esterra Park, located in Redmond, WA; and Avalon North Station, located in Boston, MA. These communities will contain 1,165 apartment homes when completed and will be developed for an estimated Total Capital Cost of \$438,600,000.

The Company acquired four land parcels for development, for an aggregate investment of \$37,270,000. The Company has started, or anticipates starting, construction of apartment communities on these land parcels during the next 12 months.

The Company added two development rights. If developed as expected, these development rights will contain 566

apartment homes and will be developed for an estimated Total Capital Cost of \$154,000,000.

The projected Total Capital Cost of overall development rights declined to \$2.9 billion at September 30, 2014 from \$3.2 billion at June 30, 2014 after giving effect to construction starts, the addition of new development rights, and adjustments to existing development rights.

Disposition Activity

In September 2014, CVP I, LLC, the entity that owns Avalon Chrystie Place located in New York, NY containing 361 apartment homes and approximately 71,000 square feet of retail space, sold the community for \$365,000,000. The Company owned a 20.0% interest in the entity, and its share of the gain in accordance with GAAP for the disposition was \$50,478,000. In addition, the Company earned \$57,489,000 for the Company's promoted interest in CVP I, LLC.

During the three months ended September 30, 2014, 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 its final apartment community containing 108 homes for \$34,250,000. The Company's share of the total gain in accordance with GAAP was \$345,000.

During the three months ended September 30, 2014, AvalonBay Value Added Fund II, L.P. ("Fund II"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of approximately 31.3%, sold two communities containing an aggregate of 711 apartment homes for an aggregate sales price of \$166,950,000. The Company's share of the total gain in accordance with GAAP was \$21,624,000.

In conjunction with the disposition of these communities, the respective ventures repaid an aggregate of \$198,961,000 of related secured indebtedness in advance of the scheduled maturity dates. This resulted in charges for prepayment penalties and a write off of deferred financing costs, of which the Company's portion was approximately \$2,339,000, and was reported as a reduction of Joint Venture Income.

Liquidity and Capital Markets

At September 30, 2014, the Company did not have any borrowings outstanding under its \$1,300,000,000 unsecured credit facility, and had \$535,692,000 in unrestricted cash and cash in escrow.

The Company's annualized Net Debt-to-EBITDA for the third quarter of 2014 was 5.2 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 September 30, 2014, the Company sold

650,579 shares at an average sales price of \$153.68 per share (\$151.37 per share net of offering fees and discounts), for net proceeds of \$98,481,000. As of September 30, 2014, the Company had \$346,304,000 remaining authorized for issuance under this program.

On September 9, 2014, based on a market closing price of \$155.83 per share on that date, the Company entered into a forward contract to sell 4,500,000 shares of common stock for an initial forward price of \$151.74 per share, net of offering fees and discounts. The sales price and proceeds achieved by the Company will be determined on the date or dates of settlement, with adjustments during the term of the contract for the Company's dividends as well as for a daily interest factor that varies with changes in the Fed Funds rate. Settlement of the forward contract will occur on one or more dates not later than September 8, 2015.

Fourth Quarter and Updated Full Year 2014 Outlook

For the fourth quarter of 2014, the Company expects EPS in the range of \$1.05 to \$1.11 and expects Projected FFO per share in the range of \$1.74 to \$1.80. For the full year 2014, the Company expects EPS in the range of \$5.19 to \$5.25 and expects Projected FFO per share in the range of \$7.23 to \$7.29.

EPS and Projected FFO per share for the fourth quarter and full year 2014 are expected to be impacted by non-routine items. Adjusting for non-routine items as detailed in the Definitions and Reconciliations of this release, the Company expects Projected Core FFO per share for the fourth quarter of 2014 to be in the range of \$1.73 to \$1.79, and \$6.78 to \$6.84 for the full year 2014.

Fourth Quarter Conference Schedule

The Company is scheduled to participate in NAREIT's REITWorld Conference in Atlanta, GA from November 5-7, 2014, and UBS' Global Real Estate CEO/CFO Conference in London from December 2-3, 2014. During these conferences, Management may discuss the Company's current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; portfolio strategy and other business and financial matters affecting the Company. Details on how to access related materials will be available on the Company's website at <http://www.avalonbay.com/events>.

Other Matters

The Company will hold a conference call on October 28, 2014 at 1:00 PM ET to review and answer questions about this release, its third quarter 2014 results, the Attachments (described below) and related matters. To participate on the call, dial 800-723-6575 domestically and 785-830-1997 internationally and use conference id: 1703289.

To hear a replay of the call, which will be available from October 28, 2014 at 6:00 PM ET to November 3, 2014 at 11:59 PM ET, dial 888-203-1112 domestically and 719-457-0820 internationally, and use conference id: 1703289. 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 on October 28, 2014.

About AvalonBay Communities, Inc.

As of September 30, 2014, the Company owned or held a direct or indirect ownership interest in 274 apartment communities containing 82,333 apartment homes in eleven states and the District of Columbia, of which 27 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 Reilley, 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; the expected proceeds from settlement of our equity forward contract are subject to adjustment for changes in the Fed Funds rate and the amount of dividends we pay on our common stock, and our receipt of settlement proceeds assumes that we will settle the equity forward contract by physical delivery. 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 17, "Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms." Attachment 17 is included in the full earnings release available at the Company's website at <http://www.avalonbay.com/earnings>. This wire distribution includes only definitions and reconciliations of the following non-GAAP financial measures:

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):

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Net income (loss) attributable to common stockholders	\$ 241,100	\$ (10,715)	\$ 540,929	\$ 100,929
Depreciation - real estate assets, including discontinued operations and joint venture adjustments	113,558	164,756	334,177	476,202
Distributions to noncontrolling interests, including discontinued operations	9	8	26	24
Gain on sale of unconsolidated entities holding previously depreciated real estate assets	(72,446)	(688)	(72,897)	(11,512)
Gain on sale of previously depreciated real estate assets (1)	—	—	(84,682)	(118,173)
FFO attributable to common stockholders	<u>\$ 282,221</u>	<u>\$ 153,361</u>	<u>\$ 717,553</u>	<u>\$ 447,470</u>
Average shares outstanding - diluted	131,905,995	129,620,138	130,728,000	126,477,114
Earnings (loss) per share - diluted (2)	<u>\$ 1.83</u>	<u>\$ (0.08)</u>	<u>\$ 4.14</u>	<u>\$ 0.80</u>
FFO per common share - diluted	<u>\$ 2.14</u>	<u>\$ 1.18</u>	<u>\$ 5.49</u>	<u>\$ 3.54</u>

(1) YTD 2014 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.

(2) Earnings (loss) per share - diluted for Q3 2013 determined using weighted average basic shares and participating units outstanding of 129,401,567.

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

	Q3 2014	Q3 2013	YTD 2014	YTD 2013 (1)
FFO, actual	\$ 282,221	\$ 153,361	\$ 717,553	\$ 447,470
Non-Routine Items				
Archstone and other acquisition costs	3	1,824	34	45,250
Joint venture (gains) losses and costs (2)	(54,768)	649	(60,824)	35,271
Loss on interest rate protection agreement	—	53,484	—	51,000
Write-off of development rights and retail assets (3)	—	—	2,564	—
Compensation plan redesign and severance related costs	360	1,775	660	4,725
Business interruption insurance proceeds	—	—	(587)	—
Early extinguishment of consolidated debt	—	—	412	—
Gain on sale of land	—	—	—	(240)
Core FFO	\$ 227,816	\$ 211,093	\$ 659,812	\$ 583,476
Core FFO per share	\$ 1.73	\$ 1.63	\$ 5.05	\$ 4.61
Average shares outstanding - diluted	131,905,995	129,620,138	130,728,000	126,477,114

(1) 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 3,664,835 during the nine months ended September 30, 2013. The Company has not included the impact of this capital markets activity as a non-routine adjustment for Core FFO.

(2) Amounts include the Company's proportionate share of gains and losses from dispositions including the Company's promoted interests, costs associated with the extinguishment of debt, and acquisition costs including certain costs incurred related to the Archstone acquisition.

(3) 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.

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 fourth quarter and full year 2014. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the fourth 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:

	Low Range	High Range
Projected EPS (diluted) - Q4 2014	\$ 1.05	\$ 1.11
Projected depreciation (real estate related)	0.83	0.89
Projected gain on sale of operating communities	(0.14)	(0.20)
Projected FFO per share (diluted) - Q4 2014	1.74	1.80
Non-routine items	(0.01)	(0.01)
Projected Core FFO per share (diluted) - Q4 2014	\$ 1.73	\$ 1.79
Projected EPS (diluted) - Full Year 2014	\$ 5.19	\$ 5.25
Projected depreciation (real estate related)	3.39	3.45
Projected gain on sale of operating communities	(1.35)	(1.41)
Projected FFO per share (diluted) - Full Year 2014	7.23	7.29
Gain on promoted interest from sale of CVP I, LLC	(0.44)	(0.44)
Non-routine items	(0.01)	(0.01)
Projected Core FFO per share (diluted) - Full Year 2014	\$ 6.78	\$ 6.84

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.

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

	Q3	Q3	Q2	Q1	Q4	YTD	YTD
	2014 (1)	2013 (1)	2014 (1)	2014 (1)	2013 (1)	2014 (2)	2013 (2)
Net income (loss)	\$ 241,001	\$ (10,885)	\$ 172,197	\$ 141,599	\$ 252,089	\$ 554,801	\$ 100,681
Indirect operating expenses, net of corporate income	13,173	10,780	12,343	10,818	10,881	36,333	30,673
Investments and investment management expense	1,079	1,043	1,137	979	836	3,195	3,154
Expensed acquisition, development and other pursuit costs	406	2,176	2,017	715	(991)	3,139	46,041
Interest expense, net	46,376	43,945	43,722	42,533	44,630	132,631	127,772
Loss on extinguishment of debt, net	—	—	412	—	14,921	412	—
Loss on interest rate contract	—	53,484	—	—	—	—	51,000
General and administrative expense	11,290	9,878	10,220	9,236	8,312	30,745	31,262
Joint venture (income) loss	(130,592)	(3,260)	(7,710)	(5,223)	(5,090)	(143,527)	16,244
Depreciation expense	111,836	159,873	110,395	106,367	104,807	328,598	455,410
Gain on sale of real estate assets	—	—	(60,945)	—	—	(60,945)	(240)
Gain on sale of discontinued operations	—	—	—	(37,869)	(160,058)	(37,869)	(118,173)
Income from discontinued operations	—	(5,063)	—	(310)	(3,824)	(310)	(12,890)
NOI from real estate assets sold or held for sale, not classified as discontinued operations	(1,216)	(3,535)	(3,417)	(3,739)	(3,707)	(8,373)	(9,587)
NOI	<u>\$ 293,353</u>	<u>\$ 258,436</u>	<u>\$ 280,371</u>	<u>\$ 265,106</u>	<u>\$ 262,806</u>	<u>\$ 838,830</u>	<u>\$ 721,347</u>
Established:							
New England	\$ 31,858	\$ 30,456	\$ 30,759	\$ 29,416	\$ 30,931	\$ 89,693	\$ 89,054
Metro NY/NJ	67,255	64,746	66,054	63,989	65,466	165,867	162,022
Mid-Atlantic	32,284	33,021	32,531	32,800	33,515	51,947	53,702
Pacific NW	11,668	10,670	11,554	11,200	10,671	28,104	26,442
No. California	48,805	43,508	47,498	45,000	42,654	99,030	91,851
So. California	41,655	38,996	41,607	39,659	38,969	71,054	67,999
Total Established	<u>233,525</u>	<u>221,397</u>	<u>230,003</u>	<u>222,064</u>	<u>222,206</u>	<u>505,695</u>	<u>491,070</u>
Other Stabilized - AvalonBay	31,838	23,652	31,202	28,980	27,632	75,189	52,840
Other Stabilized - Archstone	N/A	N/A	N/A	N/A	N/A	179,896	135,276
Development/Redevelopment	27,990	13,387	19,166	14,062	12,968	78,050	42,161
NOI	<u>\$ 293,353</u>	<u>\$ 258,436</u>	<u>\$ 280,371</u>	<u>\$ 265,106</u>	<u>\$ 262,806</u>	<u>\$ 838,830</u>	<u>\$ 721,347</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 September 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):

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Income from discontinued operations	\$ —	\$ 5,063	\$ 310	\$ 12,890
Depreciation expense	—	2,535	—	13,154
NOI from discontinued operations	\$ —	\$ 7,598	\$ 310	\$ 26,044
Revenue from real estate assets sold or held for sale, not classified as discontinued operations	\$ 2,238	\$ 5,871	\$ 13,809	\$ 15,659
Operating expenses real estate assets sold or held for sale, not classified as discontinued operations	(1,022)	(2,336)	(5,436)	(6,072)
NOI from real estate assets sold or held for sale, not classified as discontinued operations	\$ 1,216	\$ 3,535	\$ 8,373	\$ 9,587

Projected NOI, as used within this release for certain development communities and in calculating the Initial Year Market Cap Rate for dispositions, represents management's estimate, as of the date of this release (or as of the date of the buyer's valuation in the case of dispositions), of projected stabilized rental revenue minus projected stabilized operating expenses. For development communities, Projected NOI is calculated based on the first twelve months of Stabilized Operations following the completion of construction. 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 development communities and 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. The weighted average Projected NOI as a percentage of Total Capital Cost is weighted based on the Company's share of the Total Capital Cost of each community, based on its percentage ownership.

