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): February 4, 2019

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

Commission file number 1-12672

Maryland	77-0404318
(State or other jurisdiction of incorporation or organization)	*(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:

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 or Rule 12b-2 of the Securities Exchange Act of 1934.

Emerging growth company o

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. o

Item 2.02. Results of Operations and Financial Condition.

On February 4, 2019, AvalonBay Communities, Inc. issued a press release announcing its fourth quarter 2018 operating results. 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 February 4, 2019, including attachments.
99.2	Supplemental discussion of fourth quarter 2018 operating results dated February 4, 2019, 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: February 4, 2019	By: /s/ Kevin P. O'Shea
	Kevin P. O'Shea
	Chief Financial Officer

Exhibit Index

99.1 Press Release of AvalonBay Communities, Inc. dated February 4, 2019, including attachments.

99.2 Supplemental discussion of fourth quarter 2018 operating results dated February 4, 2019, including attachments.

Exhibit 99.1

PRESS RELEASE

February 4, 2018

For Immediate News Release

AVALONBAY COMMUNITIES, INC. ANNOUNCES 2018 OPERATING RESULTS, 3.4% DIVIDEND INCREASE AND INITIAL 2019 FINANCIAL OUTLOOK

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today that Net Income Attributable to Common Stockholders for the three months ended December 31, 2018 was $385,734,000. This resulted in an increase in Earnings per Share – diluted ("EPS") of 62.2% to $2.79 for the three months ended December 31, 2018, from $1.72 for the prior year period.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the three months ended December 31, 2018 decreased 0.5% to $2.17 from $2.18 for the prior year period. Core FFO per share (as defined in this release) for the three months ended December 31, 2018 increased 2.7% to $2.31 from $2.25 for the prior year period.

The following table compares the Company's actual results for EPS, FFO per share and Core FFO per share for the three months ended December 31, 2018 to its results for the prior year period:

Q4 2018 Results Compared to Q4 2017

	Per Share (1)		
	EPS	**FFO**	**Core FFO**
Q4 2017 per share reported results	$ 1.72	$ 2.18	$ 2.25
Established and Redevelopment Community NOI	0.07	0.07	0.07
Development and Other Stabilized Community NOI	0.09	0.09	0.08
Capital markets activity	(0.07)	(0.07)	(0.06)
Overhead expense and other	(0.06)	(0.06)	(0.04)
Joint venture income	—	—	0.01
Casualty and impairment loss, net	(0.04)	(0.04)	—
Gain on sale of real estate and depreciation expense	1.08	—	—
Q4 2018 per share reported results	$ 2.79	$ 2.17	$ 2.31

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Definitions and Reconciliations, table 3.

The following table compares the Company's actual results for EPS, FFO per share and Core FFO per share for the fourth quarter of 2018 to the mid-point of its October 2018 outlook:

Fourth Quarter 2018 Results
Comparison to October 2018 Outlook

	Per Share		
	EPS	**FFO**	**Core FFO**
Projected per share - October 2018 outlook (1)	$ 2.86	$ 2.21	$ 2.31
Established and Redevelopment Community NOI	0.01	0.01	0.01
Capital markets activity (2)	(0.01)	(0.01)	0.01
Overhead expense and other	(0.02)	(0.02)	(0.02)
Joint venture income	(0.01)	(0.01)	—
Casualty and impairment loss, net	(0.01)	(0.01)	—
Gain on sale of real estate and depreciation expense	(0.03)	—	—
Q4 2018 per share reported results	$ 2.79	$ 2.17	$ 2.31

(1) The mid-point of the Company's October 2018 outlook.
(2) EPS and FFO per share include loss on extinguishment of consolidated debt.

For the year ended December 31, 2018, EPS increased 11.0% to $7.05 from $6.35 for the prior year period, FFO per share increased 4.3% to $8.81 from $8.45 for the prior year period, and Core FFO per share increased 4.4% to $9.00 from $8.62 for the prior year period.

The following table compares the Company's actual results for EPS, FFO per share and Core FFO per share for the full year 2018 to its results for the full year 2017:

Full Year 2018 Results
Comparison to Full Year 2017

	Per Share (1)		
	EPS	FFO	Core FFO
2017 per share reported results	$ 6.35	$ 8.45	$ 8.62
Established and Redevelopment Community NOI	0.21	0.21	0.16
Other Stabilized and Development Community NOI	0.57	0.57	0.57
Capital markets activity	(0.10)	(0.10)	(0.23)
Overhead expense and other	(0.15)	(0.15)	(0.12)
Joint venture income and management fees	(0.19)	(0.19)	—
Casualty and impairment loss, net and business interruption insurance proceeds	0.02	0.02	—
Gain on sale of real estate and depreciation expense	0.34	—	—
2018 per share reported results	$ 7.05	$ 8.81	$ 9.00

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Definitions and Reconciliations, table 3.

Q4 2018 Compared to Q4 2017

	Rental Revenue (1)	Opex (2)	NOI	% of NOI (3)
New England	3.6%	5.7%	2.6%	13.8%
Metro NY/NJ	1.8%	2.9%	1.4%	23.5%
Mid-Atlantic	2.4%	0.8%	3.2%	16.8%
Pacific NW	2.1%	2.1%	2.3%	6.0%
No. California	3.0%	1.8%	3.4%	19.9%
So. California	3.0%	2.2%	3.3%	20.0%
Total	2.7%	2.7%	2.7%	100.0%

(1) See full release for additional detail.
(2) See full release for discussion of variances.
(3) Represents each region's % of total NOI for Q4 2018, including amounts related to communities that have been sold or that are classified as held for sale.

Operating Results for the Three Months Ended December 31, 2018 Compared to the Prior Year Period

For the Company, total revenue increased by $23,230,000, or 4.2%, to $578,522,000. This increase is primarily due to growth in revenue from stabilized operating communities and Development Communities.

For Established Communities, total revenue increased $10,928,000, or 2.7%, to $412,522,000. Operating expenses for Established Communities increased $2,974,000, or 2.7%, to $114,511,000. NOI for Established Communities increased $7,954,000, or 2.7%, to $298,011,000. Rental revenue for Established Communities increased 2.7% as a result of an increase in Average Rental Rates of 2.7% with Economic Occupancy remaining consistent at 96.1%. If the Company were to include current and previously completed Redevelopment Communities as part of its Established Communities portfolio, the increase in Established Communities' rental revenue would have increased 2.8%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the three months ended December 31, 2018 compared to the three months ended December 31, 2017:

Operating Results for the Year Ended December 31, 2018 Compared to the Prior Year Period

For the Company, total revenue increased by $125,907,000, or 5.8%, to $2,284,535,000. This increase is primarily due to growth in revenue from stabilized operating communities and Development Communities.

For Established Communities, total revenue increased $40,761,000, or 2.6%, to $1,632,426,000. Operating expenses for Established Communities increased $14,513,000, or 3.2% to $466,917,000. NOI for Established Communities increased $26,248,000, or 2.3%, to $1,165,509,000. Rental revenue for Established Communities increased 2.5% as a result of an increase in Average Rental Rates of 2.5% with Economic Occupancy remaining consistent at 96.1%. If the Company were to include current and previously completed Redevelopment Communities as part of its Established Communities portfolio, the increase in Established Communities' rental revenue would have remained consistent at 2.5%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the year ended December 31, 2018 compared to the year ended December 31, 2017:

Full Year 2018 Compared to Full Year 2017				
	Rental Revenue (1)	Opex (2)	NOI	% of NOI (3)
New England	3.0%	2.9 %	3.0%	13.8%
Metro NY/NJ	1.7%	3.5 %	0.9%	23.6%
Mid-Atlantic	1.8%	(0.1)%	2.6%	16.6%
Pacific NW	2.5%	7.8 %	0.8%	5.6%
No. California	2.7%	3.1 %	2.6%	20.0%
So. California	3.6%	4.6 %	3.2%	20.4%
Total	2.5%	3.2 %	2.3%	100.0%

(1) See full release for additional detail.

(2) See full release for discussion of variances.

(3) Represents each region's % of total NOI for full year 2018, including amounts related to communities that have been sold or that are classified as held for sale.

Development Activity

During the three months ended December 31, 2018, the Company started the construction of three communities:

- Avalon Newcastle Commons II, located in Newcastle, WA;
- Twinbrook Station, located in Rockville, MD; and
- Avalon Harrison, located in Harrison, NY.

These communities are expected to contain an aggregate of 674 apartment homes and 27,000 square feet of retail space when completed and will be developed for an aggregate estimated Total Capital Cost of $248,000,000.

During 2018, the Company:

- completed the development of seven communities containing an aggregate of 1,915 apartment homes and 10,000 square feet of retail space, for an aggregate Total Capital Cost of $742,000,000, or $693,000,000 at share when including only the Company's 55.0% interest in AVA North Point; and

- commenced the development of eight communities, which in the aggregate are expected to contain 2,154 apartment homes and 57,000 square feet of retail space, and are expected to be completed for an aggregate Total Capital Cost of $718,000,000.

At December 31, 2018, excluding 15 West 61st Street discussed below, the Company had 21 Development Communities under construction that in the aggregate are expected to contain 6,609 apartment homes and 87,000 square feet of retail space. Estimated Total Capital Cost at completion for these Development Communities is $2,383,000,000.

As discussed in the Company's third quarter 2018 earnings release dated October 29, 2018, the Company is pursuing a potential for-sale strategy of individual condominium units for the residential portion of 15 West 61st Street, which is currently under construction. 15 West 61st Street is expected to contain 172 residential units and 67,000 square feet of retail space when completed and is expected to be developed for an estimated Total Capital Cost of $620,000,000.

The projected Total Capital Cost of Development Rights at December 31, 2018 increased to $4.1 billion from $3.6 billion at September 30, 2018.

Acquisition Activity

During the three months ended December 31, 2018, the Company acquired the following three communities:

- The Alexander Apartments and Lofts, located in West Palm Beach, FL, containing 290 apartment homes for a purchase price of $103,000,000;

- Ironwood at Red Rocks, located in Littleton, CO, containing 256 apartment homes for a purchase price of $75,400,000; and

- The Meadows, located in Castle Rock, CO, containing 240 apartment homes for a purchase price of $73,050,000.

During 2018, the Company acquired four communities containing an aggregate of 1,096 apartment homes, for an aggregate purchase price of $334,450,000.

Disposition Activity

Consolidated Apartment Communities

In addition to the NYC Joint Venture discussed below, the Company had the following disposition activity.

During the three months ended December 31, 2018, the Company sold three wholly-owned operating communities:

- Avalon at Fairway Hills - Fields, located in Columbia, MD;
- Avalon Fashion Valley, located in San Diego, CA; and
- Avalon Andover, located in Andover, MA.

In the aggregate, the three communities contain 468 apartment homes and were sold for $142,650,000, resulting in a gain in accordance with GAAP of $62,644,000 and an Economic Gain of $32,742,000.

During the year ended December 31, 2018, the Company sold eight wholly-owned operating communities containing an aggregate of 1,798 apartment homes and 17,000 square feet of retail space. These assets were sold for $618,750,000 and a weighted average Initial Year Market Cap Rate of 4.6%, resulting in a gain in accordance with GAAP of $195,115,000 and an Economic Gain of $92,945,000.

In January 2019, the Company sold Oakwood Arlington, located in Arlington, VA. Oakwood Arlington contains 184 apartment homes and was sold for $70,000,000.

Unconsolidated Real Estate Investments

NYC Joint Venture

In December 2018, the Company contributed five wholly-owned operating communities located in New York, NY, to a newly formed joint venture (the "NYC Joint Venture") for net proceeds of $472,000,000, recognizing a gain in accordance with GAAP of $179,861,000 and an Economic Gain of $37,862,000. The Company retained a 20.0% interest and is acting as the managing member of the NYC Joint Venture, as well as the property manager for the communities. The five communities contain an aggregate of 1,301 apartment homes and 58,000 square feet of retail space.

Prior to the formation of the NYC Joint Venture, two of the five communities were encumbered with $193,800,000 of variable rate debt. In conjunction with the formation of the venture, the Company undertook various refinancing and new borrowing activities, resulting in a consolidated charge of $5,837,000, consisting of a prepayment penalty of $2,874,000 and the non-cash write off of deferred financing fees of $2,963,000. The venture subsequently assumed $395,939,000 of secured fixed rate debt that was the result of the Company's financing activities. This debt has a weighted average effective interest rate of 3.88% for a period of 10 years.

U.S. Fund

During the year ended December 31, 2018, Multifamily Partners AC LP (the "U.S. Fund"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of 28.6%, sold Avalon Kirkland at Carillon containing 131 apartment homes for a sales price of $85,500,000.

AC JV

During the year ended December 31, 2018, Multifamily Partners AC JV LP (the "AC JV"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of 20.0%, sold Avalon Woodland Park containing 392 apartment homes for a sales price of $94,250,000.

Liquidity and Capital Markets

At December 31, 2018, the Company did not have any borrowings outstanding under its $1,500,000,000 unsecured credit facility, and had $217,864,000 in unrestricted cash and cash in escrow.

The Company’s annualized Net Debt-to-Core EBITDAre (as defined in this release) for the fourth quarter of 2018 was 4.6 times.

Q4 2018 Capital Markets Activity

During the three months ended December 31, 2018, the Company repaid $250,000,000 principal amount of its 6.10% coupon unsecured notes in advance of the March 2020 scheduled maturity, recognizing a charge of $8,926,000, consisting of a prepayment penalty of $8,579,000 and a non-cash write-off of deferred financing costs of $347,000.

In addition, during the three months ended December 31, 2018, the Company sold 244,924 shares of common stock at an average sales price of $189.14 per share, for net proceeds of $45,629,000 under the current continuous equity program established in December 2015.

Full Year 2018 Capital Markets Activity

During 2018, in addition to the debt activity for the NYC Joint Venture and the Q4 2018 capital markets activity discussed above, the Company:

- issued $300,000,000 principal amount of unsecured notes in a public offering under its existing shelf registration statement, for net proceeds of $296,210,000. The notes mature in April 2048 and were issued with a 4.35% coupon. The effective interest rate of the notes for the first 10 years is 3.97%, including the impact of an interest rate hedge and offering costs, and for the remainder of the term the effective interest rate is 4.39%;

- repaid an aggregate $54,887,000 of fixed rate secured mortgage notes with an effective interest rate of 5.88%, recognizing an aggregate charge of $1,039,000, consisting of prepayment penalties of $434,000 and non-cash write-offs of deferred financing costs of $605,000; and

- repaid an aggregate $95,859,000 of variable rate secured mortgage notes, recognizing a non-cash charge of $1,690,000 for the write-off of unamortized discount and deferred financing costs.

