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): July 31, 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))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol	Name of each exchange on which registered
Common Stock, par value $0.01 per share	AVB	New York Stock Exchange

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 July 31, 2019, AvalonBay Communities, Inc. issued a press release announcing its second quarter 2019 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 July 31, 2019, including attachments.
99.2	Supplemental discussion of second quarter 2019 operating results dated July 31, 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: July 31, 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 July 31, 2019, including attachments.

99.2 Supplemental discussion of second quarter 2019 operating results dated July 31, 2019, including attachments.

Exhibit 99.1

PRESS RELEASE

July 31, 2019

For Immediate News Release

AVALONBAY COMMUNITIES, INC. ANNOUNCES SECOND QUARTER 2019 OPERATING RESULTS AND UPDATES FULL YEAR 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 June 30, 2019 was $168,281,000. This resulted in a decrease in Earnings per Share – diluted ("EPS") for the three months ended June 30, 2019 of 34.2% to $1.21 from $1.84 for the prior year period.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the three months ended June 30, 2019 increased 1.4% to $2.24 from $2.21 for the prior year period. Core FFO per share (as defined in this release) for the three months ended June 30, 2019 increased 1.8% to $2.27 from $2.23 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 June 30, 2019 to its results for the prior year period:

Q2 2019 Results Compared to Q2 2018

	Per Share (1)		
	EPS	FFO	Core FFO
Q2 2018 per share reported results	$ 1.84	$ 2.21	$ 2.23
Established and Redevelopment Community NOI	0.07	0.07	0.07
Other Stabilized and Development Community NOI	0.08	0.08	0.07
Capital markets activity	(0.07)	(0.07)	(0.06)
Overhead expense and other	(0.06)	(0.06)	(0.05)
Joint venture income	0.01	0.01	0.01
Gain on sale of real estate and depreciation expense	(0.66)	—	—
Q2 2019 per share reported results	$ 1.21	$ 2.24	$ 2.27

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Definitions and Reconciliations, table 5.

For the six months ended June 30, 2019, EPS decreased 15.3% to $2.43 from $2.87 for the prior year period, FFO per share increased 3.9% to $4.55 from $4.38 for the prior year period, and Core FFO per share increased 3.6% to $4.57 from $4.41 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 six months ended June 30, 2019 to its results for the prior year period:

YTD 2019 Results
Comparison to YTD 2018

	Per Share (1)		
	EPS	FFO	Core FFO
YTD 2018 per share reported results	$ 2.87	$ 4.38	$ 4.41
Established and Redevelopment Community NOI	0.18	0.18	0.18
Other Stabilized and Development Community NOI	0.16	0.16	0.14
Capital markets activity	(0.13)	(0.13)	(0.13)
Overhead expense and other	(0.07)	(0.07)	(0.06)
Joint venture income and management fees	0.03	0.03	0.03
Gain on sale of real estate and depreciation expense	(0.61)	—	—
YTD 2019 per share reported results	$ 2.43	$ 4.55	$ 4.57

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Definitions and Reconciliations, table 5.

Established Communities Operating Results for the Three Months Ended June 30, 2019 Compared to the Prior Year Period [a]

For Established Communities, total revenue increased $14,212,000, or 3.2%, to $457,799,000. Operating expenses for Established Communities increased $5,274,000, or 4.2%, to $131,025,000. NOI for Established Communities increased $8,938,000, or 2.8%, to $326,774,000. Rental revenue for Established Communities increased 3.1% as a result of an increase in Average Rental Rates of 3.2%, partially offset by a decrease in Economic Occupancy of 0.1%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the three months ended June 30, 2019 compared to the three months ended June 30, 2018:

Q2 2019 Compared to Q2 2018				
	Rental Revenue (1)(2)	Opex (2)(3)	NOI	% of NOI (4)
New England	2.8%	2.6 %	2.8%	14.3%
Metro NY/NJ	3.1%	1.8 %	4.0%	22.7%
Mid-Atlantic	2.8%	4.0 %	2.3%	15.9%
Pacific NW	4.8%	(1.7)%	7.6%	5.7%
No. California	3.2%	7.7 %	1.9%	20.6%
So. California	3.1%	7.5 %	1.6%	20.8%
Total	3.1%	4.2 %	2.8%	100.0%

(1) See full release for additional detail.

(2) 2018 results have been adjusted to reflect uncollectible lease revenue as an adjustment to revenue. See Definitions and Reconciliations, table 1.

(3) See full release for discussion of variances.

(4) Represents % of total NOI for Q2 2019 in the presented regions, including amounts related to communities that have been sold or that are classified as held for sale.

Established Communities Operating Results for the Six Months Ended June 30, 2019 Compared to the Prior Year Period [a]

For Established Communities, total revenue increased $29,568,000, or 3.4%, to $909,987,000. Operating expenses for Established Communities increased $5,384,000, or 2.1%, to $257,367,000. NOI for Established Communities increased $24,184,000, or 3.8%, to $652,620,000. Rental revenue for Established Communities increased 3.3% as a result of an increase in Average Rental Rates of 3.5%, partially offset by a decrease in Economic Occupancy of 0.2%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the six months ended June 30, 2019 compared to the six months ended June 30, 2018:

YTD 2019 Compared to YTD 2018				
	Rental Revenue (1)(2)	Opex (2)(3)	NOI	% of NOI (4)
New England	3.0%	1.2 %	4.1%	14.2%
Metro NY/NJ	3.1%	1.5 %	4.0%	22.4%
Mid-Atlantic	3.0%	2.1 %	3.4%	16.0%
Pacific NW	4.8%	(2.6)%	8.1%	5.7%
No. California	3.3%	2.6 %	3.6%	20.9%
So. California	3.4%	4.7 %	3.0%	20.8%
Total	3.3%	2.1 %	3.8%	100.0%

(1) See full release for additional detail.

(2) 2018 results have been adjusted to reflect uncollectible lease revenue as an adjustment to revenue. See Definitions and Reconciliations, table 1.

(3) See full release for discussion of variances.

(4) Represents % of total NOI for YTD 2019 in the presented regions, including amounts related to communities that have been sold or that are classified as held for sale.

Development Activity

During the three months ended June 30, 2019, the Company completed the development of Avalon Piscataway, located in Piscataway, NJ. Avalon Piscataway contains 360 apartment homes and was constructed for a Total Capital Cost of $91,000,000.