Management believes that Projected NOI of the development communities, on an aggregated weighted average basis, assists investors in understanding management's estimate of the likely impact on operations of the development communities when the assets are complete and achieve stabilized occupancy (before allocation of any corporate-level property management overhead, general and administrative costs or interest expense). However, in this release the Company has not given a projection of NOI on a company-wide basis. Given the different dates and fiscal years for which NOI is projected for these communities, the projected allocation of corporate-level property management overhead, general and administrative costs and interest expense to communities under development is complex, impractical to develop, and may not be meaningful. Projected NOI of these communities is not a projection of the Company's overall financial performance or cash flow. There can be no assurance that the communities under development or redevelopment will achieve the Projected NOI as described in this release.

Rental Revenue with Concessions on a Cash Basis is considered by the Company to be a supplemental measure to rental revenue in conformity with GAAP to help investors evaluate the impact of both current and historical concessions on GAAP-based rental revenue and to more readily enable comparisons to revenue as reported by other companies. In addition, Rental Revenue with Concessions on a Cash Basis allows an investor to understand the historical trend in cash concessions.

A reconciliation of rental revenue from Established Communities in conformity with GAAP to Rental Revenue with Concessions on a Cash Basis is as follows (dollars in thousands):

	Q3 2014 (1)	Q3 2013 (1)	Q2-Q3 2014 (1)	Q2-Q3 2013 (1)	YTD 2014 (2)	YTD 2013 (2)
Rental revenue (GAAP basis)	\$ 335,964	\$ 324,053	\$ 665,793	\$ 644,005	\$ 726,055	\$ 699,909
Concessions amortized	743	1,373	1,889	2,440	1,116	1,150
Concessions granted	(297)	(1,465)	(1,185)	(2,448)	(914)	(528)
Rental Revenue with Concessions on a Cash Basis	<u>\$ 336,410</u>	<u>\$ 323,961</u>	<u>\$ 666,497</u>	<u>\$ 643,997</u>	<u>\$ 726,257</u>	<u>\$ 700,531</u>
% change -- GAAP revenue		3.7%		3.4%		3.7%
% change -- cash revenue		3.8%		3.5%		3.7%

(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.

Economic Gain (Loss) is calculated by the Company as the gain (loss) on sale in accordance with GAAP, less accumulated depreciation through the date of sale and any other non-cash adjustments that may be required under GAAP accounting. Management generally considers Economic Gain (Loss) to be an appropriate supplemental measure to gain (loss) on sale in accordance with GAAP because it helps investors to understand the relationship between the cash proceeds from a sale and the cash invested in the sold community. The Economic Gain (Loss) for each of the communities presented is estimated based on their respective final settlement statements. A reconciliation of Economic Gain (Loss) to gain on sale in accordance with GAAP for the quarter ended September 30, 2014 as well as prior years' activities is presented elsewhere in the full earnings release.

Net Debt-to-EBITDA is calculated by the Company as total debt that is consolidated for financial reporting purposes, less consolidated cash and cash in escrow, divided by annualized third quarter 2014 EBITDA, excluding joint venture income or loss.

Total debt principal (1)	\$	6,153,118
Cash and cash in escrow		(535,692)
Net debt	\$	5,617,426
Net income attributable to common stockholders	\$	241,100
Interest expense, net		46,376
Depreciation expense		111,836
EBITDA before impact of planned and actual disposition activity	\$	399,312
NOI from discontinued operations and real estate assets sold or held for sale, not classified as discontinued operations		1,216
Gain on sale of communities		—
EBITDA	\$	398,096
Joint venture income		(130,592)
EBITDA, as adjusted	\$	267,504
EBITDA, as adjusted, annualized	\$	1,070,016
Net Debt-to-EBITDA		5.2 times

(1) Balance at September 30, 2014 excludes \$4,701 of debt discount as reflected in unsecured notes, net, and \$93,351 of debt premium as reflected in notes payable, on the Condensed Consolidated Balance Sheets. The debt premium is primarily related to above market interest rates on debt assumed in connection with the Archstone acquisition.

Interest Coverage is calculated by the Company as EBITDA, excluding joint venture income or loss, divided by the sum of interest expense, net, and preferred dividends. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. EBITDA is defined by the Company as net income or loss attributable to the Company before interest income and expense, income taxes, depreciation and amortization.

A reconciliation of EBITDA, as adjusted, and a calculation of Interest Coverage for the third quarter of 2014 are as follows (dollars in thousands):

Net income attributable to common stockholders	\$	241,100
Interest expense, net		46,376
Depreciation expense		111,836
EBITDA before impact of planned and actual disposition activity	\$	399,312
NOI from discontinued operations and real estate assets sold or held for sale, not classified as discontinued operations		1,216
Gain on sale of communities		—
EBITDA	\$	398,096
Joint venture income		(130,592)
EBITDA, as adjusted	\$	267,504
Interest expense, net	\$	46,376
Interest Coverage		5.8 times

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective development or redevelopment community, or development right, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, all as determined in accordance with GAAP. For redevelopment communities, Total Capital Cost excludes costs incurred prior to the start of redevelopment when indicated. With respect to communities where development or redevelopment was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. Total Capital Cost for communities identified as having joint venture ownership, either during construction or upon construction completion, represents the total projected joint venture contribution amount. For joint ventures not in construction, Total Capital Cost is equal to gross real estate cost.

Initial Year Market Cap 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 \$300 - \$500 per apartment home, divided by the gross sales price for the community. 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 2.5% - 3.5%. The Initial Year Market Cap 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 a property. Buyers may assign different Initial Year Market Cap Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses and 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 Cap Rate is weighted based on the gross sales price of each community.

Unleveraged IRR on sold communities refers to the internal rate of return calculated by the Company considering the timing and amounts of (i) total revenue during the period owned by the Company and (ii) the gross sales price net of selling costs, offset by (iii) the undepreciated capital cost of the communities at the time of sale and (iv) total direct operating expenses during the period owned by the Company. Each of the items (i), (ii), (iii) and (iv) are calculated in accordance with GAAP.

The calculation of Unleveraged IRR does not include an adjustment for the Company's general and administrative expense, interest expense, or corporate-level property management and other indirect operating expenses. Therefore, Unleveraged IRR is not a substitute for Net Income as a measure of our performance. Management believes that the Unleveraged IRR achieved during the period a community is owned by the Company is useful because it is one indication of the gross value created by the Company's acquisition, development or redevelopment, management and sale of a community, before the impact of indirect expenses and Company overhead. The Unleveraged IRR achieved on the communities as cited in this release should not be viewed as an indication of the gross value created with respect to other communities owned by the Company, and the Company does not represent that it will achieve similar Unleveraged IRRs upon the disposition of other communities. The weighted average Unleveraged IRR for sold communities is weighted based on all cash flows over the holding period for each respective community, including net sales proceeds.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by either outstanding secured debt or land leases (excluding land leases with purchase options that were put in place for governmental

incentives or tax abatements) as a percentage of total NOI generated by real estate assets. The Company believes that current and prospective unsecured creditors of the Company view Unencumbered NOI as one indication of the borrowing capacity of the Company. Therefore, when reviewed together with the Company's Interest Coverage, EBITDA and cash flow from operations, the Company believes that investors and creditors view Unencumbered NOI as a useful supplemental measure for determining the financial flexibility of an entity. A calculation of Unencumbered NOI for the nine months ended September 30, 2014 is as follows (dollars in thousands):

	Year To Date NOI (1)
NOI for Established Communities	\$ 505,695
NOI for Other Stabilized Communities - AvalonBay	75,189
NOI for Other Stabilized Communities - Archstone	179,896
NOI for Development/Redevelopment Communities	78,050
NOI for discontinued operations	310
NOI from real estate assets sold or held for sale, not classified as discontinued operations	8,373
Total NOI generated by real estate assets	847,513
NOI on encumbered assets	260,612
NOI on unencumbered assets	\$ 586,901
Unencumbered NOI	69%

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

Debt-to-Total Market Capitalization is a measure of leverage that is calculated by expressing, as a percentage, debt divided by Total Market Capitalization, which is defined as the aggregate of the market value of the Company's common stock, the market value of the Company's operating partnership units outstanding (based on the market value of the Company's common stock) and the outstanding principal balance of debt. Management believes that this measure of leverage can be one useful measure of a real estate operating company's long-term liquidity and balance sheet strength, because it shows an approximate relationship between a company's total debt and the current total market value of its assets based on the current price at which the Company's common stock trades. Because this measure of leverage changes with fluctuations in the Company's stock price, which occur regularly, this measure may change even when the Company's earnings, interest and debt levels remain stable. Investors should also note that the net realizable value of the Company's assets in liquidation is not easily determinable and may differ substantially from the Company's Total Market Capitalization.

Projected Stabilized Yield (also expressed as "weighted average initial stabilized yield" or words of similar meaning) means Projected NOI as a percentage of Total Capital Cost.

Initial Cost of Capital means (i) with respect to debt proceeds, the fixed rate of interest on the debt or, for floating rate debt, the initial interest rate at debt incurrence, (ii) with respect to the net proceeds from the sale of a community, the Initial Year Market Cap Rate reflected by the sales price, and (iii) with respect to the proceeds from the sale of common stock, 12 months forward projected per share FFO at the time of issuance, after adjustment for non-routine items, expressed as a percentage of the net proceeds per share of common stock sold.

Established Communities are identified by the Company as communities where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had Stabilized Operations as of the beginning of the respective prior year period. Therefore, for year to date 2014 operating results, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2013 and are not conducting or planning to conduct substantial redevelopment activities within the current year. Established Communities do not include communities that are currently held for sale or planned for disposition during the current year. Established Communities as of January 1, 2014 do not include communities acquired as part of the Archstone acquisition.

Established Communities Effective April 1, 2014 includes communities that were owned and had Stabilized Operations as of April 1, 2013, and therefore includes communities acquired as part of the Archstone acquisition that had Stabilized Operations as of April 1, 2013, as well as certain other communities which the Company developed, redeveloped or acquired that had Stabilized Operations as of April 1, 2013.

Other Stabilized Communities (includes Other Stabilized Communities - AvalonBay and Other Stabilized Communities - Archstone) as of January 1, 2014 are completed consolidated communities that the Company owns, which did not have stabilized operations as of January 1, 2013, but have stabilized occupancy as of January 1, 2014. Other Stabilized Communities as of January 1, 2014 do not include communities that are planning to conduct substantial redevelopment activities or that are under contract to be sold. Beginning in the quarter ended March 31, 2013, Other Stabilized Communities includes the stabilized operating communities acquired as part of the Archstone acquisition. Beginning in the quarter ended June 30, 2014, most of the stabilized operating communities acquired as part of the Archstone acquisition were included in the Established Communities Effective April 1, 2014 portfolio.

Economic Occupancy ("Ec Occ") is defined as total possible revenue less vacancy loss as a percentage of total possible revenue. Total possible revenue (also known as "gross potential") is determined by valuing occupied units at contract rates and vacant units at market rents. Vacancy loss is determined by valuing vacant units at current market rents. By measuring vacant apartments at their market rents, Economic Occupancy takes into account the fact that apartment homes of different sizes and locations within a community have different economic impacts on a community's gross revenue.

Stabilized/Restabilized Operations is defined as the earlier of (i) attainment of 95% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.



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

For Immediate News Release
October 27, 2014

AVALONBAY COMMUNITIES, INC. ANNOUNCES THIRD QUARTER 2014 OPERATING RESULTS

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today Net Income Attributable to Common Stockholders for the quarter ended September 30, 2014 of \$241,100,000. This resulted in Earnings per Share – diluted ("EPS") of \$1.83 for the three months ended September 30, 2014, compared to a loss of \$0.08 per share for the comparable period of 2013. For the nine months ended September 30, 2014, EPS was \$4.14 compared to EPS of \$0.80 for the comparable period of 2013, an increase of 417.5%.

The increase in EPS for the three and nine months ended September 30, 2014 over the respective prior year periods is due primarily to (i) an increase in joint venture income resulting from the gains on sales of communities in various ventures, as well as from the Company's promoted interests; (ii) increases in Net Operating Income ("NOI") from newly developed and operating communities; (iii) losses on an interest rate contract in the prior year periods, not present in 2014; and (iv) a decrease in depreciation expense related to in-place leases acquired as part of the Archstone acquisition, as described in the Company's first quarter 2013 earnings release dated April 30, 2013. The increase for the nine months ended September 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 September 30, 2014 increased 81.4% to \$2.14 from \$1.18 for the comparable period of 2013. FFO per share for the nine months ended September 30, 2014 increased 55.1% to \$5.49 from \$3.54 for the comparable period of 2013. FFO per share adjusted for non-routine items as detailed in Attachment 17 ("Core FFO" per share) increased by 6.1% to \$1.73 and 9.5% to \$5.05 for the three and nine months ended September 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 third quarter 2014 to its July 2014 outlook:

Third Quarter 2014 Results Comparison to July 2014 Outlook			
	Per Share		
	FFO	Core FFO	
Projected per share - July 2014 outlook (1)	\$ 2.15	\$ 1.72	
Community NOI	0.03	0.03	
Overhead and other	(0.02)	(0.02)	
Joint venture income	(0.01)	0.01	
CEP share issuance	\$ (0.01)	\$ (0.01)	
Q3 2014 per share reported results	\$ 2.14	\$ 1.73	

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

Commenting on the Company's results, Tim Naughton, Chairman and CEO, said, "Our third quarter results were in-line with our expectations. Apartment fundamentals remain healthy across our markets, and support strong performance from our stabilized portfolio and continued value creation from our development platform."