First Quarter 2019 Dividend Declaration

The Company's Board of Directors declared a dividend for the first quarter of 2019 of $1.52 per share on the Company's common stock (par value of $0.01 per share). The declared dividend is a 3.4% increase over the Company's prior quarterly dividend of $1.47 per share. The dividend is payable on April 15, 2019 to common stockholders of record as of March 29, 2019.

In declaring the increased dividend, the Board of Directors evaluated the Company's past performance and future prospects for earnings growth. Additional factors considered in determining the increase included current common dividend distributions, the relationship of the current common dividend distribution to the Company's Core FFO, the relationship of dividend distributions to taxable income, distribution requirements under rules governing real estate investment trusts and expected growth in taxable income.

2019 Financial Outlook

The following presents a summary of the Company's financial outlook for 2019, further details for which are provided in the full release.

For its full year 2019 financial outlook, the Company expects the following:

Projected EPS, Projected FFO and Projected Core FFO Outlook (1)

	Full Year 2019		
	Low		High
Projected EPS	$5.18	-	$5.68
Projected FFO per share	$9.00	-	$9.50
Projected Core FFO per share	$9.05	-	$9.55

(1) See Definitions and Reconciliations, table 8, for reconciliations of Projected FFO per share and Projected Core FFO per share to Projected EPS.

The following table compares the 2019 full year outlook for EPS, FFO per share and Core FFO per share to the Company's actual results for the full year 2018:

Full Year 2019 Outlook
Comparison to Full Year 2018 Results

	Per Share		
	EPS	FFO	Core FFO
2018 per share reported results	$ 7.05	$ 8.81	$ 9.00
Established and Redevelopment Community NOI	0.32	0.32	0.32
Development and Other Stabilized Community NOI	0.37	0.37	0.33
Capital markets activity	(0.27)	(0.27)	(0.34)
Overhead expense and other	(0.03)	(0.03)	(0.06)
Joint venture income	0.05	0.05	0.05
Gain on sale of real estate and depreciation expense	(2.06)	—	—
2019 per share outlook (1)	$ 5.43	$ 9.25	$ 9.30

(1) Represents the mid-point of the Company's February 2019 outlook.

First Quarter Conference Schedule

Management is scheduled to present at Citi's Global Property CEO Conference from March 3 - 6, 2019. During this conference, management may discuss the Company's current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; financial outlook; portfolio strategy and other business and financial matters affecting the Company. Details on how to access a webcast of the Company's presentation will be available in advance of the conference event on the Company's website at http:// www.avalonbay.com/events.

Other Matters

The Company will hold a conference call on February 5, 2019 at 11:00 AM ET to review and answer questions about this release, its fourth quarter 2018 results, the Attachments (described below) and related matters. To participate on the call, dial 866-575-6539 and use conference id: 2804430.

To hear a replay of the call, which will be available from February 5, 2019 at 4:00 PM ET to February 12, 2019 at 4:00 PM ET, dial 888-203-1112 and use conference id: 2804430. 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 seven 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 is providing a teleconference presentation that will be available on the Company's website at http://www.avalonbay.com/earnings subsequent to this release and before the market opens on February 5, 2019. These supplemental materials will be available on the Company's website for 30 days following the earnings call.

About AvalonBay Communities, Inc.

As of December 31, 2018, the Company owned or held a direct or indirect ownership interest in 291 apartment communities containing 85,158 apartment homes in 12 states and the District of Columbia, of which 21 communities were under development and nine communities were under redevelopment. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in leading metropolitan areas primarily in New England, the New York/New Jersey Metro area, the Mid-Atlantic, the Pacific Northwest, and the Northern and Southern California regions 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, Vice President 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; and our assumptions and expectations in our financial outlook may prove to be too optimistic. Additional discussions of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 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 2019 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, reconciled and further explained on Attachment 15, Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms. Attachment 15 is included in the full earnings release available at the Company's website at http://www.avalonbay.com/earnings. This wire distribution includes only the following definitions and reconciliations:

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.

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

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 the Company currently believes future development is probable.

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.

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 disposed communities is based on their respective final settlement statements. A reconciliation of the aggregate Economic Gain (Loss) to the gain on sale in accordance with GAAP for consolidated dispositions the year ended December 31, 2018 as well as prior years' activities is presented elsewhere in the full release. The following table reconciles the Economic Gain (Loss) of the communities contributed by the Company to the NYC Joint Venture during 2018:

TABLE 1

	2018
GAAP Gain - NYC Joint Venture	$ 179,861
Accumulated Depreciation	(132,533)
Non-cash adjustments (1)	(9,466)
Economic Gain (Loss) - NYC Joint Venture	$ 37,862

(1) The portion of the GAAP gain less accumulated depreciation for the Company's 20.0% ownership interest in the venture.

Established Communities are consolidated communities in the markets where the Company has a significant presence (New England, New York/New Jersey, Mid-Atlantic, Pacific Northwest, and Northern and Southern California) and 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 2018 operating results, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2017, are not conducting or planning to conduct substantial redevelopment activities and are not held for sale or planned for disposition within the current year.

EBITDA, EBITDAre and Core EBITDAre are considered by management to be supplemental measures of our financial performance. 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. EBITDAre is calculated by the Company in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts ("NAREIT"), as EBITDA plus or minus losses and gains on the disposition of depreciated property, plus impairment write-downs of depreciated property, with adjustments to reflect the Company's share of EBITDAre of unconsolidated entities. Core EBITDAre is the Company's EBITDAre as adjusted for non-core items outlined in the table below. By further adjusting for items that are not considered part of the Company's core business operations, Core EBITDAre can help one compare the core operating and financial performance of the Company between periods. A reconciliation of EBITDA, EBITDAre and Core EBITDAre to net income is as follows (dollars in thousands):

TABLE 2

	Q4 2018	Q4 2017
Net income	$ 385,636	$ 237,486
Interest expense, net, inclusive of loss on extinguishment of debt, net	69,955	53,833
Income tax (refund) expense	(247)	39
Depreciation expense	158,914	157,100
EBITDA	$ 614,258	$ 448,458
Gain on sale of communities	(242,532)	(92,845)
Joint venture EBITDAre adjustments (1)	1,413	2,925
EBITDAre	$ 373,139	$ 358,538
(Gain) loss on other real estate transactions	(9)	11,153
Casualty and impairment loss (gain)	826	(5,438)
Lost NOI from casualty losses covered by business interruption insurance	—	1,662
Business interruption insurance proceeds	(26)	—
Advocacy contributions	2,040	—
Severance related costs	884	(66)
Development pursuit write-offs and expensed transaction costs, net	566	232
Asset management fee intangible write-off	538	—
Legal settlements	146	589
Core EBITDAre	$ 378,104	$ 366,670

(1) Includes joint venture interest, taxes, depreciation, gain on dispositions of depreciated real estate and impairment losses, if applicable, included in net income attributable to common stockholders.

FFO and Core FFO are considered by management to be supplemental measures of our operating and financial performance. FFO is calculated by the Company in accordance with the definition adopted by 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, 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. 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 and financial performance of a company’s real estate between periods or as compared to different companies. Core FFO is the Company's FFO as adjusted for non-core items outlined in the table below. By further adjusting for items that are not considered part of our core business operations, Core FFO can help one compare the core operating and financial performance of the Company between periods. A reconciliation of Net income attributable to common stockholders to FFO and to Core FFO is as follows (dollars in thousands):

TABLE 3

	Q4 2018	Q4 2017	Full Year 2018	Full Year 2017
Net income attributable to common stockholders	$ 385,734	$ 237,573	$ 974,525	$ 876,921
Depreciation - real estate assets, including joint venture adjustments	158,838	156,413	629,814	582,907
Distributions to noncontrolling interests	11	10	44	42
(Gain) loss on sale of unconsolidated entities holding previously depreciated real estate	(2,019)	57	(10,655)	(40,053)
Gain on sale of previously depreciated real estate	(242,532)	(92,845)	(374,976)	(252,599)
FFO attributable to common stockholders	300,032	301,208	1,218,752	1,167,218
Adjusting items:				
Joint venture losses (1)	538	139	852	950
Joint venture promote (2)	—	—	(925)	(26,742)
Impairment loss on real estate (3)(5)	826	—	826	9,350
Casualty gain, net on real estate (4)(5)	—	(5,438)	(612)	(3,100)
Business interruption insurance proceeds (6)	(26)	—	(26)	(3,495)
Lost NOI from casualty losses covered by business interruption insurance (7)	—	1,662	1,730	7,904
Loss on extinguishment of consolidated debt	14,775	1,310	17,492	25,472
Advocacy contributions	2,040	—	3,489	—
Hedge ineffectiveness	—	—	—	(753)
Severance related costs	884	(66)	1,466	87
Development pursuit write-offs and expensed transaction costs, net	566	232	1,324	1,406
(Gain) loss on other real estate transactions (8)	(9)	11,153	(344)	10,907
Acquisition costs	—	92	—	92
Legal settlements	146	589	513	680
Income taxes	(251)	—	(251)	—
Core FFO attributable to common stockholders	$ 319,521	$ 310,881	$ 1,244,286	$ 1,189,976
Average shares outstanding - diluted	138,463,943	138,245,981	138,289,241	138,066,686
Earnings per share - diluted	$ 2.79	$ 1.72	$ 7.05	$ 6.35
FFO per common share - diluted	$ 2.17	$ 2.18	$ 8.81	$ 8.45
Core FFO per common share - diluted	$ 2.31	$ 2.25	$ 9.00	$ 8.62

(1) Amounts for full year 2017 and for Q4 and full year 2018 are primarily composed of (i) the write-off of asset management fee intangibles primarily associated with the disposition of communities in the U.S. Fund and the AC JV and (ii) the Company's portion of yield maintenance charges incurred for the early repayment of debt associated with joint venture disposition activity.

(2) Represents the Company's promoted interest in Fund II.

(3) Amounts include impairment charges for land parcels the Company had originally acquired for development. In 2017, the Company sold the land parcel impaired in 2017.

(4) Amounts include legal settlement proceeds for construction defects at communities acquired as part of the Archstone acquisition. Amount for full year 2017 also includes $19,481 for the casualty loss at Avalon Maplewood ("Maplewood"), partially offset by $17,143 of property damage insurance proceeds.

(5) Aggregate impact of (i) Impairment loss on real estate and (ii) Casualty gain, net on real estate, is a loss of $826 and $215 for Q4 and full year 2018, respectively, and a gain of $5,438 for Q4 2017 and a loss of $6,250 for full year 2017.

(6) Amount for full year 2017 is composed of business interruption insurance proceeds resulting from the final insurance settlement of the Maplewood casualty loss.

(7) Amount for full year 2018 is for the Maplewood casualty loss, which occurred in Q1 2017, and for which the Company recognized $3,495 in business interruption insurance proceeds in Q3 2017. Amounts for 2017 are primarily for a casualty event at Avalon at Edgewater ("Edgewater"), which occurred in Q1 2015, and for which the Company received $20,306 in business interruption insurance proceeds in Q1 2016, and amounts related to the Maplewood casualty loss.

(8) Amounts for 2017 are primarily composed of a loss resulting from the non-cash write-off of prepaid rent associated with the purchase of land previously under a ground lease.

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 and amortization. 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.

Interest Coverage is calculated by the Company as Core EBITDAre, divided by the sum of interest expense, net, and preferred dividends, if applicable. 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. A calculation of Interest Coverage for the three months ended December 31, 2018 is as follows (dollars in thousands):

TABLE 4

Core EBITDAre	$	378,104
Interest expense, net	$	55,180
Interest Coverage		6.9 times

Market Rents as reported by the Company are based on the current market rates set by the Company based on its experience in renting 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.

Net Debt-to-Core EBITDAre 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 fourth quarter 2018 Core EBITDAre, as adjusted. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

TABLE 5

Total debt principal (1)	$	7,102,355
Cash and cash in escrow		(217,864)
Net debt	$	6,884,491
Core EBITDAre	$	378,104
Core EBITDAre, annualized	$	1,512,416
Net Debt-to-Core EBITDAre		4.6 times

(1) Balance at December 31, 2018 excludes $9,879 of debt discount and $34,128 of deferred financing costs as reflected in unsecured notes, net, and $14,590 of debt discount and $3,495 of deferred financing costs as reflected in notes payable on the Condensed Consolidated Balance Sheets.

NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excluding corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, investments and investment management expenses, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, loss (gain) on extinguishment of debt, net, general and administrative expense, joint venture income, depreciation expense, corporate income tax expense, casualty and impairment loss (gain), net, gain on sale of communities, loss (gain) on other real estate transactions and net operating income from real estate assets sold or held for sale. The Company considers NOI to be an important and appropriate supplemental performance 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 any corporate-level property management overhead or financing-related costs. NOI reflects the operating performance of a community, and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of 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):

TABLE 6

	Q4 2018	Q4 2017	Q3 2018	Q2 2018	Q1 2018	Full Year 2018	Full Year 2017
Net income	$ 385,636	$ 237,486	$ 192,407	$ 254,543	$ 141,590	$ 974,175	$ 876,660
Indirect operating expenses, net of corporate income	20,671	16,926	18,855	18,913	18,082	76,522	65,398
Investments and investment management expense	2,811	1,659	1,726	1,529	1,643	7,709	5,936
Expensed transaction, development and other pursuit costs, net of recoveries	1,599	649	1,020	889	800	4,309	2,736
Interest expense, net	55,180	52,523	54,097	56,585	55,113	220,974	199,661
Loss on extinguishment of debt, net	14,775	1,310	1,678	642	397	17,492	25,472
General and administrative expense	14,105	11,904	13,934	14,502	13,664	56,205	50,814
Joint venture income	(2,710)	(358)	(10,031)	(789)	(1,740)	(15,270)	(70,744)
Depreciation expense	158,914	157,100	156,538	156,685	159,059	631,196	584,150
Casualty and impairment loss (gain), net	826	(5,438)	(554)	—	(58)	215	6,250
Gain on sale of communities	(242,532)	(92,845)	(27,243)	(105,201)	—	(374,976)	(252,599)
(Gain) loss on other real estate transactions	(9)	11,153	(12)	(370)	47	(345)	10,907
NOI from real estate assets sold or held for sale	(9,875)	(19,312)	(13,612)	(17,082)	(18,051)	(58,620)	(84,650)
NOI	$ 399,391	$ 372,757	$ 388,803	$ 380,846	$ 370,546	$ 1,539,586	$ 1,419,991
Established:							
New England	$ 40,102	$ 39,092	$ 40,005	$ 38,864	$ 38,138	$ 157,109	$ 152,514
Metro NY/NJ	65,192	64,290	64,286	62,797	61,857	254,132	251,760
Mid-Atlantic	42,667	41,360	41,432	41,162	40,462	165,724	161,546
Pacific NW	16,441	16,073	15,681	15,234	14,838	62,194	61,705
No. California	71,128	68,772	70,465	70,342	69,059	280,994	273,940
So. California	62,481	60,470	60,931	61,511	60,433	245,356	237,796
Total Established	298,011	290,057	292,800	289,910	284,787	1,165,509	1,139,261
Other Stabilized	48,021	41,163	44,409	43,799	41,943	178,172	127,678
Redevelopment	37,271	35,137	36,676	35,190	34,335	143,471	141,188
Development (1)	16,088	6,400	14,918	11,947	9,481	52,434	11,864
NOI	$ 399,391	$ 372,757	$ 388,803	$ 380,846	$ 370,546	$ 1,539,586	$ 1,419,991

(1) Development NOI for Full Year 2017 includes $3,495 of business interruption insurance proceeds related to the Maplewood casualty loss.