The Company started the construction of three communities:

- Avalon Brea Place, located in Brea, CA;
- Avalon Foundry Row, located in Owings Mill, MD; and
- Avalon Marlborough II, located in Marlborough, MA.

These communities are expected to contain an aggregate of 1,213 apartment homes when completed and will be developed for an aggregate estimated Total Capital Cost of $432,000,000.

During the six months ended June 30, 2019, the Company completed the development of three communities containing an aggregate of 800 apartment homes for an aggregate Total Capital Cost of $243,000,000.

[a] Historically, the Company presented charges related to uncollectible lease revenue in operating expenses. With the Company's adoption of ASU 2016-02, Leases, the Company is presenting such charges as an adjustment to revenue in its consolidated GAAP financial statements on a prospective basis, beginning January 1, 2019. However, for reported segment financial information, including for Established Communities, the Company has also included such charges as an adjustment to revenue for all prior year periods presented in order to provide comparability. Refer to Definitions and Reconciliations, table 1, for additional detail and a reconciliation.

At June 30, 2019 (excluding 15 West 61st Street, which is expected to be developed for a Total Capital Cost of $624,000,000), the Company had 21 Development Communities under construction that in the aggregate are expected to contain 7,023 apartment homes and 94,000 square feet of retail space. Estimated Total Capital Cost at completion for these Development Communities is $2,578,000,000.

The projected Total Capital Cost of Development Rights at June 30, 2019 decreased to $3.8 billion from $4.2 billion at March 31, 2019.

Acquisition Activity

During the three months ended June 30, 2019, the Company acquired Avalon Cerritos, located in Cerritos, CA, containing 132 apartment homes for a purchase price of $60,500,000.

During the six months ended June 30, 2019, the Company acquired two communities containing an aggregate of 470 apartment homes for an aggregate purchase price of $151,750,000.

In July 2019, the Company acquired Portico at Silver Spring Metro, located in Silver Spring, MD, containing 151 apartment homes for a purchase price of $43,450,000.

Disposition Activity

During the three months ended June 30, 2019, the Company sold Archstone Toscano, a wholly-owned operating community, located in Houston, TX. Archstone Toscano contains 474 apartment homes and was sold for $98,000,000, resulting in a gain in accordance with GAAP of $20,604,000 and an Economic Gain of $6,812,000.

During the six months ended June 30, 2019, the Company sold two wholly-owned operating communities containing an aggregate of 658 apartment homes. These assets were sold for $168,000,000 and a weighted average Initial Year Market Cap Rate of 4.5%, resulting in a gain in accordance with GAAP of $36,986,000 and an Economic Gain of $12,995,000.

In July 2019, the Company sold AVA Stamford, a wholly-owned operating community, located in Stamford, CT. AVA Stamford contains 306 apartment homes and was sold for $105,000,000.

Liquidity and Capital Markets

At June 30, 2019, the Company did not have any borrowings outstanding under its $1,750,000,000 unsecured credit facility, and had $330,044,000 in unrestricted cash and cash in escrow.

During the three months ended June 30, 2019, the Company had the following debt activity:

- The Company issued $450,000,000 principal amount of unsecured notes in a public offering under its existing shelf registration statement for net proceeds of $446,877,000. The notes mature in June 2029 and were issued with a 3.30% coupon. The effective interest rate of the notes is 3.66%, including the impact of an interest rate hedge and offering costs.

- The Company repaid an aggregate $47,217,000 principal amount of mortgage notes secured by one operating community at par at the scheduled maturity date, of which $13,363,000 was a 2.99% fixed rate mortgage note and $33,854,000 was a variable rate mortgage note.

- The Company repaid an aggregate $84,835,000 principal amount of variable rate mortgage notes secured by four operating communities at par in advance of their June 2025 maturity date. The Company utilized $47,174,000 of restricted cash held in principal reserve funds to repay a portion of the outstanding indebtedness.

In addition, during the three months ended June 30, 2019, the Company sold 239,580 shares of common stock under the current continuous equity program established in May 2019, at an average sales price of $208.70 per share, for net proceeds of $49,250,000.

During the six months ended June 30, 2019, the Company sold 994,634 shares of common stock at an average sales price of $200.77 per share, for net proceeds of $196,700,000. These sales were completed under both the Company's previous and current continuous equity programs.

The Company’s annualized Net Debt-to-Core EBITDAre (as defined in this release) for the second quarter of 2019 was 4.8 times.

Full Year 2019 Financial Outlook

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	$5.78	-	$5.98
Projected FFO per share	$9.13	-	$9.33
Projected Core FFO per share	$9.25	-	$9.45

(1) See Definitions and Reconciliations, table 10, for reconciliations of Projected FFO per share and Projected Core FFO per share to Projected EPS.

The following table compares the Company's July 2019 outlook for EPS, FFO per share and Core FFO per share for the full year 2019 to its February 2019 outlook:

July 2019 Full Year Outlook Comparison
to February 2019 Full Year Outlook

	Per Share		
	EPS	FFO	Core FFO
Projected per share - February 2019 outlook (1)	$ 5.43	$ 9.25	$ 9.30
Established and Redevelopment Community NOI	—	—	—
Other Stabilized and Development Community NOI	(0.06)	(0.06)	(0.02)
Capital markets activity	0.09	0.09	0.08
Overhead expense, joint venture income and other	(0.05)	(0.05)	(0.01)
Gain on sale of real estate and depreciation expense	0.47	—	—
Projected per share - July 2019 outlook (1)	$ 5.88	$ 9.23	$ 9.35

(1) The mid-point of the Company's outlook.

Further detail of the Company's full year 2019 outlook is available in the full release.

Other Matters

The Company will hold a conference call on August 1, 2019 at 1:00 PM ET to review and answer questions about this release, its second quarter 2019 results, the Attachments (described below) and related matters. To participate on the call, dial 888-254-3590 and use conference id: 7977097.

To hear a replay of the call, which will be available from August 1, 2019 at 6:00 PM ET to August 8, 2019 at 6:00 PM ET, dial 888-203-1112 and use conference id: 7977097. 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 August 1, 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 June 30, 2019, the Company owned or held a direct or indirect ownership interest in 294 apartment communities containing 86,184 apartment homes in 12 states and the District of Columbia, of which 21 communities were under development and seven 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, landlord-tenant laws and other economic or regulatory 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, 2018 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 14, Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms. Attachment 14 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.