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

For the Company, including discontinued operations, total revenue increased by \$30,222,000, or 7.5%, to \$430,525,000. This increase is primarily due to growth in revenue from 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, which closed in February 2013. The Company's Established Communities' operating results for the three months ended September 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, rental revenue increased 3.7% due to an increase in Average Rental Rates. If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 3.9%. Total revenue for Established Communities increased \$12,191,000 to \$336,452,000. Operating expenses for Established Communities increased \$63,000, or 0.1%, to \$102,927,000. Accordingly, NOI for Established Communities increased \$12,128,000, or 5.5%, to \$233,525,000.

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

Q3 2014 Compared to Q3 2013					
Established Communities as of April 1, 2014 - 51,524 apartment homes					
	Rental Revenue				
	Avg Rent	Ec			% of
	Rates	Occ	Opex	NOI	NOI (1)
New England	2.5 %	0.2 %	(0.5)%	4.6 %	14.6%
Metro NY/NJ	3.0 %	0.3 %	3.0 %	3.9 %	26.0%
Mid-Atlantic	(0.6)%	(0.5)%	1.5 %	(2.2)%	15.9%
Pacific NW	5.7 %	0.2 %	(1.6)%	9.4 %	4.8%
No. California	7.6 %	0.1 %	(4.4)%	12.2 %	20.4%
So. California	4.1 %	0.1 %	(0.5)%	6.8 %	18.3%
Total	3.7 %	0.0%	0.1 %	5.5 %	100.0%
(1) Represents each region's % of total NOI from the Company, including discontinued operations.					

Operating Results for the Nine Months Ended September 30, 2014 Compared to the Prior Year Period

For the Company, including discontinued operations, total revenue increased by \$139,194,000, or 12.6%, to \$1,244,986,000. 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 nine months ended September 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 3.9%, and were partially offset by a decrease in Economic Occupancy of 0.2%, resulting in an increase in rental revenue of 3.7%. If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 4.0%. Total revenue for Established Communities increased \$26,206,000 to \$726,503,000. Operating expenses for Established Communities increased \$11,581,000, or 5.5%, to \$220,808,000. Accordingly, NOI for

Established Communities increased \$14,625,000, or 3.0%, to \$505,695,000.

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

YTD 2014 Compared to YTD 2013					
Established Communities as of January 1, 2014 - 37,137 apartment homes					
	Rental Revenue				
	Avg Rent	Ec			% of
	Rates	Occ	Opex	NOI	NOI (1)
New England	3.0 %	(0.6)%	5.5%	0.7 %	14.7%
Metro NY/NJ	3.4 %	(0.1)%	5.7%	2.4 %	26.0%
Mid-Atlantic	(0.2)%	(0.5)%	5.9%	(3.3)%	16.1%
Pacific NW	6.3 %	(0.5)%	4.5%	6.3 %	4.8%
No. California	7.6 %	0.2%	7.4%	7.8 %	19.9%
So. California	4.5 %	(0.3)%	3.5%	4.5 %	18.5%
Total	3.9 %	(0.2)%	5.5%	3.0 %	100.0%
(1) Represents each region's % of total NOI from the Company, including discontinued operations.					

Development Activity

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

The Company completed the development of eight communities:

- Avalon Arlington North, located in Arlington, VA;
- Avalon Dublin Station, located in Dublin, CA;
- AVA 55 Ninth, located in San Francisco, CA;
- Avalon Canton at Blue Hills, located in Canton, MA;
- Memorial Heights Villages, located in Houston, TX;
- Avalon Berkeley, located in Berkeley, CA;
- Avalon at Stratford, located in Stratford, CT; and
- Avalon North Point Lofts, located in Cambridge, MA, in which the Company has a 20% ownership interest.

These eight communities contain an aggregate of 1,595 apartment homes and were constructed for an aggregate Total Capital Cost of \$466,100,000.

The Company started the construction of three communities: Avalon Framingham, located in Framingham, MA; Avalon Esterra Park, located in Redmond, WA; and Avalon North Station, located in Boston, MA. These communities will contain 1,165 apartment homes when completed and will be developed for an estimated Total Capital Cost of \$438,600,000.

The Company acquired four land parcels for development, for an aggregate investment of \$37,270,000. The Company has started, or anticipates starting, construction of apartment communities on these land parcels during the next 12 months.

The Company added two Development Rights. If developed as expected, these Development Rights will contain 566

apartment homes and will be developed for an estimated Total Capital Cost of \$154,000,000.

The projected Total Capital Cost of overall Development Rights declined to \$2.9 billion at September 30, 2014 from \$3.2 billion at June 30, 2014 after giving effect to construction starts, the addition of new Development Rights, and adjustments to existing Development Rights.

Disposition Activity

In September 2014, CVP I, LLC, the entity that owns Avalon Chrystie Place located in New York, NY containing 361 apartment homes and approximately 71,000 square feet of retail space, sold the community for \$365,000,000. The Company owned a 20.0% interest in the entity, and its share of the gain in accordance with GAAP for the disposition was \$50,478,000. In addition, the Company earned \$57,489,000 for the Company's promoted interest in CVP I, LLC.

During the three months ended September 30, 2014, 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 its final apartment community containing 108 homes for \$34,250,000. The Company's share of the total gain in accordance with GAAP was \$345,000.

During the three months ended September 30, 2014, AvalonBay Value Added Fund II, L.P. ("Fund II"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of approximately 31.3%, sold two communities containing an aggregate of 711 apartment homes for an aggregate sales price of \$166,950,000. The Company's share of the total gain in accordance with GAAP was \$21,624,000.

In conjunction with the disposition of these communities, the respective ventures repaid an aggregate of \$198,961,000 of related secured indebtedness in advance of the scheduled maturity dates. This resulted in charges for prepayment penalties and a write off of deferred financing costs, of which the Company's portion was approximately \$2,339,000, and was reported as a reduction of Joint Venture Income.

Liquidity and Capital Markets

At September 30, 2014, the Company did not have any borrowings outstanding under its \$1,300,000,000 unsecured credit facility, and had \$535,692,000 in unrestricted cash and cash in escrow.

The Company's annualized Net Debt-to-EBITDA for the third quarter of 2014 was 5.2 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 September 30, 2014, the Company sold 650,579 shares at an average sales price of \$153.68 per share (\$151.37 per share net of offering fees and discounts), for net

proceeds of \$98,481,000. As of September 30, 2014, the Company had \$346,304,000 remaining authorized for issuance under this program.

On September 9, 2014, based on a market closing price of \$155.83 per share on that date, the Company entered into a forward contract to sell 4,500,000 shares of common stock for an initial forward price of \$151.74 per share, net of offering fees and discounts. The sales price and proceeds achieved by the Company will be determined on the date or dates of settlement, with adjustments during the term of the contract for the Company's dividends as well as for a daily interest factor that varies with changes in the Fed Funds rate. Settlement of the forward contract will occur on one or more dates not later than September 8, 2015.

Fourth Quarter and Updated Full Year 2014 Outlook

For the fourth quarter of 2014, the Company expects EPS in the range of \$1.05 to \$1.11 and expects Projected FFO per share in the range of \$1.74 to \$1.80. For the full year 2014, the Company expects EPS in the range of \$5.19 to \$5.25 and expects Projected FFO per share in the range of \$7.23 to \$7.29.

EPS and Projected FFO per share for the fourth quarter and full year 2014 are expected to be impacted by non-routine items. Adjusting for non-routine items as detailed in Attachment 17, the Company expects Projected Core FFO per share for the fourth quarter of 2014 to be in the range of \$1.73 to \$1.79, and \$6.78 to \$6.84 for the full year 2014.

Fourth Quarter Conference Schedule

The Company is scheduled to participate in NAREIT's REITWorld Conference in Atlanta, GA from November 5-7, 2014, and UBS' Global Real Estate CEO/CFO Conference in London from December 2-3, 2014. During these conferences, Management may discuss the Company's current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; portfolio strategy and other business and financial matters affecting the Company. Details on how to access related materials will be available on the Company's website at <http://www.avalonbay.com/events>.

Other Matters

The Company will hold a conference call on October 28, 2014 at 1:00 PM ET to review and answer questions about this release, its third quarter 2014 results, the Attachments (described below) and related matters. To participate on the call, dial 800-723-6575 domestically and 785-830-1997 internationally and use conference id: 1703289.

To hear a replay of the call, which will be available from October 28, 2014 at 6:00 PM ET to November 3, 2014 at 11:59 PM ET, dial 888-203-1112 domestically and 719-457-0820 internationally, and use conference id: 1703289. 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 on October 28, 2014.

About AvalonBay Communities, Inc.

As of September 30, 2014, the Company owned or held a direct or indirect ownership interest in 274 apartment communities containing 82,333 apartment homes in eleven states and the District of Columbia, of which 27 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 Reilley, 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; the expected proceeds from settlement of our equity forward contract are subject to adjustment for changes in the Fed Funds rate and the amount of dividends we pay on our common stock, and our receipt of settlement proceeds assumes that we will settle the equity forward contract by physical delivery. 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 17, "Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms." Attachment 17 is included in the full earnings release available at the Company's website at <http://www.avalonbay.com/earnings>.

AvalonBay

COMMUNITIES, INC.

THIRD 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.

THIRD 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.

Attachment 1

AvalonBay Communities, Inc.
Detailed Operating Information
September 30, 2014
(Dollars in thousands except per share data)
(unaudited)

	Q3 2014	Q3 2013	% Change	YTD 2014	YTD 2013	% Change
Revenue:						
Rental and other income	\$ 428,022	\$ 386,175	10.8 %	\$ 1,236,154	\$ 1,060,554	16.6 %
Management, development and other fees	2,503	3,014	(17.0)%	8,253	8,198	0.7 %
Total	430,525	389,189	10.6 %	1,244,407	1,068,752	16.4 %
Operating expenses:						
Direct property operating expenses, excluding property taxes	88,412	82,004	7.8 %	256,920	214,490	19.8 %
Property taxes	44,996	42,184	6.7 %	131,920	115,096	14.6 %
Property management and other indirect operating expenses	15,721	13,810	13.8 %	44,697	38,905	14.9 %
Total operating expenses	149,129	137,998	8.1 %	433,537	368,491	17.7 %
Interest expense, net	(46,376)	(43,945)	5.5 %	(132,631)	(127,772)	3.8 %
Loss on extinguishment of debt, net	—	—	— %	(412)	—	100.0 %
Loss on interest rate contract	—	(53,484)	(100.0)%	—	(51,000)	(100.0)%
General and administrative expense	(11,290)	(9,878)	14.3 %	(30,745)	(31,262)	(1.7)%
Joint venture income (loss) (1) (2)	130,592	3,260	N/A (4)	143,527	(16,244)	N/A (4)
Investments and investment management	(1,079)	(1,043)	3.5 %	(3,195)	(3,154)	1.3 %
Expensed acquisition, development and other pursuit costs (2)	(406)	(2,176)	(81.3)%	(3,139)	(46,041)	(93.2)%
Depreciation expense	(111,836)	(159,873)	(30.0)%	(328,598)	(455,410)	(27.8)%
Gain on sale of land	—	—	— %	—	240	(100.0)%
Gain on sale of communities (3)	—	—	— %	60,945	—	100.0 %
Income (loss) from continuing operations	241,001	(15,948)	N/A (4)	516,622	(30,382)	N/A (4)
Discontinued operations:						
Income from discontinued operations	—	5,063	(100.0)%	310	12,890	(97.6)%
Gain on sale of discontinued operations	—	—	— %	37,869	118,173	(68.0)%
Total discontinued operations	—	5,063	(100.0)%	38,179	131,063	(70.9)%
Net income (loss)	241,001	(10,885)	N/A (4)	554,801	100,681	451.0 %
Net loss (income) attributable to noncontrolling interests (3)	99	170	(41.8)%	(13,872)	248	N/A (4)
Net income (loss) attributable to common stockholders	\$ 241,100	\$ (10,715)	N/A (4)	\$ 540,929	\$ 100,929	436.0 %
Net income (loss) attributable to common stockholders per common share - basic	\$ 1.83	\$ (0.08)	N/A (4)	\$ 4.15	\$ 0.80	418.8 %
Net income (loss) attributable to common stockholders per common share - diluted	\$ 1.83	\$ (0.08)	N/A (4)	\$ 4.14	\$ 0.80	417.5 %
Funds from Operations	\$ 282,221	\$ 153,361	84.0 %	\$ 717,553	\$ 447,470	60.4 %
Per common share - diluted	\$ 2.14	\$ 1.18	81.4 %	\$ 5.49	\$ 3.54	55.1 %
Dividends declared - common	\$ 153,119	\$ 138,459	10.6 %	\$ 455,531	\$ 415,353	9.7 %
Per common share	\$ 1.16	\$ 1.07	8.4 %	\$ 3.48	\$ 3.21	8.4 %
Average shares and participating securities outstanding - basic	131,529,503	129,401,567	1.6 %	130,372,780	126,265,286	3.3 %
Average shares outstanding - diluted	131,905,995	129,620,138	1.8 %	130,728,000	126,477,114	3.4 %
Total outstanding common shares and operating partnership units	132,014,335	129,410,056	2.0 %	132,014,335	129,410,056	2.0 %