NOI as reported by the Company does not include the operating results from assets sold or classified as held for sale. A reconciliation of NOI from communities sold or classified as held for sale is as follows (dollars in thousands):

TABLE 7		Q4 2018		Q4 2017		Full Year 2018		Full Year 2017
Revenue from real estate assets sold or held for sale	$	14,977	$	29,975	$	88,865	$	133,956
Operating expenses from real estate assets sold or held for sale		(5,102)		(10,663)		(30,245)		(49,306)
NOI from real estate assets sold or held for sale	$	9,875	$	19,312	$	58,620	$	84,650

Other Stabilized Communities are completed consolidated communities that the Company owns, which have Stabilized Operations as of January 1, 2018, or which we acquired during the year ended December 31, 2018. Other Stabilized Communities includes stabilized operating communities in the Company's expansion markets of Denver, Colorado, and Southeast Florida, but excludes communities that are conducting or planning to conduct substantial redevelopment activities.

Projected FFO and Projected Core FFO, as provided within this release in the Company’s outlook, are calculated on a basis consistent with historical FFO and Core FFO, and are therefore considered to be appropriate supplemental measures to projected Net Income from projected operating performance. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the full year 2019 to the ranges provided for projected EPS (diluted) and corresponding reconciliation of the ranges for Projected FFO per share to the ranges for Projected Core FFO per share are as follows:

TABLE 8		Low Range		High Range
Projected EPS (diluted) - Full Year 2019	$	5.18	$	5.68
Depreciation (real estate related)		4.61		4.81
Gain on sale of communities		(0.79)		(0.99)
Projected FFO per share (diluted) - Full Year 2019		9.00		9.50
Joint venture promote and other income, development pursuit and other write-offs		0.01		0.01
Adjustments related to condominium activities at 15 West 61st Street (1)		0.04		0.04
Projected Core FFO per share (diluted) - Full Year 2019	$	9.05	$	9.55

(1) See the full release for additional detail.

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. In addition, projected stabilized operating expenses for Development Communities do not include property management fee expense. Projected gross potential for Development Communities and dispositions is generally 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 will achieve the Projected NOI as described in this release.

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

Redevelopment Communities include nine communities containing 3,648 apartment homes that are currently under active redevelopment as of December 31, 2018, with an expected Total Capital Cost of $177,000,000, of which $104,000,000 is remaining to invest.

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):

TABLE 9

	Q4 2018	Q4 2017	Full Year 2018	Full Year 2017
Rental revenue (GAAP basis)	$ 412,241	$ 401,396	$ 1,631,633	$ 1,591,107
Concessions amortized	230	486	1,139	4,401
Concessions granted	(202)	(361)	(851)	(1,639)
Rental Revenue with Concessions on a Cash Basis	$ 412,269	$ 401,521	$ 1,631,921	$ 1,593,869
% change -- GAAP revenue		2.7%		2.5%
% change -- cash revenue		2.7%		2.4%

Stabilized Operations/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.

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, offset by proceeds from the sale of any associated land or improvements, all as determined in accordance with GAAP. Total Capital Cost also includes costs incurred related to first generation retail tenants, such as tenant improvements and leasing commissions. 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.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured debt as of December 31, 2018 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 year ended December 31, 2018 is as follows (dollars in thousands):

TABLE 10

	Full Year NOI
NOI for Established Communities	$ 1,165,509
NOI for Other Stabilized Communities	178,172
NOI for Redevelopment Communities	143,471
NOI for Development Communities	52,434
NOI from real estate assets sold or held for sale	58,620
Total NOI generated by real estate assets	1,598,206
NOI on encumbered assets	142,271
NOI on unencumbered assets	$ 1,455,935
Unencumbered NOI	91%

Exhibit 99.2

PRESS RELEASE

For Immediate News Release
February 4, 2019

AVALONBAY COMMUNITIES, INC. ANNOUNCES 2018 OPERATING RESULTS, 3.4% DIVIDEND INCREASE AND INITIAL 2019 FINANCIAL OUTLOOK

(Arlington, VA) AvalonBay Communities, Inc. (NYSE: AVB) (the "Company") reported today that Net Income Attributable to Common Stockholders for the three months ended December 31, 2018 was $385,734,000. This resulted in an increase in Earnings per Share – diluted ("EPS") of 62.2% to $2.79 for the three months ended December 31, 2018, from $1.72 for the prior year period.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the three months ended December 31, 2018 decreased 0.5% to $2.17 from $2.18 for the prior year period. Core FFO per share (as defined in this release) for the three months ended December 31, 2018 increased 2.7% to $2.31 from $2.25 for the prior year period.

The following table compares the Company's actual results for EPS, FFO per share and Core FFO per share for the three months ended December 31, 2018 to its results for the prior year period:

Q4 2018 Results Compared to Q4 2017

	Per Share (1)		
	EPS	FFO	Core FFO
Q4 2017 per share reported results	$ 1.72	$ 2.18	$ 2.25
Established and Redevelopment Community NOI	0.07	0.07	0.07
Development and Other Stabilized Community NOI	0.09	0.09	0.08
Capital markets activity	(0.07)	(0.07)	(0.06)
Overhead expense and other	(0.06)	(0.06)	(0.04)
Joint venture income	—	—	0.01
Casualty and impairment loss, net	(0.04)	(0.04)	—
Gain on sale of real estate and depreciation expense	1.08	—	—
Q4 2018 per share reported results	$ 2.79	$ 2.17	$ 2.31

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Attachment 15, table 3.

The following table compares the Company's actual results for EPS, FFO per share and Core FFO per share for the fourth quarter of 2018 to the mid-point of its October 2018 outlook:

Fourth Quarter 2018 Results
Comparison to October 2018 Outlook

	Per Share		
	EPS	FFO	Core FFO
Projected per share - October 2018 outlook (1)	$ 2.86	$ 2.21	$ 2.31
Established and Redevelopment Community NOI	0.01	0.01	0.01
Capital markets activity (2)	(0.01)	(0.01)	0.01
Overhead expense and other	(0.02)	(0.02)	(0.02)
Joint venture income	(0.01)	(0.01)	—
Casualty and impairment loss, net	(0.01)	(0.01)	—
Gain on sale of real estate and depreciation expense	(0.03)	—	—
Q4 2018 per share reported results	$ 2.79	$ 2.17	$ 2.31

(1) The mid-point of the Company's October 2018 outlook.
(2) EPS and FFO per share include loss on extinguishment of consolidated debt.

For the year ended December 31, 2018, EPS increased 11.0% to $7.05 from $6.35 for the prior year period, FFO per share increased 4.3% to $8.81 from $8.45 for the prior year period, and Core FFO per share increased 4.4% to $9.00 from $8.62 for the prior year period.

The following table compares the Company's actual results for EPS, FFO per share and Core FFO per share for the full year 2018 to its results for the full year 2017:

Full Year 2018 Results Comparison to Full Year 2017			
	Per Share (1)		
	EPS	FFO	Core FFO
2017 per share reported results	$ 6.35	$ 8.45	$ 8.62
Established and Redevelopment Community NOI	0.21	0.21	0.16
Other Stabilized and Development Community NOI	0.57	0.57	0.57
Capital markets activity	(0.10)	(0.10)	(0.23)
Overhead expense and other	(0.15)	(0.15)	(0.12)
Joint venture income and management fees	(0.19)	(0.19)	—
Casualty and impairment loss, net and business interruption insurance proceeds	0.02	0.02	—
Gain on sale of real estate and depreciation expense	0.34	—	—
2018 per share reported results	$ 7.05	$ 8.81	$ 9.00

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Attachment 15, table 3.

Operating Results for the Three Months Ended December 31, 2018 Compared to the Prior Year Period

For the Company, total revenue increased by $23,230,000, or 4.2%, to $578,522,000. This increase is primarily due to growth in revenue from stabilized operating communities and Development Communities.

For Established Communities, total revenue increased $10,928,000, or 2.7%, to $412,522,000. Operating expenses for Established Communities increased $2,974,000, or 2.7%, to $114,511,000. NOI for Established Communities increased $7,954,000, or 2.7%, to $298,011,000. Rental revenue for Established Communities increased 2.7% as a result of an increase in Average Rental Rates of 2.7% with Economic Occupancy remaining consistent at 96.1%. If the Company were to include current and previously completed Redevelopment Communities as part of its Established Communities portfolio, the increase in Established Communities' rental revenue would have increased 2.8%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the three months ended December 31, 2018 compared to the three months ended December 31, 2017:

Q4 2018 Compared to Q4 2017				
	Rental Revenue (1)	Opex (2)	NOI	% of NOI (3)
New England	3.6%	5.7%	2.6%	13.8%
Metro NY/NJ	1.8%	2.9%	1.4%	23.5%
Mid-Atlantic	2.4%	0.8%	3.2%	16.8%
Pacific NW	2.1%	2.1%	2.3%	6.0%
No. California	3.0%	1.8%	3.4%	19.9%
So. California	3.0%	2.2%	3.3%	20.0%
Total	2.7%	2.7%	2.7%	100.0%

(1) See Attachment 4, Quarterly Rental Revenue and Occupancy Changes, for additional detail.

(2) See Attachment 7, Operating Expenses ("Opex"), for discussion of variances.

(3) Represents each region's % of total NOI for Q4 2018, including amounts related to communities that have been sold or that are classified as held for sale.

Operating Results for the Year Ended December 31, 2018 Compared to the Prior Year Period

For the Company, total revenue increased by $125,907,000, or 5.8%, to $2,284,535,000. This increase is primarily due to growth in revenue from stabilized operating communities and Development Communities.

For Established Communities, total revenue increased $40,761,000, or 2.6%, to $1,632,426,000. Operating expenses for Established Communities increased $14,513,000, or 3.2% to $466,917,000. NOI for Established Communities increased $26,248,000, or 2.3%, to $1,165,509,000. Rental revenue for Established Communities increased 2.5% as a result of an increase in Average Rental Rates of 2.5% with Economic Occupancy remaining consistent at 96.1%. If the Company were to include current and previously completed Redevelopment Communities as part of its Established Communities portfolio, the increase in Established Communities' rental revenue would have remained consistent at 2.5%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the year ended December 31, 2018 compared to the year ended December 31, 2017:

Full Year 2018 Compared to Full Year 2017				
	Rental Revenue (1)	Opex (2)	NOI	% of NOI (3)
New England	3.0%	2.9 %	3.0%	13.8%
Metro NY/NJ	1.7%	3.5 %	0.9%	23.6%
Mid-Atlantic	1.8%	(0.1)%	2.6%	16.6%
Pacific NW	2.5%	7.8 %	0.8%	5.6%
No. California	2.7%	3.1 %	2.6%	20.0%
So. California	3.6%	4.6 %	3.2%	20.4%
Total	2.5%	3.2 %	2.3%	100.0%

(1) See Attachment 6, Full Year Rental Revenue and Occupancy Changes, for additional detail.

(2) See Attachment 7, Operating Expenses ("Opex"), for discussion of variances.

(3) Represents each region's % of total NOI for full year 2018, including amounts related to communities that have been sold or that are classified as held for sale.

Development Activity

During the three months ended December 31, 2018, the Company started the construction of three communities:

- Avalon Newcastle Commons II, located in Newcastle, WA;
- Twinbrook Station, located in Rockville, MD; and
- Avalon Harrison, located in Harrison, NY.

These communities are expected to contain an aggregate of 674 apartment homes and 27,000 square feet of retail space when completed and will be developed for an aggregate estimated Total Capital Cost of $248,000,000.

During 2018, the Company:

- completed the development of seven communities containing an aggregate of 1,915 apartment homes and 10,000 square feet of retail space, for an aggregate Total Capital Cost of $742,000,000, or $693,000,000 at share when including only the Company's 55.0% interest in AVA North Point; and

- commenced the development of eight communities, which in the aggregate are expected to contain 2,154 apartment homes and 57,000 square feet of retail space, and are expected to be completed for an aggregate Total Capital Cost of $718,000,000.

At December 31, 2018, excluding 15 West 61st Street discussed below, the Company had 21 Development Communities under construction that in the aggregate are expected to contain 6,609 apartment homes and 87,000 square feet of retail space. Estimated Total Capital Cost at completion for these Development Communities is $2,383,000,000.

As discussed in the Company's third quarter 2018 earnings release dated October 29, 2018, the Company is pursuing a potential for-sale strategy of individual condominium units for the residential portion of 15 West 61st Street, which is currently under construction. 15 West 61st Street is expected to contain 172 residential units and 67,000 square feet of retail space when completed and is expected to be developed for an estimated Total Capital Cost of $620,000,000.

The projected Total Capital Cost of Development Rights at December 31, 2018 increased to $4.1 billion from $3.6 billion at September 30, 2018.

Acquisition Activity

During the three months ended December 31, 2018, the Company acquired the following three communities:

- The Alexander Apartments and Lofts, located in West Palm Beach, FL, containing 290 apartment homes for a purchase price of $103,000,000;

- Ironwood at Red Rocks, located in Littleton, CO, containing 256 apartment homes for a purchase price of $75,400,000; and

- The Meadows, located in Castle Rock, CO, containing 240 apartment homes for a purchase price of $73,050,000.

During 2018, the Company acquired four communities containing an aggregate of 1,096 apartment homes, for an aggregate purchase price of $334,450,000.

Disposition Activity

Consolidated Apartment Communities

In addition to the NYC Joint Venture discussed below, the Company had the following disposition activity.

During the three months ended December 31, 2018, the Company sold three wholly-owned operating communities:

- Avalon at Fairway Hills - Fields, located in Columbia, MD;
- Avalon Fashion Valley, located in San Diego, CA; and
- Avalon Andover, located in Andover, MA.

In the aggregate, the three communities contain 468 apartment homes and were sold for $142,650,000, resulting in a gain in accordance with GAAP of $62,644,000 and an Economic Gain of $32,742,000.