Business Segment Operating Results included in this release presents the Company's business segment financial information for all reporting periods on a comparable basis, with the charge for uncollectible lease revenue included as an adjustment to revenue. Historically for periods prior to January 1, 2019, the Company presented charges related to uncollectible lease revenue in operating expenses. With the Company's adoption of ASU 2016-02, Leases, the Company is presenting such charges as an adjustment to revenue in its consolidated GAAP financial statements on a prospective basis, beginning January 1, 2019. However, for reported segment financial information, including for Established Communities, the Company has also included such charges as an adjustment to revenue for all prior year periods presented in order to provide comparability.

Established Communities

A reconciliation of total revenue, rental revenue and operating expenses for Established Communities, as presented in this release, to results prior to the adjustment for uncollectible lease revenue is as follows (dollars in thousands):

TABLE 1

	Q2 2019	Q2 2018	Q2 2019 to Q2 2018 % Change	Q1 2019	Q2 2019 to Q1 2019 % Change	YTD 2019	YTD 2018	YTD 2019 to YTD 2018 % Change
Total revenue, excluding uncollectible lease revenue	$ 460,297	$ 446,270	3.1 %	$ 454,091	1.4%	$ 914,390	$ 886,407	3.2 %
Uncollectible lease revenue	(2,498)	(2,683)	(6.9)%	(1,905)	31.1%	(4,403)	(5,988)	(26.5)%
Total revenue, including uncollectible lease revenue	457,799	443,587	3.2 %	452,186	1.2%	909,987	880,419	3.4 %
Rental revenue, excluding uncollectible lease revenue	459,690	446,014	3.1 %	453,625	1.3%	913,315	885,965	3.1 %
Uncollectible lease revenue	(2,498)	(2,683)	(6.9)%	(1,905)	31.1%	(4,403)	(5,988)	(26.5)%
Rental revenue, including uncollectible lease revenue	457,192	443,331	3.1 %	451,720	1.2%	908,912	879,977	3.3 %
Operating expenses, excluding uncollectible lease revenue	131,025	125,751	4.2 %	126,340	3.7%	257,367	251,983	2.1 %
Uncollectible lease revenue	2,498	2,683	(6.9)%	1,905	31.1%	4,403	5,988	(26.5)%
Operating expenses, including uncollectible lease revenue	$ 133,523	$ 128,434	4.0 %	$ 128,245	4.1%	$ 261,770	$ 257,971	1.5 %

Other Reported Operating Results

A reconciliation of rental revenue and operating expenses, for results for periods presented in this release prior to the adjustment for uncollectible lease revenue, is as follows (dollars in thousands):

TABLE 2								
	Q4 2018							
	Established		Other Stabilized		Redevelopment		Development	
Rental revenue, excluding uncollectible lease revenue	$	453,242	$	70,302	$	32,086	$	2,282
Uncollectible lease revenue		(2,023)		(755)		(147)		(5)
Rental revenue, including uncollectible lease revenue		451,219		69,547		31,939		2,277
Operating expenses, excluding uncollectible lease revenue		124,954		22,760		9,738		1,165
Uncollectible lease revenue		2,023		755		147		5
Operating expenses, including uncollectible lease revenue	$	126,977	$	23,515	$	9,885	$	1,170

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 aggregate gain on sale in accordance with GAAP for the wholly-owned operating communities disposed of during the three and six months ended June 30, 2019 is as follows (dollars in thousands):

TABLE 3				
	Q2 2019		YTD 2019	
GAAP Gain	$	20,604	$	36,986
Accumulated Depreciation and Other		(13,792)		(23,991)
Economic Gain (Loss)	$	6,812	$	12,995

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 2019 operating results, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2018, are not conducting or are not probable to conduct substantial redevelopment activities and are not held for sale or probable 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 4

	Q2 2019
Net income	$ 168,305
Interest expense, net, inclusive of loss on extinguishment of debt, net	50,239
Depreciation expense	162,693
EBITDA	$ 381,237
Gain on sale of communities	(20,530)
Joint venture EBITDAre adjustments (1)	5,789
EBITDAre	$ 366,496
Gain on other real estate transactions	(34)
Business interruption insurance proceeds	(435)
Severance related costs	1,353
Development pursuit write-offs and expensed transaction costs, net	1,327
Potential residential for-sale condominium marketing and administrative costs	945
Legal settlements	38
Core EBITDAre	$ 369,690

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

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 5				
	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Net income attributable to common stockholders	$ 168,281	$ 254,662	$ 338,647	$ 396,305
Depreciation - real estate assets, including joint venture adjustments	164,830	156,289	329,576	314,772
Distributions to noncontrolling interests	12	11	23	22
Gain on sale of previously depreciated real estate	(20,530)	(105,201)	(35,365)	(105,201)
FFO attributable to common stockholders	312,593	305,761	632,881	605,898
Adjusting items:				
Joint venture losses	—	7	—	7
Joint venture promote (1)	—	—	—	(925)
Casualty gain, net on real estate	—	—	—	(58)
Business interruption insurance proceeds	(435)	—	(607)	—
Lost NOI from casualty losses covered by business interruption insurance (2)	—	832	—	1,730
Loss on extinguishment of consolidated debt	229	642	509	1,039
Advocacy contributions	—	303	—	606
Severance related costs	1,353	132	1,372	502
Development pursuit write-offs and expensed transaction costs, net	1,327	243	1,604	570
Potential residential for-sale condominium marketing and administrative costs	945	158	1,418	158
Potential residential for-sale condominium imputed carry cost (3)	506	—	506	—
Gain on other real estate transactions	(34)	(370)	(301)	(323)
Legal settlements	38	67	(978)	367
Income taxes	—	—	(6)	—
Core FFO attributable to common stockholders	$ 316,522	$ 307,775	$ 636,398	$ 609,571
Average shares outstanding - diluted	139,618,231	138,215,010	139,227,376	138,184,295
Earnings per share - diluted	$ 1.21	$ 1.84	$ 2.43	$ 2.87
FFO per common share - diluted	$ 2.24	$ 2.21	$ 4.55	$ 4.38
Core FFO per common share - diluted	$ 2.27	$ 2.23	$ 4.57	$ 4.41

(1) Represents the Company's promoted interest in AvalonBay Value Added Fund II, L.P.