- (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 nine months ended September 30, 2013 include an aggregate of \$4,567 and \$82,554, respectively, of Archstone acquisition related costs of which \$2,743 and \$37,295, respectively, are included as a component of joint venture income (loss).
- (3) Gain on sale of communities for the nine months ended September 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)

	September 30, 2014	December 31, 2013
Real estate	\$ 15,923,713	\$ 14,662,078
Less accumulated depreciation	(2,799,679)	(2,476,729)
Net operating real estate	13,124,034	12,185,349
Construction in progress, including land	1,343,157	1,582,906
Land held for development	176,484	300,364
Operating real estate assets held for sale, net	80,624	215,590
Total real estate, net	14,724,299	14,284,209
Cash and cash equivalents	440,028	281,355
Cash in escrow	95,664	98,564
Resident security deposits	29,604	26,672
Investments in unconsolidated real estate entities	304,795	367,866
Other assets	286,788	269,477
Total assets	\$ 15,881,178	\$ 15,328,143
Unsecured notes, net	\$ 2,695,299	\$ 2,594,709
Unsecured credit facility	--	—
Notes payable	3,546,469	3,539,642
Resident security deposits	49,425	44,823
Liabilities related to assets held for sale	1,590	15,033
Other liabilities	530,517	516,889
Total liabilities	\$ 6,823,300	\$ 6,711,096
Redeemable noncontrolling interests	12,596	17,320
Equity	9,045,282	8,599,727
Total liabilities and equity	\$ 15,881,178	\$ 15,328,143

Attachment 3

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

	Total Apartment Homes	Quarter Ended September 30, 2014	Quarter Ended June 30, 2014	Quarter Ended March 31, 2014	Quarter Ended December 31, 2013
RENTAL REVENUE					
Established (3)	51,524	\$ 335,964	\$ 329,829	\$ 324,967	\$ 324,023
Other Stabilized (3) (4)	7,443	43,878	42,623	41,212	38,476
Redevelopment (3)	3,383	20,892	20,250	19,792	19,673
Development (3)	11,818	23,363	11,476	4,797	2,064
Total Consolidated Communities	<u>74,168</u>	<u>\$ 424,097</u>	<u>\$ 404,178</u>	<u>\$ 390,768</u>	<u>\$ 384,236</u>
OPERATING EXPENSE					
Established		\$ 102,927	\$ 99,990	\$ 103,142	\$ 102,106
Other Stabilized (4)		13,139	12,486	12,297	11,254
Redevelopment		6,203	5,936	6,338	6,269
Development		10,116	6,638	4,192	2,507
Total Consolidated Communities		<u>\$ 132,385</u>	<u>\$ 125,050</u>	<u>\$ 125,969</u>	<u>\$ 122,136</u>
NOI (2)					
Established		\$ 233,525	\$ 230,003	\$ 222,064	\$ 222,206
Other Stabilized (4)		31,838	31,202	28,980	27,632
Redevelopment		14,710	14,316	13,456	13,410
Development		13,280	4,850	606	(442)
Total Consolidated Communities		<u>\$ 293,353</u>	<u>\$ 280,371</u>	<u>\$ 265,106</u>	<u>\$ 262,806</u>
AVERAGE REVENUE PER OCCUPIED HOME (5)					
Established		\$ 2,270	\$ 2,224	\$ 2,191	\$ 2,189
Other Stabilized (4)		\$ 2,037	\$ 1,972	\$ 1,949	\$ 1,924
Redevelopment		\$ 2,159	\$ 2,095	\$ 2,050	\$ 2,062
ECONOMIC OCCUPANCY (5)					
Established		95.7%	96.0%	96.0%	95.8%
Other Stabilized (4)		95.3%	95.7%	93.6%	88.6%
Redevelopment		95.3%	95.3%	95.1%	94.0%
ESTABLISHED COMMUNITIES TURNOVER					
Current year period / Prior year period (6)		66.8% / 72.2%	57.3% / 58.8%	44.6% / 43.4%	49.7% / 46.5%
Current year period YTD / Prior year period YTD (6)		56.7% / 58.4%			56.2% / 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 #17 - 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 Q3 2014 see Attachment #11, 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 prorated for the portion of 2013 they were owned by the Company.

CAPITALIZED COSTS

	Cap Interest	Cap Overhead	Non-Rev Capex per Home (7)
Q314	\$15,989	\$8,775	\$185
Q214	\$18,626	\$8,245	\$71
Q114	\$19,679	\$8,368	\$194
Q413	\$19,670	\$12,763	\$156
Q313	\$17,205	\$8,876	\$118



Attachment 4

AvalonBay Communities, Inc.
Quarterly Rental Revenue and Occupancy Changes - Established Communities as of April 1, 2014 (1)
September 30, 2014

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue (\$000s) (3) (4)		
		Q3 14	Q3 13	% Change	Q3 14	Q3 13	% Change	Q3 14	Q3 13	% Change
New England										
Boston, MA	5,348	\$ 2,202	\$ 2,136	3.1 %	95.7%	95.4%	0.3 %	\$ 33,817	\$ 32,697	3.4 %
Fairfield-New Haven, CT	2,354	2,283	2,255	1.2 %	95.5%	95.6%	(0.1)%	15,393	15,225	1.1 %
New England Average	7,702	2,227	2,173	2.5 %	95.7%	95.5%	0.2 %	49,210	47,922	2.7 %
Metro NY/NJ										
New York City, NY	3,373	3,658	3,573	2.4 %	96.5%	95.1%	1.4 %	35,714	34,390	3.8 %
New York - Suburban	4,364	2,658	2,573	3.3 %	95.7%	96.3%	(0.6)%	33,312	32,421	2.7 %
New Jersey	4,088	2,273	2,197	3.5 %	95.9%	96.1%	(0.2)%	26,741	25,888	3.3 %
Metro NY/NJ Average	11,825	2,810	2,728	3.0 %	96.1%	95.8%	0.3 %	95,767	92,699	3.3 %
Mid-Atlantic										
Washington Metro	7,950	2,077	2,089	(0.6)%	95.1%	95.6%	(0.5)%	47,099	47,620	(1.1)%
Mid-Atlantic Average	7,950	2,077	2,089	(0.6)%	95.1%	95.6%	(0.5)%	47,099	47,620	(1.1)%
Pacific Northwest										
Seattle, WA	3,179	1,851	1,752	5.7 %	94.7%	94.5%	0.2 %	16,714	15,790	5.9 %
Pacific Northwest Average	3,179	1,851	1,752	5.7 %	94.7%	94.5%	0.2 %	16,714	15,790	5.9 %
Northern California										
San Jose, CA	3,295	2,419	2,215	9.2 %	95.2%	95.3%	(0.1)%	22,760	20,853	9.1 %
Oakland-East Bay, CA	3,040	2,043	1,876	8.9 %	96.2%	96.1%	0.1 %	17,913	16,434	9.0 %
San Francisco, CA	2,894	2,804	2,669	5.1 %	96.1%	95.7%	0.4 %	23,403	22,190	5.5 %
Northern California Average	9,229	2,416	2,246	7.6 %	95.8%	95.7%	0.1 %	64,076	59,477	7.7 %
Southern California										
Los Angeles, CA	7,719	1,916	1,848	3.7 %	96.4%	96.0%	0.4 %	42,781	41,099	4.1 %
Orange County, CA	2,478	1,830	1,731	5.7 %	95.4%	96.0%	(0.6)%	12,978	12,354	5.1 %
San Diego, CA	1,442	1,775	1,706	4.0 %	95.6%	96.1%	(0.5)%	7,339	7,092	3.5 %
Southern California Average	11,639	1,880	1,806	4.1 %	96.1%	96.0%	0.1 %	63,098	60,545	4.2 %
Average/Total Established	51,524	\$ 2,270	\$ 2,189	3.7 %	95.7%	95.7%	0.0%	\$ 335,964	\$ 324,053	3.7 %

(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 Q3 2013 to Q3 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 3.8% between years.

(4) If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 3.9%.

Attachment 5

AvalonBay Communities, Inc.
***Sequential Quarterly* Rental Revenue and Occupancy Changes - Established Communities as of April 1, 2014 (1)**
September 30, 2014

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue (\$000s) (3)		
		Q3 14	Q2 14	% Change	Q3 14	Q2 14	% Change	Q3 14	Q2 14	% Change
New England										
Boston, MA	5,348	\$ 2,202	\$ 2,148	2.5%	95.7%	95.2%	0.5 %	\$ 33,817	\$ 32,806	3.1%
Fairfield-New Haven, CT	2,354	2,283	2,243	1.8%	95.5%	95.3%	0.2 %	15,393	15,098	2.0%
New England Average	7,702	2,227	2,177	2.3%	95.7%	95.2%	0.5 %	49,210	47,904	2.7%
Metro NY/NJ										
New York City, NY	3,373	3,658	3,612	1.3%	96.5%	96.3%	0.2 %	35,714	35,197	1.5%
New York - Suburban	4,364	2,658	2,609	1.9%	95.7%	96.5%	(0.8)%	33,312	32,967	1.0%
New Jersey	4,088	2,273	2,224	2.2%	95.9%	96.3%	(0.4)%	26,741	26,259	1.8%
Metro NY/NJ Average	11,825	2,810	2,762	1.7%	96.1%	96.4%	(0.3)%	95,767	94,423	1.4%
Mid-Atlantic										
Washington Metro	7,950	2,077	2,069	0.4%	95.1%	95.2%	(0.1)%	47,099	46,974	0.3%
Mid-Atlantic Average	7,950	2,077	2,069	0.4%	95.1%	95.2%	(0.1)%	47,099	46,974	0.3%
Pacific Northwest										
Seattle, WA	3,179	1,851	1,795	3.1%	94.7%	96.0%	(1.3)%	16,714	16,426	1.8%
Pacific Northwest Average	3,179	1,851	1,795	3.1%	94.7%	96.0%	(1.3)%	16,714	16,426	1.8%
Northern California										
San Jose, CA	3,295	2,419	2,303	5.0%	95.2%	96.8%	(1.6)%	22,760	22,037	3.3%
Oakland-East Bay, CA	3,040	2,043	1,961	4.2%	96.2%	96.7%	(0.5)%	17,913	17,300	3.5%
San Francisco, CA	2,894	2,804	2,749	2.0%	96.1%	96.1%	0.0%	23,403	22,939	2.0%
Northern California Average	9,229	2,416	2,330	3.7%	95.8%	96.5%	(0.7)%	64,076	62,276	2.9%
Southern California										
Los Angeles, CA	7,719	1,916	1,887	1.5%	96.4%	96.1%	0.3 %	42,781	41,961	2.0%
Orange County, CA	2,478	1,830	1,779	2.9%	95.4%	95.9%	(0.5)%	12,978	12,685	2.3%
San Diego, CA	1,442	1,775	1,735	2.3%	95.6%	95.7%	(0.1)%	7,339	7,180	2.2%
Southern California Average	11,639	1,880	1,845	1.9%	96.1%	96.0%	0.1 %	63,098	61,826	2.1%
Average/Total Established	51,524	\$ 2,270	\$ 2,224	2.2%	95.7%	96.0%	(0.3)%	\$ 335,964	\$ 329,829	1.9%

(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 remained consistent with an increase of 1.9%.