During the year ended December 31, 2018, the Company sold eight wholly-owned operating communities containing an aggregate of 1,798 apartment homes and 17,000 square feet of retail space. These assets were sold for $618,750,000 and a weighted average Initial Year Market Cap Rate of 4.6%, resulting in a gain in accordance with GAAP of $195,115,000 and an Economic Gain of $92,945,000.

In January 2019, the Company sold Oakwood Arlington, located in Arlington, VA. Oakwood Arlington contains 184 apartment homes and was sold for $70,000,000.

Unconsolidated Real Estate Investments

NYC Joint Venture

In December 2018, the Company contributed five wholly-owned operating communities located in New York, NY, to a newly formed joint venture (the "NYC Joint Venture") for net proceeds of $472,000,000, recognizing a gain in accordance with GAAP of $179,861,000 and an Economic Gain of $37,862,000. The Company retained a 20.0% interest and is acting as the managing member of the NYC Joint Venture, as well as the property manager for the communities. The five communities contain an aggregate of 1,301 apartment homes and 58,000 square feet of retail space.

Prior to the formation of the NYC Joint Venture, two of the five communities were encumbered with $193,800,000 of variable rate debt. In conjunction with the formation of the venture, the Company undertook various refinancing and new borrowing activities, resulting in a consolidated charge of $5,837,000, consisting of a prepayment penalty of $2,874,000 and the non-cash write off of deferred financing fees of $2,963,000. The venture subsequently assumed $395,939,000 of secured fixed rate debt that was the result of the Company's financing activities. This debt has a weighted average effective interest rate of 3.88% for a period of 10 years.

U.S. Fund

During the year ended December 31, 2018, Multifamily Partners AC LP (the "U.S. Fund"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of 28.6%, sold Avalon Kirkland at Carillon containing 131 apartment homes for a sales price of $85,500,000.

AC JV

During the year ended December 31, 2018, Multifamily Partners AC JV LP (the "AC JV"), a private discretionary real estate investment vehicle in which the Company holds an equity interest of 20.0%, sold Avalon Woodland Park containing 392 apartment homes for a sales price of $94,250,000.

Liquidity and Capital Markets

At December 31, 2018, the Company did not have any borrowings outstanding under its $1,500,000,000 unsecured credit facility, and had $217,864,000 in unrestricted cash and cash in escrow.

The Company's annualized Net Debt-to-Core EBITDAre (as defined in this release) for the fourth quarter of 2018 was 4.6 times.

Q4 2018 Capital Markets Activity

During the three months ended December 31, 2018, the Company repaid $250,000,000 principal amount of its 6.10% coupon unsecured notes in advance of the March 2020 scheduled maturity, recognizing a charge of $8,926,000, consisting of a prepayment penalty of $8,579,000 and a non-cash write-off of deferred financing costs of $347,000.

In addition, during the three months ended December 31, 2018, the Company sold 244,924 shares of common stock at an average sales price of $189.14 per share, for net proceeds of $45,629,000 under the current continuous equity program established in December 2015.

Full Year 2018 Capital Markets Activity

During 2018, in addition to the debt activity for the NYC Joint Venture and the Q4 2018 capital markets activity discussed above, the Company:

- issued $300,000,000 principal amount of unsecured notes in a public offering under its existing shelf registration statement, for net proceeds of $296,210,000. The notes mature in April 2048 and were issued with a 4.35% coupon. The effective interest rate of the notes for the first 10 years is 3.97%, including the impact of an interest rate hedge and offering costs, and for the remainder of the term the effective interest rate is 4.39%;

- repaid an aggregate $54,887,000 of fixed rate secured mortgage notes with an effective interest rate of 5.88%, recognizing an aggregate charge of $1,039,000, consisting of prepayment penalties of $434,000 and non-cash write-offs of deferred financing costs of $605,000; and

- repaid an aggregate $95,859,000 of variable rate secured mortgage notes, recognizing a non-cash charge of $1,690,000 for the write-off of unamortized discount and deferred financing costs.

First Quarter 2019 Dividend Declaration

The Company's Board of Directors declared a dividend for the first quarter of 2019 of $1.52 per share on the Company's common stock (par value of $0.01 per share). The declared dividend is a 3.4% increase over the Company's prior quarterly dividend of $1.47 per share. The dividend is payable on April 15, 2019 to common stockholders of record as of March 29, 2019.

In declaring the increased dividend, the Board of Directors evaluated the Company's past performance and future prospects for earnings growth. Additional factors considered in determining the increase included current common dividend distributions, the relationship of the current common dividend distribution to the Company's Core FFO, the relationship of dividend distributions to taxable income, distribution requirements under rules governing real estate investment trusts and expected growth in taxable income.

2019 Financial Outlook

The following presents a summary of the Company's financial outlook for 2019, further details for which are provided on Attachment 14.

For its full year 2019 financial outlook, the Company expects the following:

Projected EPS, Projected FFO and Projected Core FFO Outlook (1)

	Full Year 2019		
	Low		High
Projected EPS	$5.18	-	$5.68
Projected FFO per share	$9.00	-	$9.50
Projected Core FFO per share	$9.05	-	$9.55

(1) See Attachment 15, table 8, for reconciliations of Projected FFO per share and Projected Core FFO per share to Projected EPS.

The following table compares the 2019 full year outlook for EPS, FFO per share and Core FFO per share to the Company's actual results for the full year 2018:

Full Year 2019 Outlook
Comparison to Full Year 2018 Results

	Per Share		
	EPS	FFO	Core FFO
2018 per share reported results	$ 7.05	$ 8.81	$ 9.00
Established and Redevelopment Community NOI	0.32	0.32	0.32
Development and Other Stabilized Community NOI	0.37	0.37	0.33
Capital markets activity	(0.27)	(0.27)	(0.34)
Overhead expense and other	(0.03)	(0.03)	(0.06)
Joint venture income	0.05	0.05	0.05
Gain on sale of real estate and depreciation expense	(2.06)	—	—
2019 per share outlook (1)	$ 5.43	$ 9.25	$ 9.30

(1) Represents the mid-point of the Company's February 2019 outlook.

First Quarter Conference Schedule

Management is scheduled to present at Citi's Global Property CEO Conference from March 3 - 6, 2019. During this conference, management may discuss the Company's current operating environment; operating trends; development, redevelopment, disposition and acquisition activity; financial outlook; portfolio strategy and other business and financial matters affecting the Company. Details on how to access a webcast of the Company's presentation will be available in advance of the conference event on the Company's website at http:// www.avalonbay.com/events.

Other Matters

The Company will hold a conference call on February 5, 2019 at 11:00 AM ET to review and answer questions about this release, its fourth quarter 2018 results, the Attachments (described below) and related matters. To participate on the call, dial 866-575-6539 and use conference id: 2804430.

To hear a replay of the call, which will be available from February 5, 2019 at 4:00 PM ET to February 12, 2019 at 4:00 PM ET, dial 888-203-1112 and use conference id: 2804430. 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 seven 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 is providing a teleconference presentation that will be available on the Company's website at http://www.avalonbay.com/earnings subsequent to this release and before the market opens on February 5, 2019. These supplemental materials will be available on the Company's website for 30 days following the earnings call.

About AvalonBay Communities, Inc.

As of December 31, 2018, the Company owned or held a direct or indirect ownership interest in 291 apartment communities containing 85,158 apartment homes in 12 states and the District of Columbia, of which 21 communities were under development and nine communities were under redevelopment. The Company is an equity REIT in the business of developing, redeveloping, acquiring and managing apartment communities in leading metropolitan areas primarily in New England, the New York/New Jersey Metro area, the Mid-Atlantic, the Pacific Northwest, and the Northern and Southern California regions 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, Vice President 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; and our assumptions and expectations in our financial outlook may prove to be too optimistic. Additional discussions of risks and uncertainties that could cause actual results to differ materially from those expressed or implied by the forward-looking statements appear in the Company's filings with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K for the fiscal year ended December 31, 2017 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 2019 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, reconciled and further explained on Attachment 15, Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms. Attachment 15 is included in the full earnings release available at the Company’s website at http://www.avalonbay.com/earnings.

Avalon Dogpatch
San Francisco, CA

AVA North Point
Cambridge, MA

eaves South Coast
Costa Mesa, CA

FOURTH QUARTER 2018

Supplemental Operating and Financial Data

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

AvalonBay COMMUNITIES

FOURTH QUARTER 2018

Supplemental Operating and Financial Data

Table of Contents

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, including but not limited to Attachments 9, 10, 14 and 15, 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 that accompanies these attachments. 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, 2017 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.
Condensed Consolidated Operating Information
December 31, 2018
(Dollars in thousands except per share data)
(unaudited)

	Q4 2018	Q4 2017	% Change	Full Year 2018	Full Year 2017	% Change
Revenue:						
Rental and other income (1)	$ 577,702	$ 554,435	4.2 %	$ 2,280,963	$ 2,154,481	5.9 %
Management, development and other fees	820	857	(4.3)%	3,572	4,147	(13.9)%
Total	578,522	555,292	4.2 %	2,284,535	2,158,628	5.8 %
Operating expenses:						
Direct property operating expenses, excluding property taxes	107,983	105,189	2.7 %	441,155	428,451	3.0 %
Property taxes	60,442	57,180	5.7 %	241,563	221,375	9.1 %
Property management and other indirect operating expenses	21,502	17,780	20.9 %	80,133	69,559	15.2 %
Total operating expenses	189,927	180,149	5.4 %	762,851	719,385	6.0 %
Interest expense, net	(55,180)	(52,523)	5.1 %	(220,974)	(199,661)	10.7 %
Loss on extinguishment of debt, net	(14,775)	(1,310)	1,027.9 %	(17,492)	(25,472)	(31.3)%
General and administrative expense	(14,105)	(11,904)	18.5 %	(56,205)	(50,814)	10.6 %
Joint venture income (2)	2,710	358	657.0 %	15,270	70,744	(78.4)%
Investments and investment management	(2,811)	(1,659)	69.4 %	(7,709)	(5,936)	29.9 %
Expensed transaction, development and other pursuit costs, net of recoveries	(1,599)	(649)	146.4 %	(4,309)	(2,736)	57.5 %
Depreciation expense	(158,914)	(157,100)	1.2 %	(631,196)	(584,150)	8.1 %
Casualty and impairment (loss) gain, net (3)	(826)	5,438	N/A	(215)	(6,250)	(96.6)%
Gain on sale of communities (4)	242,532	92,845	161.2 %	374,976	252,599	48.4 %
Gain (loss) on other real estate transactions (5)	9	(11,153)	N/A	345	(10,907)	N/A
Net income	385,636	237,486	62.4 %	974,175	876,660	11.1 %
Net loss attributable to noncontrolling interests	98	87	12.6 %	350	261	34.1 %
Net income attributable to common stockholders	$ 385,734	$ 237,573	62.4 %	$ 974,525	$ 876,921	11.1 %
Net income attributable to common stockholders per common share - basic	$ 2.79	$ 1.72	62.2 %	$ 7.05	$ 6.36	10.8 %
Net income attributable to common stockholders per common share - diluted	$ 2.79	$ 1.72	62.2 %	$ 7.05	$ 6.35	11.0 %
FFO (6)	$ 300,032	$ 301,208	(0.4)%	$ 1,218,752	$ 1,167,218	4.4 %
Per common share - diluted	$ 2.17	$ 2.18	(0.5)%	$ 8.81	$ 8.45	4.3 %
Core FFO (6)	$ 319,521	$ 310,881	2.8 %	$ 1,244,286	$ 1,189,976	4.6 %
Per common share - diluted	$ 2.31	$ 2.25	2.7 %	$ 9.00	$ 8.62	4.4 %
Dividends declared - common	$ 203,750	$ 196,094	3.9 %	$ 813,722	$ 783,912	3.8 %
Per common share	$ 1.47	$ 1.42	3.5 %	$ 5.88	$ 5.68	3.5 %
Average shares and participating securities outstanding - basic	138,322,285	138,110,099	0.2 %	138,247,513	137,911,138	0.2 %
Average shares outstanding - diluted	138,463,943	138,245,981	0.2 %	138,289,241	138,066,686	0.2 %
Total outstanding common shares and operating partnership units	138,515,924	138,101,654	0.3 %	138,515,924	138,101,654	0.3 %

(1) Amount for the year ended December 31, 2017 include business interruption insurance proceeds of $3,495.

(2) Joint venture income includes amounts related to disposition activity as well as amounts earned for the Company's promoted interest.

(3) See Attachment 15 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms, table 3, for breakout of casualty and impairment (loss) gain, net.

(4) Amounts for the three months and year ended December 31, 2018, include 100% of the gain recognized on the contribution of five operating communities to the NYC Joint Venture, in which the Company has retained a 20.0% ownership interest.

(5) Amounts for the three months and year ended December 31, 2017, include a loss of $11,153 resulting from the non-cash write-off of prepaid rent associated with the purchase of land previously under a ground lease.