(2) Amount for 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.

(3) Represents the imputed carry cost of potential for-sale residential condominium units where construction is complete and a potential for-sale condominium strategy is being pursued. The Company computes this adjustment by multiplying the Total Capital Cost of completed and unsold potential for-sale residential condominium units by the Company's weighted average unsecured debt rate.

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 June 30, 2019 is as follows (dollars in thousands):

TABLE 6		
Core EBITDAre	$	369,690
Interest expense, net	$	50,010
Interest Coverage		7.4 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 (secured and unsecured notes and the Company's variable rate unsecured credit facility) that is consolidated for financial reporting purposes, less consolidated cash and cash in escrow, divided by annualized second quarter 2019 Core EBITDAre, as adjusted. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

TABLE 7		
Total debt principal (1)	$	7,414,889
Cash and cash in escrow		(330,044)
Net debt	$	7,084,845
Core EBITDAre	$	369,690
Core EBITDAre, annualized	$	1,478,760
Net Debt-to-Core EBITDAre		4.8 times

(1) Balance at June 30, 2019 excludes $9,346 of debt discount and $35,522 of deferred financing costs as reflected in unsecured notes, net, and $14,530 of debt discount and $3,274 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, 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) loss, depreciation expense, casualty and impairment loss (gain), net, gain on sale of communities, (gain) loss 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 8

	Q2 2019	Q2 2018	Q1 2019	Q4 2018	YTD 2019	YTD 2018
Net income	$ 168,305	$ 254,543	$ 170,418	$ 385,636	$ 338,723	$ 396,133
Indirect operating expenses, net of corporate income	23,018	19,677	19,722	21,849	42,740	38,636
Expensed transaction, development and other pursuit costs, net of recoveries	2,711	1,047	1,095	1,599	3,806	1,847
Interest expense, net	50,010	56,585	47,892	55,180	97,902	111,698
Loss on extinguishment of debt, net	229	642	280	14,775	509	1,039
General and administrative expense	18,965	15,267	13,700	15,738	32,665	29,698
Joint venture (income) loss	(197)	(789)	1,060	(2,710)	863	(2,529)
Depreciation expense	162,693	156,685	162,057	158,914	324,749	315,743
Casualty and impairment loss (gain), net	—	—	—	826	—	(58)
Gain on sale of communities	(20,530)	(105,201)	(14,835)	(242,532)	(35,365)	(105,201)
Gain on other real estate transactions	(34)	(370)	(267)	(9)	(300)	(323)
NOI from real estate assets sold or held for sale	(1,495)	(19,680)	(2,582)	(12,483)	(4,077)	(40,377)
NOI	$ 403,675	$ 378,406	$ 398,540	$ 396,783	$ 802,215	$ 746,306
Established:						
New England	$ 41,907	$ 40,750	$ 41,808	$ 42,257	$ 83,715	$ 80,441
Metro NY/NJ	73,212	70,412	71,843	72,783	145,055	139,429
Mid-Atlantic	51,073	49,917	51,052	51,543	102,125	98,772
Pacific NW	20,605	19,142	20,210	20,868	40,815	37,766
No. California	67,384	66,133	68,238	66,826	135,622	130,946
So. California	72,593	71,482	72,695	72,320	145,288	141,082
Total Established	326,774	317,836	325,846	326,597	652,620	628,436
Other Stabilized	50,813	38,776	49,211	46,871	100,024	75,000
Redevelopment	22,587	22,131	22,040	22,202	44,627	43,396
Development	3,501	(337)	1,443	1,113	4,944	(526)
NOI	$ 403,675	$ 378,406	$ 398,540	$ 396,783	$ 802,215	$ 746,306

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 9

	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Revenue from real estate assets sold or held for sale	$ 2,591	$ 30,024	$ 7,193	$ 61,857
Operating expenses from real estate assets sold or held for sale	(1,096)	(10,344)	(3,116)	(21,480)
NOI from real estate assets sold or held for sale	$ 1,495	$ 19,680	$ 4,077	$ 40,377

Other Stabilized Communities are completed consolidated communities that the Company owns, which have Stabilized Operations as of January 1, 2019, or which we acquired during the year ended June 30, 2019. 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 are probable 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 10		Low Range		High Range
Projected EPS (diluted) - Full Year 2019	$	5.78	$	5.98
Depreciation (real estate related)		4.62		4.82
Gain on sale of communities		(1.27)		(1.47)
Projected FFO per share (diluted) - Full Year 2019		9.13		9.33
Adjustments related to potential residential for-sale condominiums at 15 West 61st Street (1)		0.07		0.07
Other income, development pursuit and other write-offs		0.02		0.02
Income taxes		0.03		0.03
Projected Core FFO per share (diluted) - Full Year 2019	$	9.25	$	9.45

(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 ("Weighted Average Initial Projected Stabilized Yield") 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 probable 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 seven communities containing 3,026 apartment homes that are currently under active redevelopment as of June 30, 2019, with an expected Total Capital Cost of $135,000,000, of which $48,000,000 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 11				
	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Rental revenue (GAAP basis)	$ 457,192	$ 443,331	$ 908,912	$ 879,977
Concessions amortized	185	1,199	390	2,788
Concessions granted	(118)	(148)	(396)	(792)
Rental Revenue with Concessions on a Cash Basis	$ 457,259	$ 444,382	$ 908,906	$ 881,973
% change -- GAAP revenue		3.1%		3.3%
% change -- cash revenue		2.9%		3.1%

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 notes payable as of June 30, 2019 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 six months ended June 30, 2019 is as follows (dollars in thousands):

TABLE 12	
	Year to Date NOI
NOI for Established Communities	$ 652,620
NOI for Other Stabilized Communities	100,024
NOI for Redevelopment Communities	44,627
NOI for Development Communities	4,944
NOI from real estate assets sold or held for sale	4,077
Total NOI generated by real estate assets	806,292
NOI on encumbered assets	57,578
NOI on unencumbered assets	$ 748,714
Unencumbered NOI	93%

PRESS RELEASE

AvalonBay COMMUNITIES

For Immediate News Release
July 31, 2019

AVALONBAY COMMUNITIES, INC. ANNOUNCES SECOND QUARTER 2019 OPERATING RESULTS AND UPDATES FULL YEAR 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 June 30, 2019 was $168,281,000. This resulted in a decrease in Earnings per Share – diluted ("EPS") for the three months ended June 30, 2019 of 34.2% to $1.21 from $1.84 for the prior year period.