Attachment 6

AvalonBay Communities, Inc.
Q2-Q3 Rental Revenue and Occupancy Changes - Established Communities as of April 1, 2014 (1)
September 30, 2014

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue (\$000's) (3) (4)		
		Q2-Q3 2014	Q2-Q3 2013	% Change	Q2-Q3 2014	Q2-Q3 2013	% Change	Q2-Q3 2014	Q2-Q3 2013	% Change
New England										
Boston, MA	5,348	\$ 2,175	\$ 2,101	3.5 %	95.5%	95.9%	(0.4)%	\$ 66,623	\$ 64,594	3.1 %
Fairfield-New Haven, CT	2,354	2,263	2,240	1.0 %	95.4%	95.9%	(0.5)%	30,491	30,327	0.5 %
New England Average	7,702	2,202	2,142	2.8 %	95.4%	95.9%	(0.5)%	97,114	94,921	2.3 %
Metro NY/NJ										
New York City, NY	3,373	3,635	3,557	2.2 %	96.4%	95.4%	1.0 %	70,911	68,695	3.2 %
New York - Suburban	4,364	2,633	2,547	3.4 %	96.1%	96.5%	(0.4)%	66,279	64,354	3.0 %
New Jersey	4,088	2,249	2,174	3.4 %	96.1%	96.4%	(0.3)%	53,000	51,414	3.1 %
Metro NY/NJ Average	11,825	2,786	2,706	3.0 %	96.2%	96.1%	0.1 %	190,190	184,463	3.1 %
Mid-Atlantic										
Washington Metro	7,950	2,073	2,094	(1.0)%	95.1%	95.7%	(0.6)%	94,073	95,609	(1.6)%
Mid-Atlantic Average	7,950	2,073	2,094	(1.0)%	95.1%	95.7%	(0.6)%	94,073	95,609	(1.6)%
Pacific Northwest										
Seattle, WA	3,179	1,823	1,716	6.2 %	95.3%	95.6%	(0.3)%	33,140	31,287	5.9 %
Pacific Northwest Average	3,179	1,823	1,716	6.2 %	95.3%	95.6%	(0.3)%	33,140	31,287	5.9 %
Northern California										
San Jose, CA	3,295	2,361	2,182	8.2 %	96.0%	95.6%	0.4 %	44,797	41,233	8.6 %
Oakland-East Bay, CA	3,040	2,002	1,845	8.5 %	96.4%	96.1%	0.3 %	35,213	32,365	8.8 %
San Francisco, CA	2,894	2,777	2,631	5.5 %	96.1%	96.0%	0.1 %	46,342	43,878	5.6 %
Northern California Average	9,229	2,373	2,212	7.3 %	96.2%	95.9%	0.3 %	126,352	117,476	7.6 %
Southern California										
Los Angeles, CA	7,719	1,901	1,842	3.2 %	96.2%	95.8%	0.4 %	84,742	81,762	3.6 %
Orange County, CA	2,478	1,805	1,712	5.4 %	95.6%	96.0%	(0.4)%	25,663	24,431	5.0 %
San Diego, CA	1,442	1,755	1,692	3.7 %	95.6%	96.0%	(0.4)%	14,519	14,056	3.3 %
Southern California Average	11,639	1,863	1,795	3.8 %	96.0%	95.9%	0.1 %	124,924	120,249	3.9 %
Average/Total Established	51,524	\$ 2,247	\$ 2,173	3.4 %	95.9%	95.9%	0.0%	\$ 665,793	\$ 644,005	3.4 %

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

(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, the increase in Established Communities' rental revenue would have been 3.6%.

Attachment 7

AvalonBay Communities, Inc.
Year To Date Rental Revenue and Occupancy Changes - Established Communities as of January 1, 2014 (1)
September 30, 2014

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue (\$000's) (3) (4)		
		YTD 2014	YTD 2013	% Change	YTD 2014	YTD 2013	% Change	YTD 2014	YTD 2013	% Change
New England										
Boston, MA	5,124	\$ 2,175	\$ 2,089	4.1 %	95.2%	95.9%	(0.7)%	\$ 95,540	\$ 92,396	3.4 %
Fairfield-New Haven, CT	2,354	2,243	2,219	1.1 %	95.4%	96.1%	(0.7)%	45,330	45,167	0.4 %
New England Average	7,478	2,197	2,132	3.0 %	95.3%	95.9%	(0.6)%	140,870	137,563	2.4 %
Metro NY/NJ										
New York City, NY	2,196	3,622	3,500	3.5 %	97.0%	96.4%	0.6 %	69,422	66,713	4.1 %
New York - Suburban	3,968	2,601	2,517	3.3 %	96.2%	96.6%	(0.4)%	89,347	86,817	2.9 %
New Jersey	4,088	2,226	2,152	3.4 %	96.2%	96.4%	(0.2)%	78,765	76,341	3.2 %
Metro NY/NJ Average	10,252	2,670	2,583	3.4 %	96.4%	96.5%	(0.1)%	237,534	229,871	3.3 %
Mid-Atlantic										
Washington Metro	4,370	1,970	1,974	(0.2)%	95.4%	95.9%	(0.5)%	73,952	74,470	(0.7)%
Mid-Atlantic Average	4,370	1,970	1,974	(0.2)%	95.4%	95.9%	(0.5)%	73,952	74,470	(0.7)%
Pacific Northwest										
Seattle, WA	2,591	1,814	1,706	6.3 %	95.4%	95.9%	(0.5)%	40,331	38,131	5.8 %
Pacific Northwest Average	2,591	1,814	1,706	6.3 %	95.4%	95.9%	(0.5)%	40,331	38,131	5.8 %
Northern California										
San Jose, CA	1,692	2,648	2,475	7.0 %	96.3%	96.1%	0.2 %	38,833	36,214	7.2 %
Oakland-East Bay, CA	2,064	2,079	1,896	9.7 %	96.5%	96.4%	0.1 %	37,277	33,941	9.8 %
San Francisco, CA	2,222	2,772	2,600	6.6 %	96.3%	96.2%	0.1 %	53,383	50,018	6.7 %
Northern California Average	5,978	2,498	2,322	7.6 %	96.4%	96.2%	0.2 %	129,493	120,173	7.8 %
Southern California										
Los Angeles, CA	3,445	1,931	1,855	4.1 %	96.6%	96.5%	0.1 %	57,819	55,491	4.2 %
Orange County, CA	1,929	1,778	1,695	4.9 %	95.2%	95.9%	(0.7)%	29,388	28,202	4.2 %
San Diego, CA	1,094	1,769	1,694	4.4 %	95.7%	96.0%	(0.3)%	16,668	16,008	4.1 %
Southern California Average	6,468	1,858	1,778	4.5 %	96.0%	96.3%	(0.3)%	103,875	99,701	4.2 %
Average/Total Established	37,137	\$ 2,264	\$ 2,178	3.9 %	96.0%	96.2%	(0.2)%	\$ 726,055	\$ 699,909	3.7 %

(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 3.7% between years.

(4) If the Company were to include planned, current and previously completed Redevelopment Communities in its Established Communities portfolio, the increase in Established Communities' rental revenue would have been 4.0%.

Attachment 8

AvalonBay Communities, Inc.
Quarterly Operating Expenses ("Opex") - Established Communities as of April 1, 2014 (1)
September 30, 2014
(Dollars in thousands)
(unaudited)

	Q3 2014 (2)	Q3 2013 (2)	% Change	Q3 2014 % of Total Opex
Property taxes (3)	\$ 35,529	\$ 35,006	1.5 %	34.5%
Payroll	22,462	21,955	2.3 %	21.8%
Repairs & maintenance	18,109	17,591	2.9 %	17.6%
Office operations (4)	10,280	11,276	(8.8)%	10.0%
Utilities (5)	10,351	10,549	(1.9)%	10.1%
Insurance (6)	3,572	3,456	3.4 %	3.5%
Marketing (7)	2,624	3,031	(13.4)%	2.5%
Total Established Communities Operating Expenses (8)	\$ 102,927	\$ 102,864	0.1 %	100.0%

(1) See Attachment #17 - 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 increased for the three months ended September 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 and successful appeals in the three months ended September 30, 2014.

(4) Office operations includes administrative costs, land lease expense, bad debt expense and association and license fees. The decrease for the three months ending September 30, 2014 as compared to the prior year period is primarily due to non-cash adjustments to the straight line schedules for the ground lease communities not present in the current period and lower bad debt expense that is partially attributable to the implementation of an in-house collections capability.

(5) Utilities represent aggregate utility costs, net of resident reimbursements. The decrease for the three months ended September 30, 2014 from the prior year period is primarily due to decreased consumption partially offset by increased rates for electricity. The decrease between periods also reflects the timing of cost recoveries for utility reimbursements in the prior year period.

(6) Insurance costs consist of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The increase for the three months ended September 30, 2014 is primarily due to policy renewals and 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.

(7) Marketing costs represent amounts incurred for electronic and print advertising, as well as prospect management and incentive costs. The decrease for the three months ended September 30, 2014 is primarily due to decreased internet advertising costs.

(8) Operating expenses for Established Communities excludes indirect costs for off-site corporate-level property management related expenses, and other support-related expenses.

Attachment 9

AvalonBay Communities, Inc.
Q2-Q3 Operating Expenses ("Opex") - Established Communities as of April 1, 2014 (1)
September 30, 2014
(Dollars in thousands)
(unaudited)

	Q2-Q3	Q2-Q3		Q2-Q3 2014 % of
	2014 (2)	2013 (2)	% Change	Total Opex
Property taxes	\$ 69,639	\$ 69,702	(0.1)%	34.3%
Payroll	44,578	43,495	2.5 %	22.0%
Repairs & maintenance	35,523	33,302	6.7 %	17.5%
Office operations (3)	21,420	22,307	(4.0)%	10.6%
Utilities (4)	19,790	18,909	4.7 %	9.7%
Insurance (5)	7,115	6,461	10.1 %	3.5%
Marketing (6)	4,852	5,178	(6.3)%	2.4%
Total Established Communities Operating Expenses (7)	\$ 202,917	\$ 199,354	1.8 %	100.0%

(1) See Attachment #17 - 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) Office operations includes administrative costs, land lease expense, bad debt expense and association and license fees. The decrease for the six months ending September 30, 2014 as compared to the prior year period is primarily due to non-cash adjustments to the straight line schedules for the ground lease communities not present in the current period and lower bad debt expense that is partially attributable to the implementation of an in-house collections capability.

(4) Utilities represent aggregate utility costs, net of resident reimbursements. The increase between periods is primarily due to utility reimbursements in the prior year period.

(5) Insurance costs consist of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The increase for the six months ended September 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.

(6) Marketing costs represent amounts incurred for electronic and print advertising, as well as prospect management and incentive costs. The decrease for the six months ended September 30, 2014 is primarily due to decreased internet advertising costs, partially offset by increased signage expenses and resident referrals.

(7) 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.
Year to Date Operating Expenses ("Opex") - Established Communities as of January 1, 2014 (1)
September 30, 2014
(Dollars in thousands)
(unaudited)

	Year to Date 2014 (2)	Year to Date 2013 (2)	% Change	YTD 2014 % of Total Opex
Property taxes (3)	\$ 74,396	\$ 69,469	7.1 %	33.7%
Payroll	49,284	48,380	1.9 %	22.3%
Repairs & maintenance (4)	36,476	33,837	7.8 %	16.5%
Office operations (5)	24,333	24,598	(1.1)%	11.0%
Utilities (6)	23,345	20,399	14.4 %	10.6%
Insurance (7)	7,616	7,276	4.7 %	3.5%
Marketing (8)	5,358	5,268	1.7 %	2.4%
Total Established Communities Operating Expenses (9)	\$ 220,808	\$ 209,227	5.5 %	100.0%

(1) See Attachment #17 - 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 nine months ended September 30, 2014 primarily due to increases in rates and assessments, particularly in the Company's East Coast and Pacific Northwest markets, as well as for refunds received in the prior year period in excess of the current year period.

(4) Repairs and maintenance increased for the nine months ended September 30, 2014 primarily due to the timing of various maintenance projects, an increase in snow removal costs in the Mid-Atlantic during the first quarter of 2014, and increased turnover costs during the nine months ended September 30, 2014 over the prior year period.

(5) Office operations includes administrative costs, land lease expense, bad debt expense and association and license fees. The decrease for the nine months ending September 30, 2014 as compared to the prior year period is primarily due to non-cash adjustments to the straight line schedules for the ground lease communities not present in the current period and lower bad debt expense that is partially attributable to the implementation of an in-house collections capability.

(6) Utilities represent aggregate utility costs, net of resident reimbursements. The increase for the nine months ended September 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 sewer expenses. The increase between periods also reflects the timing of cost recoveries for utility reimbursements in the prior year period.

(7) Insurance costs consist of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The increases for the nine months ended September 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.

(8) Marketing costs represent amounts incurred for electronic and print advertising, as well as prospect management and incentive costs.

(9) Operating expenses for Established Communities excludes indirect costs for off-site corporate-level property management related expenses, and other support-related expenses.