(6) See Attachment 15 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

Attachment 2

AvalonBay Communities, Inc.
Condensed Consolidated Balance Sheets
December 31, 2018
(Dollars in thousands)
(unaudited)

	December 31, 2018	December 31, 2017
Real estate	$ 20,424,325	$ 20,561,272
Less accumulated depreciation	(4,601,447)	(4,218,379)
Net operating real estate	15,822,878	16,342,893
Construction in progress, including land	1,768,132	1,306,300
Land held for development	84,712	68,364
Real estate assets held for sale, net	55,208	—
Total real estate, net	17,730,930	17,717,557
Cash and cash equivalents	91,659	67,088
Cash in escrow	126,205	134,818
Resident security deposits	31,816	32,686
Investments in unconsolidated real estate entities	217,432	163,475
Other assets	182,158	299,197
Total assets	$ 18,380,200	$ 18,414,821
Unsecured notes, net	$ 5,905,993	$ 5,852,764
Unsecured credit facility	—	—
Notes payable, net	1,134,270	1,476,706
Resident security deposits	58,415	58,473
Other liabilities	645,672	632,776
Total liabilities	7,744,350	8,020,719
Redeemable noncontrolling interests	3,244	6,056
Equity	10,632,606	10,388,046
Total liabilities and equity	$ 18,380,200	$ 18,414,821

Attachment 3

AvalonBay Communities, Inc.
Sequential Operating Information by Business Segment (1)
December 31, 2018
(Dollars in thousands, except per home data)
(unaudited)

	Total Apartment Homes	Quarter Ended December 31, 2018	Quarter Ended September 30, 2018	Quarter Ended June 30, 2018	Quarter Ended March 31, 2018	Quarter Ended December 31, 2017
RENTAL REVENUE (2)						
Established	54,901	$ 412,241	$ 411,339	$ 406,420	$ 401,632	$ 401,396
Other Stabilized (3)	9,887	69,944	65,174	63,750	62,214	58,868
Redevelopment	7,310	54,086	54,265	53,159	52,779	52,724
Development	9,217	24,123	22,075	18,601	15,112	11,206
Total Consolidated Communities	81,315	$ 560,394	$ 552,853	$ 541,930	$ 531,737	$ 524,194
OPERATING EXPENSE						
Established		$ 114,511	$ 118,725	$ 116,698	$ 116,983	$ 111,537
Other Stabilized (3)		21,968	21,132	20,026	20,717	17,738
Redevelopment		18,793	18,739	18,180	18,485	17,625
Development		8,051	7,167	6,665	5,633	4,807
Total Consolidated Communities		$ 163,323	$ 165,763	$ 161,569	$ 161,818	$ 151,707
NOI (4)						
Established		$ 298,011	$ 292,800	$ 289,910	$ 284,787	$ 290,057
Other Stabilized (3)		48,021	44,409	43,799	41,943	41,163
Redevelopment		37,271	36,676	35,190	34,335	35,137
Development		16,088	14,918	11,947	9,481	6,400
Total Consolidated Communities		$ 399,391	$ 388,803	$ 380,846	$ 370,546	$ 372,757
AVERAGE REVENUE PER OCCUPIED HOME (5)						
Established		$ 2,605	$ 2,599	$ 2,564	$ 2,537	$ 2,536
Other Stabilized (3)		$ 2,520	$ 2,553	$ 2,515	$ 2,468	$ 2,433
Redevelopment		$ 2,701	$ 2,713	$ 2,650	$ 2,624	$ 2,622
ECONOMIC OCCUPANCY (5)						
Established		96.1%	96.1%	96.2%	96.1%	96.1%
Other Stabilized (3)		95.3%	95.7%	95.9%	95.4%	94.0%
Redevelopment		94.4%	94.3%	94.6%	94.8%	94.8%
ESTABLISHED COMMUNITIES TURNOVER (6)						
Current year period / Prior year period		42.3% / 45.3%	67.3% / 64.6%	58.1% / 59.1%	43.9% / 42.9%	45.3% / 45.2%
Current year period YTD / Prior year period YTD		52.9% / 53.0%				53.0% / 52.1%

(1) Includes consolidated communities and excludes amounts related to communities that have been sold or that are classified as held for sale.

(2) Rental revenue excludes non-qualified REIT income and business interruption insurance proceeds.

(3) Results for these communities for quarters prior to January 1, 2018 may reflect community operations prior to stabilization, including periods of lease-up, such that occupancy levels are below what would be considered stabilized.

(4) See Attachment 15 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(5) For per home rent projections and Economic Occupancy for Development Communities currently under construction and/or completed in Q4 2018, see Attachment 9 - Development Communities.

(6) Turnover represents the annualized number of units turned over during the period, divided by the total number of apartment homes for Established Communities for the respective reporting period.

ESTABLISHED COMMUNITIES LIKE-TERM EFFECTIVE RENT CHANGE (3)

	Q4 2018	Q4 2017
New England	2.7%	0.8%
Metro NY/NJ	2.6%	1.6%
Mid-Atlantic	2.0%	0.1%
Pacific NW	1.4%	(1.4)%
No. California	3.0%	1.3%
So. California	2.3%	2.7%
Total	2.5%	1.3%

Attachment 4

AvalonBay Communities, Inc.
Quarterly Rental Revenue and Occupancy Changes - Established Communities (1)
December 31, 2018
(unaudited)

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000s)			
		Q4 18	Q4 17	% Change	Q4 18	Q4 17	% Change	Q4 18	Q4 17	% Change	% Change incl. Redev (4)
New England											
Boston, MA	6,331	$ 2,566	$ 2,475	3.7%	96.1%	95.6%	0.5 %	$ 46,824	$ 44,949	4.2%	4.1%
Fairfield, CT	1,970	2,479	2,449	1.2%	95.8%	95.2%	0.6 %	14,031	13,785	1.8%	1.8%
New England	8,301	2,545	2,469	3.1%	96.0%	95.5%	0.5 %	60,855	58,734	3.6%	3.6%
Metro NY/NJ											
New York City, NY	2,732	3,700	3,658	1.1%	96.5%	96.2%	0.3 %	29,264	28,851	1.4%	0.6%
New York - Suburban	3,233	3,126	3,043	2.7%	96.4%	96.6%	(0.2)%	29,213	28,503	2.5%	2.9%
New Jersey	4,424	2,524	2,484	1.6%	96.6%	96.7%	(0.1)%	32,369	31,876	1.5%	1.8%
Metro NY/NJ	10,389	3,021	2,967	1.8%	96.5%	96.5%	0.0 %	90,846	89,230	1.8%	1.8%
Mid-Atlantic											
Washington Metro/Baltimore, MD	9,274	2,235	2,186	2.2%	96.1%	95.9%	0.2 %	59,724	58,299	2.4%	2.1%
Mid-Atlantic	9,274	2,235	2,186	2.2%	96.1%	95.9%	0.2 %	59,724	58,299	2.4%	2.1%
Pacific Northwest											
Seattle, WA	3,256	2,335	2,288	2.1%	95.8%	95.8%	0.0 %	21,861	21,415	2.1%	1.9%
Pacific Northwest	3,256	2,335	2,288	2.1%	95.8%	95.8%	0.0 %	21,861	21,415	2.1%	1.9%
Northern California											
San Jose, CA	4,197	2,855	2,718	5.0%	95.9%	96.6%	(0.7)%	34,470	33,055	4.3%	4.9%
Oakland-East Bay, CA	3,252	2,604	2,557	1.8%	96.0%	96.1%	(0.1)%	24,383	23,976	1.7%	1.9%
San Francisco, CA	3,349	3,497	3,381	3.4%	96.0%	96.6%	(0.6)%	33,712	32,802	2.8%	2.8%
Northern California	10,798	2,979	2,875	3.6%	95.9%	96.5%	(0.6)%	92,565	89,833	3.0%	3.4%
Southern California											
Los Angeles, CA	8,374	2,411	2,332	3.4%	96.0%	96.1%	(0.1)%	58,163	56,328	3.3%	4.1%
Orange County, CA	2,443	2,171	2,124	2.2%	95.7%	96.4%	(0.7)%	15,233	15,001	1.5%	0.5%
San Diego, CA	2,066	2,185	2,113	3.4%	96.0%	95.9%	0.1 %	12,994	12,556	3.5%	3.5%
Southern California	12,883	2,329	2,259	3.1%	96.0%	96.1%	(0.1)%	86,390	83,885	3.0%	3.4%
Total Established	54,901	$ 2,605	$ 2,536	2.7%	96.1%	96.1%	0.0 %	$ 412,241	$ 401,396	2.7% (3)	2.8%

(1) Established Communities are communities with Stabilized Operations as of January 1, 2017 such that a comparison of Q4 2017 to Q4 2018 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 2.7% from Q4 2017 to Q4 2018.

(4) Represents the change in rental revenue if the Company were to include planned, current and previously completed Redevelopment Communities as part of its Established Communities portfolio.

Attachment 5

AvalonBay Communities, Inc.
Sequential Quarterly Rental Revenue and Occupancy Changes - Established Communities (1)
December 31, 2018
(unaudited)

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000s)			
		Q4 18	Q3 18	% Change	Q4 18	Q3 18	% Change	Q4 18	Q3 18	% Change	% Change incl. Redev (3)
New England											
Boston, MA	6,331	$ 2,566	$ 2,548	0.7 %	96.1%	96.2%	(0.1)%	$ 46,824	$ 46,578	0.5 %	0.7 %
Fairfield, CT	1,970	2,479	2,500	(0.8)%	95.8%	96.2%	(0.4)%	14,031	14,205	(1.2)%	(1.2)%
New England	8,301	2,545	2,537	0.3 %	96.0%	96.2%	(0.2)%	60,855	60,783	0.1 %	0.3 %
Metro NY/NJ											
New York City, NY	2,732	3,700	3,684	0.4 %	96.5%	96.6%	(0.1)%	29,264	29,170	0.3 %	(0.7)%
New York - Suburban	3,233	3,126	3,136	(0.3)%	96.4%	96.4%	0.0 %	29,213	29,319	(0.4)%	(0.2)%
New Jersey	4,424	2,524	2,531	(0.3)%	96.6%	96.2%	0.4 %	32,369	32,312	0.2 %	0.4 %
Metro NY/NJ	10,389	3,021	3,022	0.0 %	96.5%	96.4%	0.1 %	90,846	90,801	0.0 %	(0.2)%
Mid-Atlantic											
Washington Metro/Baltimore, MD	9,274	2,235	2,233	0.1 %	96.1%	96.1%	0.0 %	59,724	59,705	0.0 %	(0.2)%
Mid-Atlantic	9,274	2,235	2,233	0.1 %	96.1%	96.1%	0.0 %	59,724	59,705	0.0 %	(0.2)%
Pacific Northwest											
Seattle, WA	3,256	2,335	2,341	(0.3)%	95.8%	96.0%	(0.2)%	21,861	21,944	(0.4)%	(0.5)%
Pacific Northwest	3,256	2,335	2,341	(0.3)%	95.8%	96.0%	(0.2)%	21,861	21,944	(0.4)%	(0.5)%
Northern California											
San Jose, CA	4,197	2,855	2,853	0.1 %	95.9%	96.0%	(0.1)%	34,470	34,474	0.0 %	0.1 %
Oakland-East Bay, CA	3,252	2,604	2,607	(0.1)%	96.0%	95.8%	0.2 %	24,383	24,367	0.1 %	0.3 %
San Francisco, CA	3,349	3,497	3,461	1.0 %	96.0%	96.0%	0.0 %	33,712	33,389	1.0 %	1.0 %
Northern California	10,798	2,979	2,968	0.4 %	95.9%	95.9%	0.0 %	92,565	92,230	0.4 %	0.4 %
Southern California											
Los Angeles, CA	8,374	2,411	2,395	0.7 %	96.0%	96.0%	0.0 %	58,163	57,748	0.7 %	1.0 %
Orange County, CA	2,443	2,171	2,165	0.3 %	95.7%	95.1%	0.6 %	15,233	15,088	1.0 %	(0.6)%
San Diego, CA	2,066	2,185	2,175	0.5 %	96.0%	96.7%	(0.7)%	12,994	13,040	(0.4)%	(0.4)%
Southern California	12,883	2,329	2,316	0.6 %	96.0%	95.9%	0.1 %	86,390	85,876	0.6 %	0.6 %
Total Established	54,901	$ 2,605	$ 2,599	0.2 %	96.1%	96.1%	0.0 %	$ 412,241	$ 411,339	0.2 %	0.2 %

(1) Established Communities are communities with Stabilized Operations as of January 1, 2017.
(2) Reflects the effect of concessions amortized over the average lease term.
(3) Represents the change in rental revenue if the Company were to include planned, current and previously completed Redevelopment Communities as part of its Established Communities portfolio.

Attachment 6

AvalonBay Communities, Inc.
Full Year Rental Revenue and Occupancy Changes - Established Communities (1)
December 31, 2018

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000s)			
		Full Year 2018	Full Year 2017	% Change	Full Year 2018	Full Year 2017	% Change	Full Year 2018	Full Year 2017	% Change	% Change incl. Redev (4)
New England											
Boston, MA	6,331	$ 2,523	$ 2,438	3.5%	95.9%	96.0%	(0.1)%	$ 183,870	$ 177,845	3.4%	3.3%
Fairfield, CT	1,970	2,469	2,437	1.3%	96.1%	95.7%	0.4 %	56,111	55,158	1.7%	1.7%
New England	8,301	2,510	2,439	2.9%	96.0%	95.9%	0.1 %	239,981	233,003	3.0%	3.0%
Metro NY/NJ											
New York City, NY	2,732	3,680	3,628	1.4%	96.1%	96.3%	(0.2)%	115,916	114,486	1.2%	0.2%
New York - Suburban	3,233	3,097	3,034	2.1%	96.2%	96.3%	(0.1)%	115,638	113,368	2.0%	2.2%
New Jersey	4,424	2,514	2,469	1.8%	96.4%	96.4%	0.0 %	128,677	126,386	1.8%	1.8%
Metro NY/NJ	10,389	3,002	2,949	1.8%	96.2%	96.3%	(0.1)%	360,231	354,240	1.7%	1.4%
Mid-Atlantic											
Washington Metro/Baltimore, MD	9,274	2,218	2,181	1.7%	96.0%	95.9%	0.1 %	236,943	232,857	1.8%	1.6%
Mid-Atlantic	9,274	2,218	2,181	1.7%	96.0%	95.9%	0.1 %	236,943	232,857	1.8%	1.6%
Pacific Northwest											
Seattle, WA	3,256	2,301	2,245	2.5%	96.0%	96.0%	0.0 %	86,290	84,168	2.5%	2.3%
Pacific Northwest	3,256	2,301	2,245	2.5%	96.0%	96.0%	0.0 %	86,290	84,168	2.5%	2.3%
Northern California											
San Jose, CA	4,197	2,809	2,719	3.3%	96.6%	96.8%	(0.2)%	136,610	132,491	3.1%	3.8%
Oakland-East Bay, CA	3,252	2,587	2,531	2.2%	96.2%	96.4%	(0.2)%	97,089	95,192	2.0%	2.0%
San Francisco, CA	3,349	3,435	3,349	2.6%	96.3%	96.1%	0.2 %	132,880	129,302	2.8%	2.8%
Northern California	10,798	2,936	2,858	2.7%	96.4%	96.4%	0.0 %	366,579	356,985	2.7%	3.0%
Southern California											
Los Angeles, CA	8,374	2,380	2,296	3.7%	96.1%	96.1%	0.0 %	229,889	221,673	3.7%	4.0%
Orange County, CA	2,443	2,150	2,099	2.4%	95.7%	96.0%	(0.3)%	60,302	59,088	2.1%	1.2%
San Diego, CA	2,066	2,155	2,068	4.2%	96.2%	95.7%	0.5 %	51,418	49,093	4.7%	4.7%
Southern California	12,883	2,300	2,222	3.5%	96.1%	96.0%	0.1 %	341,609	329,854	3.6%	3.6%
Total Established	54,901	$ 2,576	$ 2,512	2.5%	96.1%	96.1%	0.0 %	$ 1,631,633	$ 1,591,107	2.5% (3)	2.5%

(1) Established Communities are communities with Stabilized Operations as of January 1, 2017 such that a comparison of full year 2017 to full year 2018 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 2.4% between years. The increase in rental revenue on an accrual basis is greater than the increase on a cash basis from Full Year 2017 to Full Year 2018 due to a decrease in the amount of concessions being amortized as compared to the prior year period, with the amount of concessions amortized in a reporting period typically a function of concessions granted during the preceding 12 month period.