Funds from Operations attributable to common stockholders - diluted ("FFO") per share for the three months ended June 30, 2019 increased 1.4% to $2.24 from $2.21 for the prior year period. Core FFO per share (as defined in this release) for the three months ended June 30, 2019 increased 1.8% to $2.27 from $2.23 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 June 30, 2019 to its results for the prior year period:

Q2 2019 Results Compared to Q2 2018

	Per Share (1)		
	EPS	FFO	Core FFO
Q2 2018 per share reported results	$ 1.84	$ 2.21	$ 2.23
Established and Redevelopment Community NOI	0.07	0.07	0.07
Other Stabilized and Development Community NOI	0.08	0.08	0.07
Capital markets activity	(0.07)	(0.07)	(0.06)
Overhead expense and other	(0.06)	(0.06)	(0.05)
Joint venture income	0.01	0.01	0.01
Gain on sale of real estate and depreciation expense	(0.66)	—	—
Q2 2019 per share reported results	$ 1.21	$ 2.24	$ 2.27

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Attachment 14, table 5.

For the six months ended June 30, 2019, EPS decreased 15.3% to $2.43 from $2.87 for the prior year period, FFO per share increased 3.9% to $4.55 from $4.38 for the prior year period, and Core FFO per share increased 3.6% to $4.57 from $4.41 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 six months ended June 30, 2019 to its results for the prior year period:

YTD 2019 Results
Comparison to YTD 2018

	Per Share (1)		
	EPS	FFO	Core FFO
YTD 2018 per share reported results	$ 2.87	$ 4.38	$ 4.41
Established and Redevelopment Community NOI	0.18	0.18	0.18
Other Stabilized and Development Community NOI	0.16	0.16	0.14
Capital markets activity	(0.13)	(0.13)	(0.13)
Overhead expense and other	(0.07)	(0.07)	(0.06)
Joint venture income and management fees	0.03	0.03	0.03
Gain on sale of real estate and depreciation expense	(0.61)	—	—
YTD 2019 per share reported results	$ 2.43	$ 4.55	$ 4.57

(1) For additional detail on reconciling items between EPS, FFO and Core FFO, see Attachment 14, table 5.

Established Communities Operating Results for the Three Months Ended June 30, 2019 Compared to the Prior Year Period [(a)]

For Established Communities, total revenue increased $14,212,000, or 3.2%, to $457,799,000. Operating expenses for Established Communities increased $5,274,000, or 4.2%, to $131,025,000. NOI for Established Communities increased $8,938,000, or 2.8%, to $326,774,000. Rental revenue for Established Communities increased 3.1% as a result of an increase in Average Rental Rates of 3.2%, partially offset by a decrease in Economic Occupancy of 0.1%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the three months ended June 30, 2019 compared to the three months ended June 30, 2018:

Q2 2019 Compared to Q2 2018				
	Rental Revenue (1)(2)	Opex (2)(3)	NOI	% of NOI (4)
New England	2.8%	2.6 %	2.8%	14.3%
Metro NY/NJ	3.1%	1.8 %	4.0%	22.7%
Mid-Atlantic	2.8%	4.0 %	2.3%	15.9%
Pacific NW	4.8%	(1.7)%	7.6%	5.7%
No. California	3.2%	7.7 %	1.9%	20.6%
So. California	3.1%	7.5 %	1.6%	20.8%
Total	3.1%	4.2 %	2.8%	100.0%

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

(2) 2018 results have been adjusted to reflect uncollectible lease revenue as an adjustment to revenue. See Attachment 14, table 1.

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

(4) Represents % of total NOI for Q2 2019 in the presented regions, including amounts related to communities that have been sold or that are classified as held for sale.

Established Communities Operating Results for the Six Months Ended June 30, 2019 Compared to the Prior Year Period [(a)]

For Established Communities, total revenue increased $29,568,000, or 3.4%, to $909,987,000. Operating expenses for Established Communities increased $5,384,000, or 2.1%, to $257,367,000. NOI for Established Communities increased $24,184,000, or 3.8%, to $652,620,000. Rental revenue for Established Communities increased 3.3% as a result of an increase in Average Rental Rates of 3.5%, partially offset by a decrease in Economic Occupancy of 0.2%.

The following table reflects the percentage changes in rental revenue, operating expenses and NOI for Established Communities for the six months ended June 30, 2019 compared to the six months ended June 30, 2018:

YTD 2019 Compared to YTD 2018				
	Rental Revenue (1)(2)	Opex (2)(3)	NOI	% of NOI (4)
New England	3.0%	1.2 %	4.1%	14.2%
Metro NY/NJ	3.1%	1.5 %	4.0%	22.4%
Mid-Atlantic	3.0%	2.1 %	3.4%	16.0%
Pacific NW	4.8%	(2.6)%	8.1%	5.7%
No. California	3.3%	2.6 %	3.6%	20.9%
So. California	3.4%	4.7 %	3.0%	20.8%
Total	3.3%	2.1 %	3.8%	100.0%

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

(2) 2018 results have been adjusted to reflect uncollectible lease revenue as an adjustment to revenue. See Attachment 14, table 1.

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

(4) Represents % of total NOI for YTD 2019 in the presented regions, including amounts related to communities that have been sold or that are classified as held for sale.

Development Activity

During the three months ended June 30, 2019, the Company completed the development of Avalon Piscataway, located in Piscataway, NJ. Avalon Piscataway contains 360 apartment homes and was constructed for a Total Capital Cost of $91,000,000.

The Company started the construction of three communities:

- Avalon Brea Place, located in Brea, CA;
- Avalon Foundry Row, located in Owings Mill, MD; and
- Avalon Marlborough II, located in Marlborough, MA.

These communities are expected to contain an aggregate of 1,213 apartment homes when completed and will be developed for an aggregate estimated Total Capital Cost of $432,000,000.