Attachment 11

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

Community Information		Number	Total	Schedule				Avg Rent	%	%	%	%
Development Name	Location	of Apt Homes	Capital Cost (millions) (1)	Start	Initial Occupancy	Complete	Full Qtr Stabilized Ops (1)	Per Home (1)	Complete	Leased	Occupied	Economic Occ. Q3 '14 (1)
As of October 17, 2014												
Under Construction:												
1. Avalon Exeter	Boston, MA	187	\$ 123.2	Q2 2011	Q2 2014	Q4 2014	Q2 2015	\$5,630	100.0%	62.0%	53.5%	23.8%
2. Avalon Mosaic	Tysons Corner, VA	531	114.5	Q1 2012	Q3 2013	Q4 2014	Q2 2015	2,070	90.6%	81.2%	74.6%	62.2%
3. Avalon West Chelsea/AVA High Line (2)	New York, NY	710	276.1	Q4 2011	Q4 2013	Q1 2015	Q3 2015	3,370	78.7%	74.1%	65.1%	49.1%
4. Avalon Huntington Station	Huntington Station, NY	303	82.2	Q1 2013	Q1 2014	Q1 2015	Q3 2015	2,490	71.0%	80.2%	64.4%	51.2%
5. Avalon Alderwood I	Lynnwood, WA	367	68.4	Q2 2013	Q2 2014	Q2 2015	Q4 2015	1,620	49.0%	50.7%	46.3%	29.9%
6. Avalon Assembly Row/AVA Somerville	Somerville, MA	445	122.1	Q2 2012	Q2 2014	Q1 2015	Q3 2015	2,410	60.4%	49.0%	41.8%	30.9%
7. Avalon San Dimas	San Dimas, CA	156	41.4	Q2 2013	Q3 2014	Q4 2014	Q2 2015	1,890	69.2%	72.4%	57.7%	24.0%
8. AVA Little Tokyo (2)	Los Angeles, CA	280	109.8	Q4 2012	Q3 2014	Q2 2015	Q4 2015	2,790	37.1%	40.7%	31.8%	10.4%
9. Avalon Wharton	Wharton, NJ	247	53.9	Q4 2012	Q3 2014	Q2 2015	Q4 2015	2,045	25.1%	23.9%	14.2%	3.3%
10. Avalon Baker Ranch	Lake Forest, CA	430	132.9	Q4 2013	Q4 2014	Q1 2016	Q3 2016	2,140	6.0%	8.4%	1.4%	—
11. AVA Theater District	Boston, MA	398	175.7	Q1 2013	Q1 2015	Q3 2015	Q1 2016	3,750	—	—	—	—
12. Avalon Hayes Valley	San Francisco, CA	182	90.2	Q3 2013	Q1 2015	Q2 2015	Q4 2015	3,495	—	—	—	—
13. Avalon Willoughby Square/AVA DoBro	Brooklyn, NY	826	444.9	Q3 2013	Q3 2015	Q4 2016	Q2 2017	3,470	—	—	—	—
14. Avalon Vista	Vista, CA	221	58.3	Q4 2013	Q2 2015	Q4 2015	Q2 2016	1,965	—	—	—	—
15. Avalon Bloomfield Station	Bloomfield, NJ	224	53.4	Q4 2013	Q3 2015	Q1 2016	Q3 2016	2,100	—	—	—	—
16. Avalon Glendora	Glendora, CA	280	82.5	Q4 2013	Q3 2015	Q1 2016	Q3 2016	2,045	—	—	—	—
17. Avalon Roseland	Roseland, NJ	136	46.2	Q1 2014	Q2 2015	Q4 2015	Q2 2016	2,960	—	—	—	—
18. Avalon Hillwood Square	Falls Church, VA	384	109.8	Q1 2014	Q2 2015	Q1 2016	Q3 2016	2,300	—	—	—	—
19. Avalon Marlborough	Marlborough, MA	350	77.1	Q1 2014	Q2 2015	Q2 2016	Q4 2016	1,915	—	—	—	—
20. AVA Capitol Hill (2)	Seattle, WA	249	81.4	Q1 2014	Q4 2015	Q2 2016	Q4 2016	2,170	—	—	—	—
21. Avalon Irvine III	Irvine, CA	156	55.0	Q2 2014	Q4 2015	Q1 2016	Q3 2016	2,270	—	—	—	—
22. Avalon Dublin Station II	Dublin, CA	252	83.7	Q2 2014	Q1 2016	Q2 2016	Q4 2016	2,390	—	—	—	—
23. Avalon Huntington Beach (2)	Huntington Beach, CA	378	120.3	Q2 2014	Q3 2016	Q2 2017	Q4 2017	2,115	—	—	—	—
24. Avalon West Hollywood (2)	West Hollywood, CA	294	162.4	Q2 2014	Q3 2016	Q2 2017	Q4 2017	3,495	—	—	—	—
25. Avalon Framingham	Framingham, MA	180	43.9	Q3 2014	Q4 2015	Q2 2016	Q4 2016	2,045	—	—	—	—
26. Avalon Esterra Park (2)	Redmond, WA	482	137.8	Q3 2014	Q2 2016	Q2 2017	Q4 2017	2,030	—	—	—	—
27. Avalon North Station	Boston, MA	503	256.9	Q3 2014	Q4 2016	Q4 2017	Q2 2018	3,575	—	—	—	—
Subtotal / Weighted Average		9,151	\$ 3,204.0					\$2,660				
Completed this Quarter:												
1. Avalon Arlington North	Arlington, VA	228	\$ 82.0	Q2 2012	Q4 2013	Q3 2014	Q1 2015	\$2,855	100.0%	98.2%	97.4%	82.0%
2. Avalon Dublin Station	Dublin, CA	253	77.7	Q2 2012	Q1 2014	Q3 2014	Q1 2015	2,500	100.0%	87.4%	87.4%	85.4%
3. AVA 55 Ninth	San Francisco, CA	273	121.4	Q3 2012	Q1 2014	Q3 2014	Q1 2015	3,640	100.0%	95.2%	91.9%	70.5%
4. Avalon Canton at Blue Hills	Canton, MA	196	40.9	Q2 2013	Q1 2014	Q3 2014	Q1 2015	1,950	100.0%	96.9%	94.9%	79.1%
5. Memorial Heights Villages	Houston, TX	318	52.7	Q3 2012	Q1 2014	Q3 2014	Q1 2015	1,795	100.0%	71.4%	67.0%	50.8%
6. Avalon Berkeley	Berkeley, CA	94	33.7	Q3 2012	Q2 2014	Q3 2014	Q4 2014	2,680	100.0%	96.8%	95.7%	71.6%
7. Avalon Stratford	Stratford, CT	130	29.7	Q3 2013	Q2 2014	Q3 2014	Q1 2015	1,900	100.0%	87.7%	85.4%	40.0%
8. Avalon North Point Lofts (3)	Cambridge, MA	103	28.0	Q3 2013	Q3 2014	Q3 2014	Q1 2015	2,130	100.0%	47.6%	46.6%	16.7%
Subtotal / Weighted Average		1,595	\$ 466.1					\$2,475				
Total / Weighted Average		10,746	\$ 3,670.1					\$2,635				

Asset Cost Basis (millions) (4):

Total Capital Cost, under construction and completed	\$ 3,926.3	Weighted Average Projected NOI as a % of Total Capital Cost (1)	6.3%
Total Capital Cost, disbursed to date	(2,543.3)		
Total Capital Cost, remaining to invest	\$ 1,383.0		

(1) See Attachment #17 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(2) Developments containing at least 10,000 square feet of retail space include Avalon West Chelsea (21,000 sf), AVA Little Tokyo (19,000 sf), AVA Capitol Hill (15,000 sf), Avalon Huntington Beach (10,000 sf), Avalon West Hollywood (32,000 sf), and Avalon Esterra Park (17,000 sf).

(3) This community was developed under a legacy Archstone joint venture structure in which the Company's total equity interest is 20%.

(4) Includes the communities presented on this attachment plus four additional communities with 1,175 apartment homes representing \$278.6 million in total capital costs which have completed construction but not yet achieved Stabilized Operations for the full quarter. Excludes unrelated third party partners interest in unconsolidated joint ventures. Q3 2014 NOI for these 39 communities was \$13.2 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 third quarter of 2014.

AvalonBay Communities, Inc.
Redevelopment Communities as of September 30, 2014

Community Information		Number of Apt Homes	Total Capital Cost (1)(2) (millions)	Schedule				Avg	Homes	
Community Name	Location			Acquisition / Completion	Start	Complete	Restabilized Ops (2)	Post-Renovated	Completed	
								Rent Per Home (2)	@ 9/30/2014	
<u>Under Redevelopment: (3)</u>										
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	2,340	293
3.	AVA Pacific Beach	San Diego, CA	564	23.6	Q4 1997	Q1 2014	Q1 2016	Q3 2016	1,665	141
4.	Avalon Tysons Corner (5)	McLean, VA	558	12.8	Q4 1997	Q1 2014	Q1 2015	Q3 2015	2,120	112
5.	Eaves Burlington	Burlington, MA	203	5.6	Q4 2012	Q2 2014	Q4 2014	Q2 2015	1,710	203
6.	Eaves Dublin	Dublin, CA	204	9.2	Q2 1997	Q2 2014	Q2 2015	Q4 2015	2,095	38
Subtotal / Weighted Average			2,094	\$ 84.1					\$ 2,140	787

Remaining to Invest (millions) (6)

\$ 44.2

(1) Excludes costs incurred prior to redevelopment.

(2) See Attachment #17 - 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 therefore this community 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 redevelopment originally included 20% of the apartment homes and the common areas and was expanded in Q3 2014 to include an additional 20% of the apartment homes for an additional \$3.8 million.

(6) Represents the total amount of capital remaining to be spent on the six Redevelopment Communities that are listed as underway.

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 third quarter of 2014.

AvalonBay Communities, Inc.
Future Development as of September 30, 2014

DEVELOPMENT RIGHTS (1)			
	# of Rights	Estimated Number of Homes	Total Capital Cost (1) (2) (millions)
Development Rights as of 12/31/2013	46	12,986	\$3,778
<u>Q1 and Q2 2014</u>			
Q1 & Q2 2014 Additions	5	1,397	\$498
Q1 & Q2 2014 Construction starts	(8)	(2,199)	(717)
Q1 & Q2 2014 Adjustments to existing Development Rights	(3)	(834)	(314)
Development Rights as of 6/30/2014	40	11,350	\$3,245
<u>Q3 2014</u>			
Q3 2014 Additions	2	566	\$154
Q3 2014 Construction starts	(3)	(1,158)	(433)
Q3 2014 Adjustments to existing Development Rights	—	(51)	(41)
Development Rights as of 9/30/2014	39	10,707	\$2,925
<u>Current Development Rights by Market as of September 30, 2014</u>			
Boston, MA	3	951	\$227
Fairfield-New Haven, CT	1	160	40
New York City	1	167	66
New York Suburban	5	666	246
New Jersey	16	4,652	1,142
Baltimore, MD	1	343	69
Washington, DC Metro	6	1,906	501
Seattle, WA	3	766	191
Oakland-East Bay, CA	1	439	200
San Francisco, CA	1	326	152
Riverside-San Bernardino, CA	1	331	91
Total	39	10,707	\$2,925

(1) See Attachment #17 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(2) The Company currently owns land (including pursuit costs) in the amount of \$176 million for the future development of 11 of the 39 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 \$112 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 third quarter of 2014.

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

Unconsolidated Real Estate Investments (1) (2)	# of Communities	Company Ownership Percentage (3)	# of Apartment Homes	NOI (4)		Debt	
				Q3 2014	YTD 2014	Amount (4)	Interest Rate (5)
AvalonBay Value Added Fund II, L.P. (Fund II)	10	31.3%	4,340	\$ 13,200	\$ 41,763	\$ 359,513 (6)	4.18%
Multifamily Partners AC LP	9	28.6%	1,730	8,059	22,801	330,963	3.92%
Multifamily Partners AC JV LP (7)	3	20.0%	921	3,830	11,536	162,300 (8)	6.00%
MVP I, LLC	1	25.0%	(9) 313	2,708	8,102	105,000	6.02%
Brandywine Apartments of Maryland, LLC	1	28.7%	305	1,171	3,618	24,471	3.40%
Total Unconsolidated Real Estate Investments	24		7,609	\$ 28,968	\$ 87,820	\$ 982,247	4.57%

(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) During the three months ended September 30, 2014, Fund I sold its final apartment community and CVP I, LLC sold Avalon Chrystie Place.

(3) Company ownership percentages do not reflect the impact of promoted interests.

(4) NOI and outstanding indebtedness are presented at 100%. NOI includes \$829 and \$5,208 for the three and nine months ended September 30, 2014, respectively, 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 Brandywine Apartments of Maryland, LLC.

(5) Represents the weighted average interest rate as of September 30, 2014.

(6) During the three months ended September 30, 2014, Fund II repaid a 4.5% fixed rate mortgage loan at par, in advance of its November 2014 maturity date.

(7) The Company completed the construction of Avalon North Point Lofts on behalf of the venture during the three months ended September 30, 2014.

(8) Borrowing is comprised of four mortgage loans made by the equity investors in the venture in proportion to their equity interests.

(9) After the venture makes certain threshold distributions to the third-party partner, the Company generally receives 45% of all further distributions. During the three and nine months ended September 30, 2014, the Company received distributions of \$407 and \$731, respectively, in excess of its ownership percentage for its promoted interest in MVP I, LLC.

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

DEBT COMPOSITION AND MATURITIES				
Debt Composition (1)	Amount (2)	Average Interest Rate (3)		Maturities (1) (2)
Conventional Debt				2014 \$ 4,641
Long-term, fixed rate	\$ 4,713,199			2015 \$ 604,574
Long-term, variable rate	352,323			2016 \$ 285,291
Variable rate facility (4)	—			2017 \$ 980,748
Subtotal, Conventional	5,065,522	4.3%		2018 \$ 96,576
Tax-Exempt Debt				
Long-term, fixed rate	141,801			
Long-term, variable rate	945,795			
Subtotal, Tax-Exempt	1,087,596	2.2%		
Total Debt	\$ 6,153,118	4.0%		

SELECT DEBT METRICS (5)	
Net Debt-to-EBITDA	5.2x
Interest Coverage	5.8x
Unencumbered NOI	69%

DEBT COVENANT COMPLIANCE (5)		
Unsecured Line of Credit Covenants	September 30, 2014	Requirement
Total Outstanding Indebtedness to Capitalization Value (6)	30.1%	≤ 60%
Combined EBITDA to Combined Debt Service	4.71x	≥ 1.50x
Unsecured Indebtedness to Unencumbered Asset Value	15.8%	≤ 65%
Secured Indebtedness to Capitalization Value (6)	16.4%	≤ 40%
Unsecured Senior Notes Covenants	September 30, 2014	Requirement
Total Outstanding Indebtedness to Total Assets (7)	36.9%	≤ 60-65%
Secured Indebtedness to Total Assets (7)	19.0%	≤ 40%
Unencumbered Assets to Unsecured Indebtedness	491.0%	≥ 150%
Consolidated Income Available for Debt Service to the Annual Service Charge	5.90x	≥ 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 September 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 September 30, 2014.