(4) Represents the change in rental revenue if the Company were to include planned, current and previously completed Redevelopment Communities as part of its Established Communities portfolio.

Attachment 7

AvalonBay Communities, Inc.
Operating Expenses ("Opex") - Established Communities (1)
December 31, 2018
(Dollars in thousands)
(unaudited)

	Q4 2018	Q4 2017	% Change	Q4 2018 % of Total Opex	Full Year 2018	Full Year 2017	% Change	Full Year 2018 % of Total Opex
Property taxes (2)	$ 42,198	$ 40,464	4.3 %	36.8%	$ 168,432	$ 159,912	5.3 %	36.1%
Payroll (3)	26,253	25,357	3.5 %	22.9%	106,705	103,730	2.9 %	22.8%
Repairs & maintenance (4)	18,612	17,534	6.1 %	16.3%	75,489	72,772	3.7 %	16.2%
Office operations (5)	11,014	11,587	(4.9)%	9.6%	46,029	45,954	0.2 %	9.9%
Utilities (6)	10,034	9,753	2.9 %	8.8%	43,029	41,899	2.7 %	9.2%
Insurance (7)	3,460	4,281	(19.2)%	3.0%	16,587	16,954	(2.2)%	3.5%
Marketing (8)	2,940	2,561	14.8 %	2.6%	10,646	11,183	(4.8)%	2.3%
Total Established Communities Operating Expenses	**$ 114,511**	**$ 111,537**	**2.7 %**	**100.0%**	**$ 466,917**	**$ 452,404**	**3.2 %**	**100.0%**

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

(2) Property taxes increased for the three and twelve months ended December 31, 2018 over the prior year periods primarily due to increased assessments in the Company's Northeast and Pacific Northwest markets. The increase for the twelve months ended December 31, 2018 over the prior year period is also due to successful appeals in the Company's California markets in the prior year.

(3) Payroll costs increased for the three and twelve months ended December 31, 2018 over the prior year periods primarily due to merit increases in associate compensation. The increase for the three months ended December 31, 2018 is also due to increased benefits costs.

(4) Repairs and maintenance increased for the three and twelve months ended December 31, 2018 over the prior year periods primarily due to increased turnover costs and the timing of various maintenance projects.

(5) Office operations includes administrative costs, land lease expense, bad debt expense and association and license fees. The decrease for the three months ended December 31, 2018 from the prior year period is primarily due to decreased bad debt expense from improved resident screening and collection processes. The increase for the twelve months ended December 31, 2018 over the prior year period is primarily due to an increase in government licenses fees, land lease, third party security and office communication costs, partially offset by a decrease in bad debt expense.

(6) Utilities represents aggregate utility costs, net of resident reimbursements. The increases for the three and twelve months ended December 31, 2018 over the prior year periods are primarily due to increased trash removal costs primarily in the Company's West Coast markets, higher rates and consumption for gas in the Company's Northeast market and increased electricity expense due to higher rates, partially offset by decreased water and sewer expense, net of resident reimbursements.

(7) Insurance costs consist of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The decreases for the three and twelve months ended December 31, 2018 from the prior year periods are primarily due to the timing of claims, partially offset by increased property insurance premiums and deductibles. Insurance costs can be variable due to the amounts and timing of estimated and actual claim activity and the related recoveries received.

(8) Marketing costs increased for the three months ended December 31, 2018 over the prior year period primarily due to an increase in internet advertising. Marketing costs decreased for the twelve months ended December 31, 2018 from the prior year primarily due to a decrease in call center costs resulting from increased internet based tour scheduling and other initiatives related to centralized lead management, partially offset by an increase in internet advertising.

Attachment 8

AvalonBay Communities, Inc.
Expensed Community Maintenance Costs and Capitalized Community Expenditures
December 31, 2018

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

		Full Year 2018 Maintenance Expensed Per Home			Categorization of Full Year 2018 Additional Capitalized Value (2)					
Current Communities	Apartment Homes (1)	Carpet Replacement	Other Maintenance (3)	Total	Acquisitions, Construction, Redevelopment & Dispositions (4)	NOI Enhancing (5)(6)	Asset Preservation	2018 Additional Capitalized Value	NOI Enhancing per home (6)	Asset Preservation per home
Established Communities	54,901	$ 145	$ 2,174	$ 2,319	$ —	$ 12,168	$ 66,301	$ 78,469	$ 222	$ 1,208
Other Stabilized Communities	9,887	104	2,015	2,119	322,628 (7)	2,411	2,727	327,766	$ 244	$ 276
Redevelopment Communities (8)	7,310	73	2,491	2,564	197,102	—	—	197,102	—	—
Development Communities (8)	9,217	5	665	670	838,181	—	—	838,181	—	—
Dispositions	—	—	—	—	(916,240)	—	—	(916,240)	—	—
Total	81,315	$ 118	$ 2,012	$ 2,130	$ 441,671	$ 14,579	$ 69,028	$ 525,278	N/A	N/A

(1) Includes consolidated communities and excludes communities that have been sold or that are classified as held for sale.

(2) Policy is to capitalize expenditures for the acquisition or development of new assets or expenditures that extend the life of existing assets that will benefit the Company for periods greater than a year.

(3) Other maintenance includes maintenance, landscaping and redecorating costs.

(4) Includes the impact of the write-off of impaired assets and additional capitalized spend related to recognized casualty losses.

(5) Includes $949 in rebates received during the year ended December 31, 2018, primarily related to NOI Enhancing Capex incurred during 2017.

(6) Established Communities includes $661, or $12 per home, and Other Stabilized Communities includes $1,833, or $185 per home, related to retail space.

(7) Represents acquired communities, coupled with commitment close-outs and construction true-ups on recently constructed communities.

(8) Represents communities that were under construction/reconstruction during the period, including communities where construction/reconstruction has been completed.

Other Capitalized Costs

	Interest	Overhead
Q1 2018	$ 13,164	$ 12,524
Q2 2018	$ 14,567	$ 11,538
Q3 2018	$ 16,277	$ 10,878
Q4 2018	$ 16,323	$ 11,917

Attachment 9

AvalonBay Communities, Inc.
Development Communities as of December 31, 2018
(unaudited)

Community Information: Development Name	Location	Number of Apt Homes	Total Capital Cost (millions)	Schedule: Start	Initial Occupancy	Complete	Full Qtr Stabilized Ops	Avg Rent Per Home	% Complete (As of January 18, 2019)	% Leased (As of January 18, 2019)	% Occupied (As of January 18, 2019)	% Economic Occ. Q4 '18
Communities Under Construction:												
1. Avalon Boonton	Boonton, NJ	350	$ 91	Q3 2016	Q1 2019	Q1 2020	Q3 2020	$ 2,390	—	3%	—	—
2. Avalon Belltown Towers (1)	Seattle, WA	273	147	Q4 2016	Q2 2019	Q4 2019	Q2 2020	3,510	—	—	—	—
3. Avalon Public Market	Emeryville, CA	289	163	Q4 2016	Q2 2019	Q4 2019	Q2 2020	3,605	—	—	—	—
4. Avalon Teaneck	Teaneck, NJ	248	73	Q4 2016	Q3 2019	Q1 2020	Q3 2020	2,510	—	—	—	—
5. AVA Hollywood (1)	Hollywood, CA	695	365	Q4 2016	Q3 2019	Q3 2020	Q1 2021	3,380	—	—	—	—
6. AVA Esterra Park	Redmond, WA	323	91	Q2 2017	Q4 2018	Q3 2019	Q1 2020	2,060	20%	4%	1%	—
7. Avalon at the Hingham Shipyard II	Hingham, MA	190	65	Q2 2017	Q3 2018	Q2 2019	Q4 2019	2,760	82%	49%	42%	29%
8. Avalon Piscataway	Piscataway, NJ	360	90	Q2 2017	Q3 2018	Q2 2019	Q4 2019	2,210	55%	43%	36%	28%
9. Avalon Sudbury	Sudbury, MA	250	85	Q3 2017	Q2 2018	Q2 2019	Q3 2019	2,715	82%	72%	64%	54%
10. Avalon Towson	Towson, MD	371	114	Q4 2017	Q1 2020	Q4 2020	Q2 2021	2,065	—	—	—	—
11. Avalon Yonkers	Yonkers, NY	590	188	Q4 2017	Q3 2019	Q2 2021	Q3 2021	2,750	—	—	—	—
12. Avalon Walnut Creek II	Walnut Creek, CA	200	109	Q4 2017	Q4 2019	Q2 2020	Q4 2020	3,465	—	—	—	—
13. Avalon North Creek	Bothell, WA	316	84	Q4 2017	Q2 2019	Q1 2020	Q3 2020	2,105	—	—	—	—
14. Avalon Saugus (1)	Saugus, MA	280	93	Q2 2018	Q2 2019	Q1 2020	Q3 2020	2,365	—	—	—	—
15. Avalon Doral	Doral, FL	350	111	Q2 2018	Q2 2020	Q1 2021	Q3 2021	2,215	—	—	—	—
16. Avalon Norwood	Norwood, MA	198	61	Q2 2018	Q3 2019	Q1 2020	Q3 2020	2,345	—	—	—	—
17. Avalon Harbor East	Baltimore, MD	400	139	Q3 2018	Q4 2020	Q3 2021	Q1 2022	2,615	—	—	—	—
18. Avalon Old Bridge	Old Bridge, NJ	252	66	Q3 2018	Q1 2020	Q3 2020	Q1 2021	2,355	—	—	—	—
19. Avalon Newcastle Commons II	Newcastle, WA	293	106	Q4 2018	Q3 2020	Q1 2021	Q3 2021	2,460	—	—	—	—
20. Twinbrook Station	Rockville, MD	238	66	Q4 2018	Q2 2020	Q4 2020	Q1 2021	1,710	—	—	—	—
21. Avalon Harrison (1)	Harrison, NY	143	76	Q4 2018	Q3 2020	Q3 2021	Q4 2021	3,780	—	—	—	—
Total / Weighted Average Under Construction		**6,609**	**$ 2,383**					**$ 2,635**				
Total Weighted Average Projected NOI as a % of Total Capital Cost			**6.1%**									

Asset Cost Basis (millions) (2)(3):	
Total Capital Cost, under construction	$ 3,003
Total Capital Cost, disbursed to date	(1,776)
Total Capital Cost, remaining to invest	$ 1,227

(1) Developments containing at least 10,000 square feet of retail space include Avalon Belltown Towers (11,000 sf), AVA Hollywood (19,000 sf), Avalon Saugus (23,000 sf) and Avalon Harrison (27,000 sf).

(2) Includes the communities presented and 15 West 61st Street, which is expected to contain 172 residential units and 67,000 square feet of retail space, and is expected to be developed for an estimated Total Capital Cost of $620,000,000. The Company is pursuing a potential for-sale strategy of individual condominium units for the residential portion, while the Company would maintain ownership of the retail. Initial completion of the first residential units and retail space is expected in Q2 2019 with full completion expected in Q4 2019.

(3) Q4 2018 NOI for the communities presented on this Attachment was $1 million.

Attachment 10

AvalonBay Communities, Inc.
Future Development as of December 31, 2018
(unaudited)

DEVELOPMENT RIGHTS

	# of Rights	Estimated Number of Homes	Total Capital Cost (millions)
Development Rights as of 12/31/2017	**29**	**9,496**	**$ 3,788**
Q1, Q2, & Q3 2018			
Q1, Q2, & Q3 Additions	4	1,269	$ 395
Q1, Q2, & Q3 Construction starts	(5)	(1,480)	(470)
Q1, Q2, & Q3 Adjustments to existing Development Rights	(3)	(685)	(141)
Development Rights as of 9/30/2018	**25**	**8,600**	**$ 3,572**
Q4 2018			
Q4 2018 Additions	6	1,839	$ 782
Q4 2018 Construction starts	(3)	(674)	(248)
Q4 2018 Adjustments to existing Development Rights	—	4	18
Development Rights as of 12/31/2018	**28**	**9,769**	**$ 4,124**
Current Development Rights by Region as of December 31, 2018			
New England	6	1,233	$ 446
Metro NY/NJ	8	3,955	1,710
Mid-Atlantic	1	437	99
Pacific Northwest	2	552	169
Northern California	5	1,543	829
Southern California	4	1,444	677
Denver	2	605	194
	28	**9,769**	**$ 4,124**
Current Development Rights by Classification as of December 31, 2018			
Conventional	19	6,089	$ 2,198
Asset Densification	6	1,888	932
Public-Private Partnership	3	1,792	994
	28	**9,769**	**$ 4,124**

Attachment 11

AvalonBay Communities, Inc.
Unconsolidated Real Estate Investments
December 31, 2018
(Dollars in thousands)
(unaudited)

Unconsolidated Real Estate Investments	Number of Communities	Company Ownership Percentage	Number of Apartment Homes	Select Operating Information: NOI (1)(2) Q4 2018	NOI (1)(2) Full Year 2018	Disposition Gains and Other Activity (1)(3) Q4 2018	Disposition Gains and Other Activity (1)(3) Full Year 2018	Debt: Principal Amount (1)		Debt: Interest Rate (4)
NYC Joint Venture (5)	5	20.0%	1,301	$ 1,198	$ 1,198	$ —	$ —	$ 395,939		3.88%
U.S. Fund	5	28.6%	946	5,448	23,488	—	30,640	205,846		3.08%
AC JV	2	20.0%	529	3,746	17,461	23,667	23,667	111,653	(6)	6.00%
North Point II JV, LP (7)	1	55.0%	265	1,343	2,720	—	—	—		—%
MVP I, LLC	1	25.0%	313	2,850	11,314	—	—	103,000		3.24%
Brandywine Apartments of Maryland, LLC	1	28.7%	305	1,003	4,747	—	—	22,195		3.40%
Total Unconsolidated Real Estate Investments	15		3,659	$ 15,588	$ 60,928	$ 23,667	$ 54,307	$ 838,633		3.87%

(1) NOI, outstanding indebtedness and disposition gains and other activity are presented at 100% ownership.

(2) NOI includes $269 and $6,791 in Q4 and full year 2018, respectively, from one U.S. Fund community and one AC JV community disposed of during the year ended December 31, 2018. NOI excludes property management fees as the Company serves as the property management company for all ventures except Brandywine Apartments of Maryland, LLC.

(3) Disposition gains and other activity is composed primarily of gains on disposition of unconsolidated real estate investments, of which the Company's portion is included in joint venture income as presented on Attachment 1 - Condensed Consolidated Operating Information. The Company's portion of income from disposition gains and other activity for Q4 and full year 2018 was $2,019 and $10,655, respectively, related to dispositions by the U.S. Fund and the AC JV LP. The Company's portion of income from disposition gains and other activity for Q4 and full year 2017 was a loss $57 and income of $40,053, respectively, related to dispositions by AvalonBay Value Added Fund II, L.P. ("Fund II") and the U.S. Fund.