During the six months ended June 30, 2019, the Company completed the development of three communities containing an aggregate of 800 apartment homes for an aggregate Total Capital Cost of $243,000,000.

[(a)] Historically, the Company presented charges related to uncollectible lease revenue in operating expenses. With the Company's adoption of ASU 2016-02, Leases, the Company is presenting such charges as an adjustment to revenue in its consolidated GAAP financial statements on a prospective basis, beginning January 1, 2019. However, for reported segment financial information, including for Established Communities, the Company has also included such charges as an adjustment to revenue for all prior year periods presented in order to provide comparability. Refer to Attachment 14, table 1, for additional detail and a reconciliation.

At June 30, 2019 (excluding 15 West 61st Street, which is expected to be developed for a Total Capital Cost of $624,000,000), the Company had 21 Development Communities under construction that in the aggregate are expected to contain 7,023 apartment homes and 94,000 square feet of retail space. Estimated Total Capital Cost at completion for these Development Communities is $2,578,000,000.

The projected Total Capital Cost of Development Rights at June 30, 2019 decreased to $3.8 billion from $4.2 billion at March 31, 2019.

Acquisition Activity

During the three months ended June 30, 2019, the Company acquired Avalon Cerritos, located in Cerritos, CA, containing 132 apartment homes for a purchase price of $60,500,000.

During the six months ended June 30, 2019, the Company acquired two communities containing an aggregate of 470 apartment homes for an aggregate purchase price of $151,750,000.

In July 2019, the Company acquired Portico at Silver Spring Metro, located in Silver Spring, MD, containing 151 apartment homes for a purchase price of $43,450,000.

Disposition Activity

During the three months ended June 30, 2019, the Company sold Archstone Toscano, a wholly-owned operating community, located in Houston, TX. Archstone Toscano contains 474 apartment homes and was sold for $98,000,000, resulting in a gain in accordance with GAAP of $20,604,000 and an Economic Gain of $6,812,000.

During the six months ended June 30, 2019, the Company sold two wholly-owned operating communities containing an aggregate of 658 apartment homes. These assets were sold for $168,000,000 and a weighted average Initial Year Market Cap Rate of 4.5%, resulting in a gain in accordance with GAAP of $36,986,000 and an Economic Gain of $12,995,000.

In July 2019, the Company sold AVA Stamford, a wholly-owned operating community, located in Stamford, CT. AVA Stamford contains 306 apartment homes and was sold for $105,000,000.

Liquidity and Capital Markets

At June 30, 2019, the Company did not have any borrowings outstanding under its $1,750,000,000 unsecured credit facility, and had $330,044,000 in unrestricted cash and cash in escrow.

During the three months ended June 30, 2019, the Company had the following debt activity:

- The Company issued $450,000,000 principal amount of unsecured notes in a public offering under its existing shelf registration statement for net proceeds of $446,877,000. The notes mature in June 2029 and were issued with a 3.30% coupon. The effective interest rate of the notes is 3.66%, including the impact of an interest rate hedge and offering costs.

- The Company repaid an aggregate $47,217,000 principal amount of mortgage notes secured by one operating community at par at the scheduled maturity date, of which $13,363,000 was a 2.99% fixed rate mortgage note and $33,854,000 was a variable rate mortgage note.

- The Company repaid an aggregate $84,835,000 principal amount of variable rate mortgage notes secured by four operating communities at par in advance of their June 2025 maturity date. The Company utilized $47,174,000 of restricted cash held in principal reserve funds to repay a portion of the outstanding indebtedness.

In addition, during the three months ended June 30, 2019, the Company sold 239,580 shares of common stock under the current continuous equity program established in May 2019, at an average sales price of $208.70 per share, for net proceeds of $49,250,000.

During the six months ended June 30, 2019, the Company sold 994,634 shares of common stock at an average sales price of $200.77 per share, for net proceeds of $196,700,000. These sales were completed under both the Company's previous and current continuous equity programs.

The Company’s annualized Net Debt-to-Core EBITDAre (as defined in this release) for the second quarter of 2019 was 4.8 times.

Full Year 2019 Financial Outlook

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	$5.78	-	$5.98
Projected FFO per share	$9.13	-	$9.33
Projected Core FFO per share	$9.25	-	$9.45

(1) See Attachment 14, table 10, for reconciliations of Projected FFO per share and Projected Core FFO per share to Projected EPS.

The following table compares the Company's July 2019 outlook for EPS, FFO per share and Core FFO per share for the full year 2019 to its February 2019 outlook:

July 2019 Full Year Outlook Comparison
to February 2019 Full Year Outlook

	Per Share		
	EPS	FFO	Core FFO
Projected per share - February 2019 outlook (1)	$ 5.43	$ 9.25	$ 9.30
Established and Redevelopment Community NOI	—	—	—
Other Stabilized and Development Community NOI	(0.06)	(0.06)	(0.02)
Capital markets activity	0.09	0.09	0.08
Overhead expense, joint venture income and other	(0.05)	(0.05)	(0.01)
Gain on sale of real estate and depreciation expense	0.47	—	—
Projected per share - July 2019 outlook (1)	$ 5.88	$ 9.23	$ 9.35

(1) The mid-point of the Company's outlook.

Further detail of the Company's full year 2019 outlook is available on Attachment 13.

Other Matters

The Company will hold a conference call on August 1, 2019 at 1:00 PM ET to review and answer questions about this release, its second quarter 2019 results, the Attachments (described below) and related matters. To participate on the call, dial 888-254-3590 and use conference id: 7977097.