(5) See Attachment #17 - 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 nine months ended September 30, 2014, capitalized at a rate of 6% per annum, plus the book value of Development Communities and real estate acquired during the nine months ended September 30, 2014. For discussion of other defined terms, see "Debt Covenant Compliance" in Attachment #17 - 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 #17 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

Attachment 16

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

Number of Communities Sold	Weighted Average Hold Period (Years) (3)	Gross Sales Price	GAAP Gain	Accumulated Depreciation and Other	Economic Gain (Loss) (2)	Weighted Average Initial Year Mkt. Cap Rate (2) (3)	Weighted Average Unleveraged IRR (2) (3)
2005- 2009:							
31 Communities, 1 Office Building, 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%
2010:							
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%
2011:							
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%
2012:							
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%
2013:							
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%
2014:							
4 Communities (9)	10.9	<u>\$ 555,700</u>	<u>\$ 132,636</u>	<u>\$ 39,190</u>	<u>\$ 93,446</u>	5.3%	12.7%
2005 - 2014 Total							
53 Communities, 2 Office Buildings, 14 Land Parcels	13.0	<u>\$ 3,961,122</u>	<u>\$ 1,753,915</u>	<u>\$ 538,017</u>	<u>\$ 1,215,898</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 #17 - 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 GAAP and Economic Gain (Loss) includes \$50,478 and \$42,887, respectively, related to the sale of a community in which the Company held a 20% equity interest. In addition, the Company earned \$57,489 for its promoted interest from the sale.

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):

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Net income (loss) attributable to common stockholders	\$ 241,100	\$ (10,715)	\$ 540,929	\$ 100,929
Depreciation - real estate assets, including discontinued operations and joint venture adjustments	113,558	164,756	334,177	476,202
Distributions to noncontrolling interests, including discontinued operations	9	8	26	24
Gain on sale of unconsolidated entities holding previously depreciated real estate assets	(72,446)	(688)	(72,897)	(11,512)
Gain on sale of previously depreciated real estate assets (1)	—	—	(84,682)	(118,173)
FFO attributable to common stockholders	<u>\$ 282,221</u>	<u>\$ 153,361</u>	<u>\$ 717,553</u>	<u>\$ 447,470</u>
Average shares outstanding - diluted	131,905,995	129,620,138	130,728,000	126,477,114
Earnings (loss) per share - diluted (2)	<u>\$ 1.83</u>	<u>\$ (0.08)</u>	<u>\$ 4.14</u>	<u>\$ 0.80</u>
FFO per common share - diluted	<u>\$ 2.14</u>	<u>\$ 1.18</u>	<u>\$ 5.49</u>	<u>\$ 3.54</u>

(1) YTD 2014 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.

(2) Earnings (loss) per share - diluted for Q3 2013 determined using weighted average basic shares and participating units outstanding of 129,401,567.

Attachment 17

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

	Q3 2014	Q3 2013	YTD 2014	YTD 2013 (1)
FFO, actual	\$ 282,221	\$ 153,361	\$ 717,553	\$ 447,470
Non-Routine Items				
Archstone and other acquisition costs	3	1,824	34	45,250
Joint venture (gains) losses and costs (2)	(54,768)	649	(60,824)	35,271
Loss on interest rate protection agreement	—	53,484	—	51,000
Write-off of Development Rights and retail assets (3)	—	—	2,564	—
Compensation plan redesign and severance related costs	360	1,775	660	4,725
Business interruption insurance proceeds	—	—	(587)	—
Early extinguishment of consolidated debt	—	—	412	—
Gain on sale of land	—	—	—	(240)
Core FFO	\$ 227,816	\$ 211,093	\$ 659,812	\$ 583,476
Core FFO per share	\$ 1.73	\$ 1.63	\$ 5.05	\$ 4.61
Average shares outstanding - diluted	131,905,995	129,620,138	130,728,000	126,477,114

(1) 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 3,664,835 during the nine months ended September 30, 2013. The Company has not included the impact of this capital markets activity as a non-routine adjustment for Core FFO.

(2) Amounts include the Company's proportionate share of gains and losses from dispositions including the Company's promoted interests, costs associated with the extinguishment of debt, and acquisition costs including certain costs incurred related to the Archstone acquisition.

(3) 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.

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 fourth quarter and full year 2014. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the fourth 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:

	Low Range	High Range
Projected EPS (diluted) - Q4 2014	\$ 1.05	\$ 1.11
Projected depreciation (real estate related)	0.83	0.89
Projected gain on sale of operating communities	(0.14)	(0.20)
Projected FFO per share (diluted) - Q4 2014	1.74	1.80
Non-routine items	(0.01)	(0.01)
Projected Core FFO per share (diluted) - Q4 2014	\$ 1.73	\$ 1.79
Projected EPS (diluted) - Full Year 2014	\$ 5.19	\$ 5.25
Projected depreciation (real estate related)	3.39	3.45
Projected gain on sale of operating communities	(1.35)	(1.41)
Projected FFO per share (diluted) - Full Year 2014	7.23	7.29
Gain on promoted interest from sale of CVP I, LLC	(0.44)	(0.44)
Non-routine items	(0.01)	(0.01)
Projected Core FFO per share (diluted) - Full Year 2014	\$ 6.78	\$ 6.84

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 17

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

	Q3	Q3	Q2	Q1	Q4	YTD	YTD
	2014 (1)	2013 (1)	2014 (1)	2014 (1)	2013 (1)	2014 (2)	2013 (2)
Net income (loss)	\$ 241,001	\$ (10,885)	\$ 172,197	\$ 141,599	\$ 252,089	\$ 554,801	\$ 100,681
Indirect operating expenses, net of corporate income	13,173	10,780	12,343	10,818	10,881	36,333	30,673
Investments and investment management expense	1,079	1,043	1,137	979	836	3,195	3,154
Expensed acquisition, development and other pursuit costs	406	2,176	2,017	715	(991)	3,139	46,041
Interest expense, net	46,376	43,945	43,722	42,533	44,630	132,631	127,772
Loss on extinguishment of debt, net	—	—	412	—	14,921	412	—
Loss on interest rate contract	—	53,484	—	—	—	—	51,000
General and administrative expense	11,290	9,878	10,220	9,236	8,312	30,745	31,262
Joint venture (income) loss	(130,592)	(3,260)	(7,710)	(5,223)	(5,090)	(143,527)	16,244
Depreciation expense	111,836	159,873	110,395	106,367	104,807	328,598	455,410
Gain on sale of real estate assets	—	—	(60,945)	—	—	(60,945)	(240)
Gain on sale of discontinued operations	—	—	—	(37,869)	(160,058)	(37,869)	(118,173)
Income from discontinued operations	—	(5,063)	—	(310)	(3,824)	(310)	(12,890)
NOI from real estate assets sold or held for sale, not classified as discontinued operations	(1,216)	(3,535)	(3,417)	(3,739)	(3,707)	(8,373)	(9,587)
NOI	<u>\$ 293,353</u>	<u>\$ 258,436</u>	<u>\$ 280,371</u>	<u>\$ 265,106</u>	<u>\$ 262,806</u>	<u>\$ 838,830</u>	<u>\$ 721,347</u>
Established:							
New England	\$ 31,858	\$ 30,456	\$ 30,759	\$ 29,416	\$ 30,931	\$ 89,693	\$ 89,054
Metro NY/NJ	67,255	64,746	66,054	63,989	65,466	165,867	162,022
Mid-Atlantic	32,284	33,021	32,531	32,800	33,515	51,947	53,702
Pacific NW	11,668	10,670	11,554	11,200	10,671	28,104	26,442
No. California	48,805	43,508	47,498	45,000	42,654	99,030	91,851
So. California	41,655	38,996	41,607	39,659	38,969	71,054	67,999
Total Established	<u>233,525</u>	<u>221,397</u>	<u>230,003</u>	<u>222,064</u>	<u>222,206</u>	<u>505,695</u>	<u>491,070</u>
Other Stabilized - AvalonBay	31,838	23,652	31,202	28,980	27,632	75,189	52,840
Other Stabilized - Archstone	N/A	N/A	N/A	N/A	N/A	179,896	135,276
Development/Redevelopment	27,990	13,387	19,166	14,062	12,968	78,050	42,161
NOI	<u>\$ 293,353</u>	<u>\$ 258,436</u>	<u>\$ 280,371</u>	<u>\$ 265,106</u>	<u>\$ 262,806</u>	<u>\$ 838,830</u>	<u>\$ 721,347</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 September 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):

Attachment 17

	Q3 2014	Q3 2013	YTD 2014	YTD 2013
Income from discontinued operations	\$ —	\$ 5,063	\$ 310	\$ 12,890
Depreciation expense	—	2,535	—	13,154
NOI from discontinued operations	<u>\$ —</u>	<u>\$ 7,598</u>	<u>\$ 310</u>	<u>\$ 26,044</u>
Revenue from real estate assets sold or held for sale, not classified as discontinued operations	\$ 2,238	\$ 5,871	\$ 13,809	\$ 15,659
Operating expenses real estate assets sold or held for sale, not classified as discontinued operations	<u>(1,022)</u>	<u>(2,336)</u>	<u>(5,436)</u>	<u>(6,072)</u>
NOI from real estate assets sold or held for sale, not classified as discontinued operations	<u>\$ 1,216</u>	<u>\$ 3,535</u>	<u>\$ 8,373</u>	<u>\$ 9,587</u>

Projected NOI, as used within this release for certain Development Communities and in calculating the Initial Year Market Cap Rate for dispositions, represents management's estimate, as of the date of this release (or as of the date of the buyer's valuation in the case of dispositions), of projected stabilized rental revenue minus projected stabilized operating expenses. For Development Communities, Projected NOI is calculated based on the first twelve months of Stabilized Operations, as defined below, following the completion of construction. 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 Development Communities and 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. The weighted average Projected NOI as a percentage of Total Capital Cost is weighted based on the Company's share of the Total Capital Cost of each community, based on its percentage ownership.

Management believes that Projected NOI of the Development Communities, on an aggregated weighted average basis, assists investors in understanding management's estimate of the likely impact on operations of the Development Communities when the assets are complete and achieve stabilized occupancy (before allocation of any corporate-level property management overhead, general and administrative costs or interest expense). However, in this release the Company has not given a projection of NOI on a company-wide basis. Given the different dates and fiscal years for which NOI is projected for these communities, the projected allocation of corporate-level property management overhead, general and administrative costs and interest expense to communities under development is complex, impractical to develop, and may not be meaningful. Projected NOI of these communities is not a projection of the Company's overall financial performance or cash flow. There can be no assurance that the communities under development or redevelopment will achieve the Projected NOI as described in this release.

Rental Revenue with Concessions on a Cash Basis is considered by the Company to be a supplemental measure to rental revenue in conformity with GAAP to help investors evaluate the impact of both current and historical concessions on GAAP-based rental revenue and to more readily enable comparisons to revenue as reported by other companies. In addition, Rental Revenue with Concessions on a Cash Basis allows an investor to understand the historical trend in cash concessions.

Attachment 17

A reconciliation of rental revenue from Established Communities in conformity with GAAP to Rental Revenue with Concessions on a Cash Basis is as follows (dollars in thousands):

	Q3 2014 (1)	Q3 2013 (1)	Q2-Q3 2014 (1)	Q2-Q3 2013 (1)	YTD 2014 (2)	YTD 2013 (2)
Rental revenue (GAAP basis)	\$ 335,964	\$ 324,053	\$ 665,793	\$ 644,005	\$ 726,055	\$ 699,909
Concessions amortized	743	1,373	1,889	2,440	1,116	1,150
Concessions granted	(297)	(1,465)	(1,185)	(2,448)	(914)	(528)
Rental Revenue with Concessions on a Cash Basis	<u>\$ 336,410</u>	<u>\$ 323,961</u>	<u>\$ 666,497</u>	<u>\$ 643,997</u>	<u>\$ 726,257</u>	<u>\$ 700,531</u>
% change -- GAAP revenue		3.7%		3.4%		3.7%
% change -- cash revenue		3.8%		3.5%		3.7%

(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.