(4) Represents the weighted average interest rate as of December 31, 2018.

(5) In December 2018, the Company contributed five wholly-owned operating communities located in New York, NY, to the NYC Joint Venture. The Company retained a 20.0% interest and is acting as the managing member of the venture, as well as the property manager for the communities. NOI for Q4 and full year 2018 reflect NOI from the date the venture was formed.

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

(7) The Company completed the construction of AVA North Point on behalf of the venture during the year ended December 31, 2018.

Attachment 12

AvalonBay Communities, Inc.
Debt Structure and Select Debt Metrics
December 31, 2018
(Dollars in thousands)
(unaudited)

DEBT COMPOSITION AND MATURITIES

Debt Composition	Amount	Average Interest Rate (1)
Secured notes		
Fixed rate	$ 533,215	3.8%
Variable rate	619,140	3.4%
Subtotal, secured notes	1,152,355	3.6%
Unsecured notes		
Fixed rate	5,400,000	3.7%
Variable rate	550,000	3.4%
Subtotal, unsecured notes	5,950,000	3.7%
Variable rate facility (3)	—	—
Total Debt	$ 7,102,355	3.6%

	Principal Amortization Payments and Maturities (2)		
Year	Secured notes amortization and maturities	Unsecured notes maturities	Total
2019	$ 118,546	$ —	$ 118,546
2020	143,112	400,000	543,112
2021	30,048	550,000	580,048
2022	2,318	550,000	552,318
2023	2,439	600,000	602,439
2024	2,577	450,000	452,577
2025	87,543	825,000	912,543
2026	2,845	775,000	777,845
2027	187,370	400,000	587,370
2028	912	450,000	450,912
Thereafter	574,645	950,000	1,524,645
	$ 1,152,355	$ 5,950,000	$ 7,102,355

SELECT DEBT METRICS

Net Debt-to-Core EBITDAre (4)	4.6x	Interest Coverage (4)	6.9x	Unencumbered NOI (4)	91%	Weighted avg years to maturity of total debt (2)	9.7

DEBT COVENANT COMPLIANCE

Unsecured Line of Credit Covenants	December 31, 2018	Requirement
Total Outstanding Indebtedness to Capitalization Value (5)	27.4%	≤ 60%
Combined EBITDA to Combined Debt Service	5.97x	≥ 1.50x
Unsecured Indebtedness to Unencumbered Asset Value	22.1%	≤ 65%
Secured Indebtedness to Capitalization Value (5)	4.7%	≤ 40%

Unsecured Senior Notes Covenants (6)	December 31, 2018	Requirement
Total Outstanding Indebtedness to Total Assets (7)	31.5%	≤ 65%
Secured Indebtedness to Total Assets (7)	5.1%	≤ 40%
Unencumbered Assets to Unsecured Indebtedness	344.5%	≥ 150%
Consolidated Income Available for Debt Service to the Annual Service Charge	7.09x	≥ 1.50x

(1) Rates are as of December 31, 2018 and, for secured and unsecured notes, include costs of financing such as credit enhancement fees, trustees' fees, the impact of interest rate hedges and mark-to-market adjustments.

(2) Excludes the Company's unsecured credit facility and any associated issuance discount, mark-to-market discounts and deferred financing costs if applicable.

(3) Represents amounts outstanding at December 31, 2018 under the Company's $1.5 billion unsecured credit facility.

(4) See Attachment 15 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(5) Capitalization Value represents the Company's Combined EBITDA for operating communities that the Company has owned for at least 12 months as of December 31, 2018, capitalized at a rate of 6% per annum, plus the book value of Development Communities and real estate communities acquired. For discussion of other defined terms, see "Debt Covenant Compliance" in Attachment 15 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(6) The information about the Company's unsecured senior notes covenants shows compliance with selected covenants under the Company's 1998 Indenture, under which debt securities are outstanding with maturity dates through 2047, subject to prepayment or redemption at the Company's election. See "Debt Covenant Compliance" in Attachment 15 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms. Different covenants apply to debt securities outstanding under the Company's 2018 Indenture.

(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 15 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

Attachment 13

AvalonBay Communities, Inc.
Summary of Disposition Activity (1)
December 31, 2018
(Dollars in thousands)
(unaudited)

Number of Communities Sold	Weighted Average Investment Period (Years)	Gross Sales Price	GAAP Gain	Accumulated Depreciation and Other	Economic Gain (Loss)	Weighted Average Initial Year Mkt. Cap Rate	Weighted Average Unleveraged IRR
2009 - 2013:							
22 Communities (2)(3)	**13.2**	**$ 1,755,915**	**$ 698,152**	**$ 235,050**	**$ 463,102**	**5.2%**	**12.3%**
2014:							
4 Communities (3)	**10.9**	**$ 296,200**	**$ 106,138**	**$ 38,367**	**$ 67,771**	**5.0%**	**12.6%**
2015:							
3 Communities	**11.5**	**$ 265,500**	**$ 115,625**	**$ 47,451**	**$ 68,174**	**5.3%**	**10.1%**
2016:							
7 Communities (4)	**15.3**	**$ 522,850**	**$ 370,301**	**$ 112,492**	**$ 257,809**	**5.3%**	**13.0%**
2017:							
6 Communities	**9.6**	**$ 475,500**	**$ 251,163**	**$ 88,082**	**$ 163,081**	**5.3%**	**11.0%**
2018:							
8 Communities (5)	**6.7**	**$ 618,750**	**$ 195,115**	**$ 102,170**	**$ 92,945**	**4.6%**	**7.5%**
2009 - 2018 Total							
50 Communities	**11.6**	**$ 3,934,715**	**$ 1,736,494**	**$ 623,612**	**$ 1,112,882**	**5.1%**	**11.8%**

(1) Provides disposition activity for consolidated communities for the most recent 10 year period.

(2) Communities sold during this period include the following considerations:

- i. 2009 and 2010 GAAP and Economic Gains include the recognition of $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.
- ii. 2010 Gross Sales Price and GAAP and Economic Gains include the disposition of Avalon on the Sound, a consolidated community that was previously held in a joint venture for a portion of the Company's investment period. This community is not included in the calculation of Weighted Average Investment Period, Weighted Average Initial Year Market Cap Rate, or Weighted Average Unleveraged IRR.
- iii. 2011 results exclude the Company's proportionate GAAP gain of $7,675 associated with an asset exchange.
- iv. 2012 GAAP and Economic Gains include the recognition of $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.

(3) 2013 and 2014 results include the sale of four and two Archstone communities, respectively, for Gross Sales Price and Weighted Average Initial Year Market Cap Rate, but exclude these dispositions for other metrics due to the short investment period.

(4) 2016 GAAP and Economic Gains exclude the impact of the consolidation of Avalon Clarendon, for which the Company recognized a gain of $4,322.

(5) 2018 results exclude the five communities the Company contributed to the NYC Joint Venture.

Attachment 14

AvalonBay Communities, Inc.
2019 Financial Outlook
As of February 4, 2019
(dollars in millions, except per share and apartment home data)
(unaudited)

Key Outputs (1)

	2018 Actual	2019 Projected			Projected Growth (2)
EPS	$7.05	$5.18	to	$5.68	(23.0)%
FFO per share	$8.81	$9.00	to	$9.50	5.0%
Core FFO per share	$9.00	$9.05	to	$9.55	3.3%

Assumptions

2019 Growth Assumptions - AvalonBay markets (3)	
Expected job growth	1.2%
Expected total personal income growth	3.5%
Expected apartment deliveries	2.3%
2019 Established Communities assumptions:	2019 Projected
Revenue change	2.5% to 3.5%
Operating expense change	2.5% to 3.5%
NOI change	2.5% to 3.5%
Expensed overhead (4)	$143 to $153
Capitalized interest	$55 to $65
Expected capital cost for Development Communities:	
Started in 2019 (AVB share/gross)	$850 to $1,050/ $900 to $1,100
Completed in 2019 (5)	$640
Development homes completed and delivered in 2019	2,875
Development homes occupied in 2019	2,525
2019 Projected NOI - Development (6)	$22 to $32

Key Capital Items (7)

New capital sourced from asset and condominium sales and capital markets activity	$	1,000
Capital used for development and redevelopment activity, including land	$	1,325
Capital used for debt redemptions and amortization	$	125
Projected decrease in cash and cash equivalents during 2019*	$	90

* Represents the difference between cash and cash equivalents as of December 31, 2018 of $91 and projected cash and cash equivalents as of December 31, 2019 of $0.

Additional Information

	Apartment Homes	Q4 2018 NOI (1)	
Q4 2018 NOI - restated for 2019 segments			
Established	60,732	$	330,326
Other Stabilized	9,725		45,750
Redevelopment	4,249		22,202
Development	6,609		1,113
Total consolidated communities	81,315	$	399,391

Core FFO adjustment related to 15 West 61st Street

Expensed costs incurred related to condominium homes (8)	$6
Gains on sale of condominium homes (9)	$(8)
Estimated carrying costs of unsold inventory (10)	$8
Total Core FFO adjustments	$6
Total Core FFO adjustments (per share, midpoint)	$0.04

(1) See Attachment 15 for Definitions and Reconciliations of Non-GAAP Financial Measures, including the reconciliation of Projected EPS to Projected FFO per share and Projected FFO per share to Projected Core FFO per share.

(2) Data generally represents the mid-point of management's expected ranges for 2019.

(3) Sources: AVB Market Research Group, Moody's Analytics, National Association for Business Economics and Axiometrics. Expected apartment deliveries reflect new market rate apartment deliveries as a percentage of existing market rate apartment stock. AVB markets exclude expansion markets (Southeast Florida and Denver).

(4) Includes general and administrative expense, property management and investment overhead.

(5) Excludes Total Capital Cost for 15 West 61st Street of $620.

(6) Includes Projected NOI of $3.5 to $4.5 related to the retail portion of 15 West 61st Street.

(7) 2019 data represents mid-points of management's expected ranges for 2019.

(8) Operating expenses incurred for condominium homes includes property taxes, marketing expenses, sales staff and other operating costs.

(9) Reflects gain after taxes and costs of sales on condominium homes sold during 2019. Projected gross proceeds from sales are expected to be $70 to $80.

(10) Represents the estimated carrying costs of unsold residential condominium inventory in 2019, depending on the timing of construction completion and related residential condominium sales and settlement activity. The Company computes this adjustment by multiplying the Total Capital Cost of completed and unsold residential condominium inventory for a reporting period by the Company's weighted average unsecured corporate debt rate.

AvalonBay Communities, Inc.
Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms
December 31, 2018
(unaudited)

This release, including its attachments, contains certain non-GAAP financial measures and other terms. The definitions and calculations 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.

Asset Preservation Capex represents capital expenditures that the Company does not expect will directly result in increased revenue or expense savings.

Average Rent per Home, as calculated for certain Development Communities in lease-up, reflects management's projected stabilized rents net of estimated stabilized concessions, 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 (iii) Market Rents on unleased homes.

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.

Debt Covenant Compliance ratios for the Unsecured Line of Credit Covenants show the Company's compliance with selected covenants provided in the Company's Fourth Amended and Restated Revolving Loan Agreement dated as of January 14, 2016 and the Company's Term Loan Agreement dated February 28, 2017, which have been filed as exhibits to the Company's SEC reports. 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, Fourth Supplemental Indenture dated as of September 18, 2006 and Fifth Supplemental Indenture dated as of November 21, 2014 (collectively, the "1998 Indenture"), which have been filed as exhibits to the Company's SEC reports. Different covenants apply to debt securities outstanding under the Company's Indenture dated as of February 23, 2018, as supplemented by the First Supplemental Indenture dated as of March 26, 2018 and the Second Supplemental Indenture dated as of May 29, 2018 (collectively, the "2018 Indenture"), which have been filed as exhibits to the Company's SEC reports.

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 Loans, 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 the Term Loans, and may differ materially from similar terms (a) used elsewhere in this 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.

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

Attachment 15

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 the Company currently believes future development is probable.

- Asset Densification Development Rights are when the Company develops additional apartment homes at existing stabilized operating communities the Company owns, and will be constructed on land currently associated with those operating communities.

- Conventional Development Rights are when the Company either has an option to acquire the 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 the land to develop a new community.

- Public-Private Partnership Development Rights are when the Company has (i) an option to acquire the land, (ii) an option to enter into a leasehold interest or (iii) entered into a long-term conditional contract to purchase the land, where the Company is the designated developer in a public-private partnership with a local government entity.

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.

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 disposed communities is based on their respective final settlement statements. A reconciliation of the aggregate Economic Gain (Loss) to the gain on sale in accordance with GAAP for consolidated dispositions the year ended December 31, 2018 as well as prior years' activities is presented elsewhere on Attachment 13. The following table reconciles the Economic Gain (Loss) of the communities contributed by the Company to the NYC Joint Venture during 2018:

TABLE 1

	2018
GAAP Gain - NYC Joint Venture	$ 179,861
Accumulated Depreciation	(132,533)
Non-cash adjustments (1)	(9,466)
Economic Gain (Loss) - NYC Joint Venture	$ 37,862

(1) The portion of the GAAP gain less accumulated depreciation for the Company's 20.0% ownership interest in the venture.

Established Communities are consolidated communities in the markets where the Company has a significant presence (New England, New York/New Jersey, Mid-Atlantic, Pacific Northwest, and Northern and Southern California) and 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 2018 operating results, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2017, are not conducting or planning to conduct substantial redevelopment activities and are not held for sale or planned for disposition within the current year.

EBITDA, EBITDAre and Core EBITDAre are considered by management to be supplemental measures of our financial performance. 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. EBITDAre is calculated by the Company in accordance with the definition adopted by the Board of Governors of the National Association of Real Estate Investment Trusts (“NAREIT”), as EBITDA plus or minus losses and gains on the disposition of depreciated property, plus impairment write-downs of depreciated property, with adjustments to reflect the Company's share of EBITDAre of unconsolidated entities. Core EBITDAre is the Company’s EBITDAre as adjusted for non-core items outlined in the table below. By further adjusting for items that are not considered part of the Company’s core business operations, Core EBITDAre can help one compare the core operating and financial performance of the Company between periods. A reconciliation of EBITDA, EBITDAre and Core EBITDAre to net income is as follows (dollars in thousands):

Attachment 15

TABLE 2	Q4 2018	Q4 2017
Net income	$ 385,636	$ 237,486
Interest expense, net, inclusive of loss on extinguishment of debt, net	69,955	53,833
Income tax (refund) expense	(247)	39
Depreciation expense	158,914	157,100
EBITDA	$ 614,258	$ 448,458
Gain on sale of communities	(242,532)	(92,845)
Joint venture EBITDAre adjustments (1)	1,413	2,925
EBITDAre	$ 373,139	$ 358,538
(Gain) loss on other real estate transactions	(9)	11,153
Casualty and impairment loss (gain)	826	(5,438)
Lost NOI from casualty losses covered by business interruption insurance	—	1,662
Business interruption insurance proceeds	(26)	—
Advocacy contributions	2,040	—
Severance related costs	884	(66)
Development pursuit write-offs and expensed transaction costs, net	566	232
Asset management fee intangible write-off	538	—
Legal settlements	146	589
Core EBITDAre	$ 378,104	$ 366,670

(1) Includes joint venture interest, taxes, depreciation, gain on dispositions of depreciated real estate and impairment losses, if applicable, included in net income attributable to common stockholders.