To hear a replay of the call, which will be available from August 1, 2019 at 6:00 PM ET to August 8, 2019 at 6:00 PM ET, dial 888-203-1112 and use conference id: 7977097. 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 August 1, 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 June 30, 2019, the Company owned or held a direct or indirect ownership interest in 294 apartment communities containing 86,184 apartment homes in 12 states and the District of Columbia, of which 21 communities were under development and seven 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, landlord-tenant laws and other economic or regulatory 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, 2018 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 14, Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms. Attachment 14 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

SECOND QUARTER 2019

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

SECOND QUARTER 2019

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 and 13, contain 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, 2018 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
June 30, 2019
(Dollars in thousands except per share data)
(unaudited)

	Q2 2019	Q2 2018	% Change	YTD 2019	YTD 2018	% Change
Revenue:						
Rental and other income (1)	$ 576,149	$ 568,285	1.4 %	$ 1,141,194	$ 1,128,191	1.2 %
Management, development and other fees	1,114	954	16.8 %	2,252	1,841	22.3 %
Total	577,263	569,239	1.4 %	1,143,446	1,130,032	1.2 %
Operating expenses:						
Direct property operating expenses, excluding property taxes (1)	108,777	110,193	(1.3)%	211,362	221,600	(4.6)%
Property taxes	62,187	59,994	3.7 %	123,516	119,891	3.0 %
Property management and other indirect operating expenses	24,147	20,643	17.0 %	45,016	40,494	11.2 %
Total operating expenses	195,111	190,830	2.2 %	379,894	381,985	(0.5)%
Interest expense, net	(50,010)	(56,585)	(11.6)%	(97,902)	(111,698)	(12.4)%
Loss on extinguishment of debt, net	(229)	(642)	(64.3)%	(509)	(1,039)	(51.0)%
General and administrative expense	(18,965)	(15,267)	24.2 %	(32,665)	(29,698)	10.0 %
Joint venture income (loss) (2)	197	789	(75.0)%	(863)	2,529	N/A
Expensed transaction, development and other pursuit costs, net of recoveries	(2,711)	(1,047)	158.9 %	(3,806)	(1,847)	106.1 %
Depreciation expense	(162,693)	(156,685)	3.8 %	(324,749)	(315,743)	2.9 %
Casualty and impairment gain, net	—	—	— %	—	58	(100.0)%
Gain on sale of communities	20,530	105,201	(80.5)%	35,365	105,201	(66.4)%
Gain on other real estate transactions	34	370	(90.8)%	300	323	(7.1)%
Net income	168,305	254,543	(33.9)%	338,723	396,133	(14.5)%
Net (income) loss attributable to noncontrolling interests	(24)	119	N/A	(76)	172	N/A
Net income attributable to common stockholders	$ 168,281	$ 254,662	(33.9)%	$ 338,647	$ 396,305	(14.5)%
Net income attributable to common stockholders per common share - basic	$ 1.21	$ 1.84	(34.2)%	$ 2.43	$ 2.87	(15.3)%
Net income attributable to common stockholders per common share - diluted	$ 1.21	$ 1.84	(34.2)%	$ 2.43	$ 2.87	(15.3)%
FFO (3)	$ 312,593	$ 305,761	2.2 %	$ 632,881	$ 605,898	4.5 %
Per common share - diluted	$ 2.24	$ 2.21	1.4 %	$ 4.55	$ 4.38	3.9 %
Core FFO (3)	$ 316,522	$ 307,775	2.8 %	$ 636,398	$ 609,571	4.4 %
Per common share - diluted	$ 2.27	$ 2.23	1.8 %	$ 4.57	$ 4.41	3.6 %
Dividends declared - common	$ 212,549	$ 203,181	4.6 %	$ 424,715	$ 406,347	4.5 %
Per common share	$ 1.52	$ 1.47	3.4 %	$ 3.04	$ 2.94	3.4 %
Average shares and participating securities outstanding - basic	139,473,842	138,234,894	0.9 %	139,108,405	138,209,563	0.7 %
Average shares outstanding - diluted	139,618,231	138,215,010	1.0 %	139,227,376	138,184,295	0.8 %
Total outstanding common shares and operating partnership units	139,664,057	138,225,759	1.0 %	139,664,057	138,225,759	1.0 %

(1) Historically, the Company presented charges related to uncollectible lease revenue in operating expenses. With the Company's adoption of ASU 2016-02, Leases, the Company is presenting such charges as an adjustment to revenue in its consolidated GAAP financial statements on a prospective basis, beginning January 1, 2019.

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

(3) See Attachment 14 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

Attachment 2

AvalonBay Communities, Inc.
Condensed Consolidated Balance Sheets
June 30, 2019
(Dollars in thousands)
(unaudited)

	June 30, 2019	December 31, 2018
Real estate	$ 20,883,465	$ 20,424,325
Less accumulated depreciation	(4,872,896)	(4,601,447)
Net operating real estate	16,010,569	15,822,878
Construction in progress, including land	1,939,808	1,768,132
Land held for development	18,606	84,712
Real estate assets held for sale, net	40,461	55,208
Total real estate, net	18,009,444	17,730,930
Cash and cash equivalents	243,576	91,659
Cash in escrow	86,468	126,205
Resident security deposits	35,084	31,816
Investments in unconsolidated real estate entities	208,519	217,432
Other assets	349,484	182,158
Total assets	$ 18,932,575	$ 18,380,200
Unsecured notes, net	$ 6,355,132	$ 5,905,993
Unsecured credit facility	—	—
Notes payable, net	997,085	1,134,270
Resident security deposits	63,183	58,415
Other liabilities	763,307	645,672
Total liabilities	8,178,707	7,744,350
Redeemable noncontrolling interests	3,338	3,244
Equity	10,750,530	10,632,606
Total liabilities and equity	$ 18,932,575	$ 18,380,200

Attachment 3

AvalonBay Communities, Inc.
Sequential Operating Information by Business Segment (1)
June 30, 2019
(Dollars in thousands, except per home data)
(unaudited)

	Total Apartment Homes	Quarter Ended June 30, 2019	Quarter Ended March 31, 2019	Quarter Ended December 31, 2018
RENTAL REVENUE (2)(3)				
Established	59,900	$ 457,192	$ 451,720	$ 451,219
Other Stabilized (4)	10,247	75,452	72,263	69,547
Redevelopment	4,249	32,642	31,808	31,939
Development	7,823	7,418	3,767	2,277
Total Consolidated Communities	82,219	$ 572,704	$ 559,558	$ 554,982
OPERATING EXPENSE (3)				
Established		$ 131,025	$ 126,340	$ 124,954
Other Stabilized (4)		24,868	23,457	22,760
Redevelopment		10,055	9,770	9,738
Development		3,920	2,327	1,165
Total Consolidated Communities		$ 169,868	$ 161,894	$ 158,617
NOI (5)				
Established		$ 326,774	$ 325,846	$ 326,597
Other Stabilized (4)		50,813	49,211	46,871
Redevelopment		22,587	22,040	22,202
Development		3,501	1,443	1,113
Total Consolidated Communities		$ 403,675	$ 398,540	$ 396,783
AVERAGE REVENUE PER OCCUPIED HOME (6)				
Established		$ 2,647	$ 2,619	$ 2,614
Other Stabilized (4)		$ 2,599	$ 2,559	$ 2,553
Redevelopment		$ 2,697	$ 2,661	$ 2,655
ECONOMIC OCCUPANCY (6)				
Established		96.1%	96.0%	96.1%
Other Stabilized (4)		94.7%	94.4%	94.5%
Redevelopment		94.9%	93.8%	94.4%
ESTABLISHED COMMUNITIES TURNOVER (7)				
Current year period / Prior year period		56.4% / 58.1%	41.5% / 44.2%	42.4% / 45.2%
Current year period YTD / Prior year period YTD		49.0% / 51.1%		53.0% / 53.0%