Economic Gain (Loss) is calculated by the Company as the gain (loss) on sale in accordance with GAAP, less accumulated depreciation through the date of sale and any other non-cash adjustments that may be required under GAAP accounting. Management generally considers Economic Gain (Loss) to be an appropriate supplemental measure to gain (loss) on sale in accordance with GAAP because it helps investors to understand the relationship between the cash proceeds from a sale and the cash invested in the sold community. The Economic Gain (Loss) for each of the communities presented is estimated based on their respective final settlement statements. A reconciliation of Economic Gain (Loss) to gain on sale in accordance with GAAP for the quarter ended September 30, 2014 as well as prior years' activities is presented elsewhere on Attachment 16.

Net Debt-to-EBITDA is calculated by the Company as total debt that is consolidated for financial reporting purposes, less consolidated cash and cash in escrow, divided by annualized third quarter 2014 EBITDA, excluding joint venture income or loss.

Total debt principal (1)	\$	6,153,118
Cash and cash in escrow		(535,692)
Net debt	\$	5,617,426
Net income attributable to common stockholders	\$	241,100
Interest expense, net		46,376
Depreciation expense		111,836
EBITDA before impact of planned and actual disposition activity	\$	399,312
NOI from discontinued operations and real estate assets sold or held for sale, not classified as discontinued operations		1,216
Gain on sale of communities		—
EBITDA	\$	398,096
Joint venture income		(130,592)
EBITDA, as adjusted	\$	267,504
EBITDA, as adjusted, annualized	\$	1,070,016
Net Debt-to-EBITDA		5.2 times

(1) Balance at September 30, 2014 excludes \$4,701 of debt discount as reflected in unsecured notes, net, and \$93,351 of debt premium as reflected in notes payable, on the Condensed Consolidated Balance Sheets. The debt premium is primarily related to above market interest rates on debt assumed in connection with the Archstone acquisition.

Interest Coverage is calculated by the Company as EBITDA, excluding joint venture income or loss, divided by the sum of interest expense, net, and preferred dividends. Interest Coverage is presented by the Company because it provides rating agencies and investors an additional means of comparing our ability to service debt obligations to that of other companies. EBITDA is defined by the Company as net income or loss attributable to the Company before interest income and expense, income taxes, depreciation and amortization.

A reconciliation of EBITDA, as adjusted, and a calculation of Interest Coverage for the third quarter of 2014 are as follows (dollars in thousands):

Net income attributable to common stockholders	\$	241,100
Interest expense, net		46,376
Depreciation expense		111,836
EBITDA before impact of planned and actual disposition activity	\$	399,312
NOI from discontinued operations and real estate assets sold or held for sale, not classified as discontinued operations		1,216
Gain on sale of communities		—
EBITDA	\$	398,096
Joint venture income		(130,592)
EBITDA, as adjusted	\$	267,504
Interest expense, net	\$	46,376
Interest Coverage		5.8 times

Attachment 17

Total Capital Cost includes all capitalized costs projected to be or actually incurred to develop the respective Development or Redevelopment Community, or Development Right, including land acquisition costs, construction costs, real estate taxes, capitalized interest and loan fees, permits, professional fees, allocated development overhead and other regulatory fees, all as determined in accordance with GAAP. For Redevelopment Communities, Total Capital Cost excludes costs incurred prior to the start of redevelopment when indicated. With respect to communities where development or redevelopment was completed in a prior or the current period, Total Capital Cost reflects the actual cost incurred, plus any contingency estimate made by management. Total Capital Cost for communities identified as having joint venture ownership, either during construction or upon construction completion, represents the total projected joint venture contribution amount. For joint ventures not in construction, Total Capital Cost is equal to gross real estate cost.

Initial Year Market Cap 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 \$300 - \$500 per apartment home, divided by the gross sales price for the community. 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 2.5% - 3.5%. The Initial Year Market Cap 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 a property. Buyers may assign different Initial Year Market Cap Rates to different communities when determining the appropriate value because they (i) may project different rates of change in operating expenses and 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 Cap Rate is weighted based on the gross sales price of each community.

Unleveraged IRR on sold communities refers to the internal rate of return calculated by the Company considering the timing and amounts of (i) total revenue during the period owned by the Company and (ii) the gross sales price net of selling costs, offset by (iii) the undepreciated capital cost of the communities at the time of sale and (iv) total direct operating expenses during the period owned by the Company. Each of the items (i), (ii), (iii) and (iv) are calculated in accordance with GAAP.

The calculation of Unleveraged IRR does not include an adjustment for the Company's general and administrative expense, interest expense, or corporate-level property management and other indirect operating expenses. Therefore, Unleveraged IRR is not a substitute for Net Income as a measure of our performance. Management believes that the Unleveraged IRR achieved during the period a community is owned by the Company is useful because it is one indication of the gross value created by the Company's acquisition, development or redevelopment, management and sale of a community, before the impact of indirect expenses and Company overhead. The Unleveraged IRR achieved on the communities as cited in this release should not be viewed as an indication of the gross value created with respect to other communities owned by the Company, and the Company does not represent that it will achieve similar Unleveraged IRRs upon the disposition of other communities. The weighted average Unleveraged IRR for sold communities is weighted based on all cash flows over the holding period for each respective community, including net sales proceeds.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by either outstanding secured debt or land leases (excluding land leases with purchase options that were put in place for governmental incentives or tax abatements) as a percentage of total NOI generated by real estate assets. The Company believes that current and prospective unsecured creditors of the Company view Unencumbered NOI as one indication of the borrowing capacity of the Company. Therefore, when reviewed together with the Company's Interest Coverage, EBITDA and cash flow from operations, the Company believes that investors and creditors view Unencumbered NOI as a useful supplemental measure for determining the financial flexibility of an entity. A calculation of Unencumbered NOI for the nine months ended September 30, 2014 is as follows (dollars in thousands):

	Year To Date NOI (1)
NOI for Established Communities	\$ 505,695
NOI for Other Stabilized Communities - AvalonBay	75,189
NOI for Other Stabilized Communities - Archstone	179,896
NOI for Development/Redevelopment Communities	78,050
NOI for discontinued operations	310
NOI from real estate assets sold or held for sale, not classified as discontinued operations	8,373
Total NOI generated by real estate assets	847,513
NOI on encumbered assets	260,612
NOI on unencumbered assets	\$ 586,901
Unencumbered NOI	69%

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

Debt-to-Total Market Capitalization is a measure of leverage that is calculated by expressing, as a percentage, debt divided by Total Market Capitalization, which is defined as the aggregate of the market value of the Company's common stock, the market value of the Company's operating partnership units outstanding (based on the market value of the Company's common stock) and the outstanding principal balance of debt. Management believes that this measure of leverage can be one useful measure of a real estate operating company's long-term liquidity and balance sheet strength, because it shows an approximate relationship between a company's total debt and the current total market value of its assets based on the current price at which the Company's common stock trades. Because this measure of leverage changes with fluctuations in the Company's stock price, which occur regularly, this measure may change even when the Company's earnings, interest and debt levels remain stable. Investors should also note that the net realizable value of the Company's assets in liquidation is not easily determinable and may differ substantially from the Company's Total Market Capitalization.

Projected Stabilized Yield (also expressed as "weighted average initial stabilized yield" or words of similar meaning) means Projected NOI as a percentage of Total Capital Cost.

Initial Cost of Capital means (i) with respect to debt proceeds, the fixed rate of interest on the debt or, for floating rate debt, the initial interest rate at debt incurrence, (ii) with respect to the net proceeds from the sale of a community, the Initial Year Market Cap Rate reflected by the sales price, and (iii) with respect to the proceeds from the sale of common stock, 12 months forward projected per share FFO at the time of issuance, after adjustment for non-routine items, expressed as a percentage of the net proceeds per share of common stock sold.

Established Communities are identified by the Company as communities where a comparison of operating results from the prior year to the current year is meaningful, as these communities were owned and had Stabilized Operations, as defined below, as of the beginning of the respective prior year period. Therefore, for year to date 2014 operating results, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2013 and are not conducting or planning to conduct substantial redevelopment activities within the current year. Established Communities do not include communities that are currently held for sale or planned for disposition during the current year. Established Communities as of January 1, 2014 do not include communities acquired as part of the Archstone acquisition.

Established Communities Effective April 1, 2014 includes communities that were owned and had Stabilized Operations as of April 1, 2013, and therefore includes communities acquired as part of the Archstone acquisition that had Stabilized Operations as of April 1, 2013, as well as certain other communities which the Company developed, redeveloped or acquired that had Stabilized Operations as of April 1, 2013.

Attachment 17

Other Stabilized Communities (includes Other Stabilized Communities - AvalonBay and Other Stabilized Communities - Archstone) as of January 1, 2014 are completed consolidated communities that the Company owns, which did not have stabilized operations as of January 1, 2013, but have stabilized occupancy as of January 1, 2014. Other Stabilized Communities as of January 1, 2014 do not include communities that are planning to conduct substantial redevelopment activities or that are under contract to be sold. Beginning in the quarter ended March 31, 2013, Other Stabilized Communities includes the stabilized operating communities acquired as part of the Archstone acquisition. Beginning in the quarter ended June 30, 2014, most of the stabilized operating communities acquired as part of the Archstone acquisition were included in the Established Communities Effective April 1, 2014 portfolio.

Development Communities are communities that are under construction during the current year. These communities may be partially or fully complete and operating.

Redevelopment Communities are communities where the Company owns a majority interest and where substantial redevelopment is in progress or is planned to begin during the current year. Redevelopment is generally considered substantial when capital invested during the reconstruction effort is expected to exceed either \$5,000,000 or 10% of the community's pre-redevelopment basis and is expected to have a material impact on the community's operations, including occupancy levels and future rental rates.

Average Rental Rates are calculated by the Company as rental revenue in accordance with GAAP, divided by the weighted average number of occupied apartment homes.

Economic Occupancy ("Ec Occ") is defined as total possible revenue less vacancy loss as a percentage of total possible revenue. Total possible revenue (also known as "gross potential") is determined by valuing occupied units at contract rates and vacant units at Market Rents. Vacancy loss is determined by valuing vacant units at current Market Rents. By measuring vacant apartments at their Market Rents, Economic Occupancy takes into account the fact that apartment homes of different sizes and locations within a community have different economic impacts on a community's gross revenue.

Market Rents as reported by the Company are based on the current market rates set by the managers of the Company's communities based on their experience in renting their communities' apartments and publicly available market data. Trends in market rents for a region as reported by others could vary. Market Rents for a period are based on the average Market Rents during that period and do not reflect any impact for cash concessions.

Non-Revenue Generating Capex represents capital expenditures that will not directly result in revenue earnings or expense savings.

Stabilized/Restabilized Operations is defined as the earlier of (i) attainment of 95% physical occupancy or (ii) the one-year anniversary of completion of development or redevelopment.

Average Rent per Home as calculated for certain Development and Redevelopment Communities in lease-up, reflects management's projected stabilized rents net of estimated stabilized concessions and including estimated stabilized other rental revenue and excluding projected commercial revenue. Projected stabilized rents are based on one or more of the following: (i) actual average leased rents on apartments leased through quarter end; (ii) projected rollover rents on apartments leased through quarter end where the lease term expires within the first twelve months of Stabilized Operations, and Market Rents on unleased homes.

Average Post-Renovated Rent per Home for Redevelopment Communities reflects management's projected stabilized rents net of stabilized concessions and including stabilized other rental revenue once all homes have been renovated and subsequently re-leased.

Development Rights are development opportunities in the early phase of the development process for which the Company either has an option to acquire land or enter into a leasehold interest, for which the Company is the buyer under a long-term conditional contract to purchase land, where the Company controls the land through a ground lease or owns land to develop a new community, or where the Company is the designated developer in a public-private partnership. The Company capitalizes related pre-development costs incurred in pursuit of new developments for which future development is probable.

Attachment 17

Debt Covenant Compliance ratios for the Unsecured Line of Credit Covenants show the Company's compliance with selected covenants provided in the Company's Third Amended and Restated Revolving Loan Agreement dated as of September 29, 2011, as amended by Amendment No. 1 dated as of December 20, 2012, and the Company's Term Loan Agreement dated March 31, 2014, which have been filed as exhibits to the Company's periodic reports with the SEC. The ratios for the Unsecured Senior Notes Covenants show the Company's compliance with selected covenants provided in the Company's Indenture dated as of January 16, 1998, as supplemented by the First Supplemental Indenture dated as of January 20, 1998, Second Supplemental Indenture dated as of July 7, 1998, Amended and Restated Third Supplemental Indenture dated as of July 20, 2000 and Fourth Supplemental Indenture dated as of September 18, 2006, which have been filed as exhibits to the Company's periodic reports with the SEC.

The Debt Covenant Compliance ratios are provided only to show the Company's compliance with certain covenants contained in the Indenture governing its unsecured debt securities and in the Company's Credit Facility and Term Loan, as of the date reported. These ratios should not be used for any other purpose, including without limitation to evaluate the Company's financial condition or results of operations, nor do they indicate the Company's covenant compliance as of any other date or for any other period. The capitalized terms in the disclosure are defined in the Indenture or the Credit Facility and may differ materially from similar terms (a) used elsewhere in this Earnings Release and the Attachments and (b) used by other companies that present information about their covenant compliance. For risks related to failure to comply with these covenants, see "Risk Factors – Risks related to indebtedness" and other risks discussed in the Company's Annual Report on Form 10-K and the Company's other reports filed with the SEC.