FFO and Core FFO are considered by management to be supplemental measures of our operating and financial performance. FFO is calculated by the Company in accordance with the definition adopted by 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, 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. 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 and financial performance of a company’s real estate between periods or as compared to different companies. Core FFO is the Company's FFO as adjusted for non-core items outlined in the table below. By further adjusting for items that are not considered part of our core business operations, Core FFO can help one compare the core operating and financial performance of the Company between periods. A reconciliation of Net income attributable to common stockholders to FFO and to Core FFO is as follows (dollars in thousands):

Attachment 15

TABLE 3	Q4 2018	Q4 2017	Full Year 2018	Full Year 2017
Net income attributable to common stockholders	$ 385,734	$ 237,573	$ 974,525	$ 876,921
Depreciation - real estate assets, including joint venture adjustments	158,838	156,413	629,814	582,907
Distributions to noncontrolling interests	11	10	44	42
(Gain) loss on sale of unconsolidated entities holding previously depreciated real estate	(2,019)	57	(10,655)	(40,053)
Gain on sale of previously depreciated real estate	(242,532)	(92,845)	(374,976)	(252,599)
FFO attributable to common stockholders	300,032	301,208	1,218,752	1,167,218
Adjusting items:				
Joint venture losses (1)	538	139	852	950
Joint venture promote (2)	—	—	(925)	(26,742)
Impairment loss on real estate (3)(5)	826	—	826	9,350
Casualty gain, net on real estate (4)(5)	—	(5,438)	(612)	(3,100)
Business interruption insurance proceeds (6)	(26)	—	(26)	(3,495)
Lost NOI from casualty losses covered by business interruption insurance (7)	—	1,662	1,730	7,904
Loss on extinguishment of consolidated debt	14,775	1,310	17,492	25,472
Advocacy contributions	2,040	—	3,489	—
Hedge ineffectiveness	—	—	—	(753)
Severance related costs	884	(66)	1,466	87
Development pursuit write-offs and expensed transaction costs, net	566	232	1,324	1,406
(Gain) loss on other real estate transactions (8)	(9)	11,153	(344)	10,907
Acquisition costs	—	92	—	92
Legal settlements	146	589	513	680
Income taxes	(251)	—	(251)	—
Core FFO attributable to common stockholders	$ 319,521	$ 310,881	$ 1,244,286	$ 1,189,976
Average shares outstanding - diluted	138,463,943	138,245,981	138,289,241	138,066,686
Earnings per share - diluted	$ 2.79	$ 1.72	$ 7.05	$ 6.35
FFO per common share - diluted	$ 2.17	$ 2.18	$ 8.81	$ 8.45
Core FFO per common share - diluted	$ 2.31	$ 2.25	$ 9.00	$ 8.62

(1) Amounts for full year 2017 and for Q4 and full year 2018 are primarily composed of (i) the write-off of asset management fee intangibles primarily associated with the disposition of communities in the U.S. Fund and the AC JV and (ii) the Company's portion of yield maintenance charges incurred for the early repayment of debt associated with joint venture disposition activity.

(2) Represents the Company's promoted interest in Fund II.

(3) Amounts include impairment charges for land parcels the Company had originally acquired for development. In 2017, the Company sold the land parcel impaired in 2017.

(4) Amounts include legal settlement proceeds for construction defects at communities acquired as part of the Archstone acquisition. Amount for full year 2017 also includes $19,481 for the casualty loss at Avalon Maplewood ("Maplewood"), partially offset by $17,143 of property damage insurance proceeds.

(5) Aggregate impact of (i) Impairment loss on real estate and (ii) Casualty gain, net on real estate, is a loss of $826 and $215 for Q4 and full year 2018, respectively, and a gain of $5,438 for Q4 2017 and a loss of $6,250 for full year 2017 as shown on Attachment 1 - Condensed Consolidated Operating Information.

(6) Amount for full year 2017 is composed of business interruption insurance proceeds resulting from the final insurance settlement of the Maplewood casualty loss.

(7) Amount for full year 2018 is for the Maplewood casualty loss, which occurred in Q1 2017, and for which the Company recognized $3,495 in business interruption insurance proceeds in Q3 2017. Amounts for 2017 are primarily for a casualty event at Avalon at Edgewater ("Edgewater"), which occurred in Q1 2015, and for which the Company received $20,306 in business interruption insurance proceeds in Q1 2016, and amounts related to the Maplewood casualty loss.

(8) Amounts for 2017 are primarily composed of a loss resulting from the non-cash write-off of prepaid rent associated with the purchase of land previously under a ground lease.

Attachment 15

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 and amortization. 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.

Interest Coverage is calculated by the Company as Core EBITDAre, divided by the sum of interest expense, net, and preferred dividends, if applicable. 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. A calculation of Interest Coverage for the three months ended December 31, 2018 is as follows (dollars in thousands):

TABLE 4

Core EBITDAre	$	378,104
Interest expense, net	$	55,180
Interest Coverage		6.9 times

Like-Term Effective Rent Change represents the percentage change in effective rent between two leases of the same lease term category for the same apartment. The Company defines effective rent as the contractual rent for an apartment less amortized concessions and discounts. Average Like-Term Effective Rent Change is weighted based on the number of leases meeting the criteria for new move-in and renewal like-term effective rent change. New move-in like-term effective rent change is the change in effective rent between the contractual rent for a resident who moves out of an apartment, and the contractual rent for a resident who moves into the same apartment with the same lease term category. Renewal like-term effective rent change is the change in effective rent between two consecutive leases of the same lease term category for the same resident occupying the same apartment.

Market Rents as reported by the Company are based on the current market rates set by the Company based on its experience in renting 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.

Net Debt-to-Core EBITDAre 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 fourth quarter 2018 Core EBITDAre, as adjusted. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

TABLE 5

Total debt principal (1)	$	7,102,355
Cash and cash in escrow		(217,864)
Net debt	$	6,884,491
Core EBITDAre	$	378,104
Core EBITDAre, annualized	$	1,512,416
Net Debt-to-Core EBITDAre		4.6 times

(1) Balance at December 31, 2018 excludes $9,879 of debt discount and $34,128 of deferred financing costs as reflected in unsecured notes, net, and $14,590 of debt discount and $3,495 of deferred financing costs as reflected in notes payable on the Condensed Consolidated Balance Sheets.

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NOI is defined by the Company as total property revenue less direct property operating expenses (including property taxes), and excluding corporate-level income (including management, development and other fees), corporate-level property management and other indirect operating expenses, investments and investment management expenses, expensed transaction, development and other pursuit costs, net of recoveries, interest expense, net, loss (gain) on extinguishment of debt, net, general and administrative expense, joint venture income, depreciation expense, corporate income tax expense, casualty and impairment loss (gain), net, gain on sale of communities, loss (gain) on other real estate transactions and net operating income from real estate assets sold or held for sale. The Company considers NOI to be an important and appropriate supplemental performance 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 any corporate-level property management overhead or financing-related costs. NOI reflects the operating performance of a community, and allows for an easier comparison of the operating performance of individual assets or groups of assets. In addition, because prospective buyers of real estate have different financing and overhead structures, with varying marginal impact to overhead as a result of 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):

TABLE 6

	Q4 2018	Q4 2017	Q3 2018	Q2 2018	Q1 2018	Full Year 2018	Full Year 2017
Net income	$ 385,636	$ 237,486	$ 192,407	$ 254,543	$ 141,590	$ 974,175	$ 876,660
Indirect operating expenses, net of corporate income	20,671	16,926	18,855	18,913	18,082	76,522	65,398
Investments and investment management expense	2,811	1,659	1,726	1,529	1,643	7,709	5,936
Expensed transaction, development and other pursuit costs, net of recoveries	1,599	649	1,020	889	800	4,309	2,736
Interest expense, net	55,180	52,523	54,097	56,585	55,113	220,974	199,661
Loss on extinguishment of debt, net	14,775	1,310	1,678	642	397	17,492	25,472
General and administrative expense	14,105	11,904	13,934	14,502	13,664	56,205	50,814
Joint venture income	(2,710)	(358)	(10,031)	(789)	(1,740)	(15,270)	(70,744)
Depreciation expense	158,914	157,100	156,538	156,685	159,059	631,196	584,150
Casualty and impairment loss (gain), net	826	(5,438)	(554)	—	(58)	215	6,250
Gain on sale of communities	(242,532)	(92,845)	(27,243)	(105,201)	—	(374,976)	(252,599)
(Gain) loss on other real estate transactions	(9)	11,153	(12)	(370)	47	(345)	10,907
NOI from real estate assets sold or held for sale	(9,875)	(19,312)	(13,612)	(17,082)	(18,051)	(58,620)	(84,650)
NOI	$ 399,391	$ 372,757	$ 388,803	$ 380,846	$ 370,546	$ 1,539,586	$ 1,419,991
Established:							
New England	$ 40,102	$ 39,092	$ 40,005	$ 38,864	$ 38,138	$ 157,109	$ 152,514
Metro NY/NJ	65,192	64,290	64,286	62,797	61,857	254,132	251,760
Mid-Atlantic	42,667	41,360	41,432	41,162	40,462	165,724	161,546
Pacific NW	16,441	16,073	15,681	15,234	14,838	62,194	61,705
No. California	71,128	68,772	70,465	70,342	69,059	280,994	273,940
So. California	62,481	60,470	60,931	61,511	60,433	245,356	237,796
Total Established	298,011	290,057	292,800	289,910	284,787	1,165,509	1,139,261
Other Stabilized	48,021	41,163	44,409	43,799	41,943	178,172	127,678
Redevelopment	37,271	35,137	36,676	35,190	34,335	143,471	141,188
Development (1)	16,088	6,400	14,918	11,947	9,481	52,434	11,864
NOI	$ 399,391	$ 372,757	$ 388,803	$ 380,846	$ 370,546	$ 1,539,586	$ 1,419,991

(1) Development NOI for Full Year 2017 includes $3,495 of business interruption insurance proceeds related to the Maplewood casualty loss.

NOI as reported by the Company does not include the operating results from assets sold or classified as held for sale. A reconciliation of NOI from communities sold or classified as held for sale is as follows (dollars in thousands):

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TABLE 7		Q4 2018		Q4 2017		Full Year 2018		Full Year 2017
Revenue from real estate assets sold or held for sale	$	14,977	$	29,975	$	88,865	$	133,956
Operating expenses from real estate assets sold or held for sale		(5,102)		(10,663)		(30,245)		(49,306)
NOI from real estate assets sold or held for sale	$	9,875	$	19,312	$	58,620	$	84,650

NOI Enhancing Capex represents capital expenditures that the Company expects will directly result in increased revenue or expense savings, and excludes any capital expenditures for Redevelopment Communities.

Other Stabilized Communities are completed consolidated communities that the Company owns, which have Stabilized Operations as of January 1, 2018, or which we acquired during the year ended December 31, 2018. Other Stabilized Communities includes stabilized operating communities in the Company's expansion markets of Denver, Colorado, and Southeast Florida, but excludes communities that are conducting or planning to conduct substantial redevelopment activities.

Projected FFO and Projected Core FFO, as provided within this release in the Company’s outlook, are calculated on a basis consistent with historical FFO and Core FFO, and are therefore considered to be appropriate supplemental measures to projected Net Income from projected operating performance. A reconciliation of the ranges provided for Projected FFO per share (diluted) for the full year 2019 to the ranges provided for projected EPS (diluted) and corresponding reconciliation of the ranges for Projected FFO per share to the ranges for Projected Core FFO per share are as follows:

TABLE 8		Low Range		High Range
Projected EPS (diluted) - Full Year 2019	$	5.18	$	5.68
Depreciation (real estate related)		4.61		4.81
Gain on sale of communities		(0.79)		(0.99)
Projected FFO per share (diluted) - Full Year 2019		9.00		9.50
Joint venture promote and other income, development pursuit and other write-offs		0.01		0.01
Adjustments related to condominium activities at 15 West 61st Street (1)		0.04		0.04
Projected Core FFO per share (diluted) - Full Year 2019	$	9.05	$	9.55

(1) See Attachment 14 - 2019 Financial Outlook for additional detail.

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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. In addition, projected stabilized operating expenses for Development Communities do not include property management fee expense. Projected gross potential for Development Communities and dispositions is generally 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 will achieve the Projected NOI as described in this release.

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

Redevelopment Communities include nine communities containing 3,648 apartment homes that are currently under active redevelopment as of December 31, 2018, with an expected Total Capital Cost of $177,000,000, of which $104,000,000 is remaining to invest.

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):

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TABLE 9		Q4 2018		Q4 2017		Full Year 2018		Full Year 2017
Rental revenue (GAAP basis)	$	412,241	$	401,396	$	1,631,633	$	1,591,107
Concessions amortized		230		486		1,139		4,401
Concessions granted		(202)		(361)		(851)		(1,639)
Rental Revenue with Concessions on a Cash Basis	$	412,269	$	401,521	$	1,631,921	$	1,593,869
% change -- GAAP revenue				2.7%				2.5%
% change -- cash revenue				2.7%				2.4%

Stabilized Operations/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.

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, offset by proceeds from the sale of any associated land or improvements, all as determined in accordance with GAAP. Total Capital Cost also includes costs incurred related to first generation retail tenants, such as tenant improvements and leasing commissions. 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.

Unencumbered NOI as calculated by the Company represents NOI generated by real estate assets unencumbered by outstanding secured debt as of December 31, 2018 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 year ended December 31, 2018 is as follows (dollars in thousands):

TABLE 10		Full Year NOI
NOI for Established Communities	$	1,165,509
NOI for Other Stabilized Communities		178,172
NOI for Redevelopment Communities		143,471
NOI for Development Communities		52,434
NOI from real estate assets sold or held for sale		58,620
Total NOI generated by real estate assets		1,598,206
NOI on encumbered assets		142,271
NOI on unencumbered assets	$	1,455,935
Unencumbered NOI		91%

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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) is 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 investment period for each respective community, including net sales proceeds.