(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) Q4 2018 results have been adjusted to reflect uncollectible lease revenue as a reduction of revenue for comparable presentation to the Q1 and Q2 2019 results. See Attachment 14, table 2, for additional detail and reconciliations.

(4) Results for these communities for quarters prior to January 1, 2019 may reflect community operations prior to stabilization, including periods of lease-up, such that occupancy levels are below what would be considered stabilized.

(5) See Attachment 14 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

(6) For per home rent projections and Economic Occupancy for Development Communities currently under construction and/or completed in Q2 2019, see Attachment 9 - Development Communities.

(7) 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 (5)

	Q2 2019	Q2 2018
New England	3.6%	3.8%
Metro NY/NJ	3.1%	2.7%
Mid-Atlantic	3.0%	1.9%
Pacific NW	4.1%	3.9%
No. California	3.8%	4.0%
So. California	3.2%	3.3%

Total	3.3%	3.2%

Attachment 4

AvalonBay Communities, Inc.
Quarterly Rental Revenue and Occupancy Changes - Established Communities (1)
June 30, 2019
(unaudited)

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000s)			
		Q2 19	Q2 18	% Change	Q2 19	Q2 18	% Change	Q2 19	Q2 18	% Change	% Change incl. Redev (3)
New England											
Boston, MA	7,201	$ 2,653	$ 2,563	3.5%	95.4%	95.8%	(0.4)%	$ 54,690	$ 53,033	3.1%	3.5%
Fairfield, CT	1,371	2,320	2,292	1.2%	96.5%	97.0%	(0.5)%	9,207	9,145	0.7%	1.7%
New England	8,572	2,600	2,520	3.2%	95.6%	96.0%	(0.4)%	63,897	62,178	2.8%	3.2%
Metro NY/NJ											
New York City, NY	3,058	3,770	3,653	3.2%	96.3%	95.6%	0.7 %	33,306	32,053	3.9%	3.5%
New York - Suburban	3,533	3,245	3,126	3.8%	96.1%	96.5%	(0.4)%	33,060	31,974	3.4%	3.4%
New Jersey	4,872	2,578	2,533	1.8%	96.6%	96.3%	0.3 %	36,404	35,668	2.1%	2.4%
Metro NY/NJ	11,463	3,101	3,016	2.8%	96.4%	96.1%	0.3 %	102,770	99,695	3.1%	3.1%
Mid-Atlantic											
Washington Metro/Baltimore, MD	11,232	2,249	2,200	2.2%	96.4%	95.8%	0.6 %	73,038	71,027	2.8%	2.8%
Mid-Atlantic	11,232	2,249	2,200	2.2%	96.4%	95.8%	0.6 %	73,038	71,027	2.8%	2.8%
Pacific Northwest											
Seattle, WA	4,116	2,361	2,253	4.8%	96.4%	96.4%	0.0 %	28,110	26,830	4.8%	4.5%
Pacific Northwest	4,116	2,361	2,253	4.8%	96.4%	96.4%	0.0 %	28,110	26,830	4.8%	4.5%
Northern California											
San Jose, CA	3,535	3,149	2,992	5.2%	96.5%	97.4%	(0.9)%	32,217	30,879	4.3%	4.4%
Oakland-East Bay, CA	2,944	2,582	2,547	1.4%	96.2%	96.5%	(0.3)%	21,945	21,714	1.1%	1.8%
San Francisco, CA	3,349	3,536	3,392	4.2%	95.9%	96.6%	(0.7)%	34,059	32,902	3.5%	3.5%
Northern California	9,828	3,111	2,993	3.9%	96.2%	96.9%	(0.7)%	88,221	85,495	3.2%	3.3%
Southern California											
Los Angeles, CA	9,802	2,491	2,399	3.8%	95.8%	96.4%	(0.6)%	70,159	67,997	3.2%	4.2%
Orange County, CA	2,821	2,210	2,148	2.9%	96.3%	95.7%	0.6 %	18,009	17,398	3.5%	1.8%
San Diego, CA	2,066	2,191	2,131	2.8%	95.7%	96.3%	(0.6)%	12,988	12,711	2.2%	2.2%
Southern California	14,689	2,395	2,313	3.5%	95.9%	96.3%	(0.4)%	101,156	98,106	3.1%	3.6%
Total Established	59,900	$ 2,647	$ 2,564	3.2%	96.1%	96.2%	(0.1)%	$ 457,192	$ 443,331	3.1% (4)	3.3%

(1) Established Communities are communities with Stabilized Operations as of January 1, 2018 such that a comparison of Q2 2018 to Q2 2019 is meaningful. Q2 2018 operating results for Established Communities have been adjusted to reflect uncollectible lease revenue as a reduction of revenue for comparable presentation to Q2 2019 operating results. See Attachment 14, table 1, for additional detail and a reconciliation.

(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, excluding those with operations impacted by a casualty loss, as part of its Established Communities portfolio.

(4) With concessions reflected on a cash basis, rental revenue from Established Communities increased 2.9% from Q2 2018 to Q2 2019. See Attachment 14, table 11, for additional detail and a reconciliation. With uncollectible lease revenue included as a component of operating expenses instead of as an adjustment to revenue, rental revenue from Established Communities would have remained consistent with an increase of 3.1%. See Attachment 14, table 1, for additional detail and a reconciliation.

Attachment 5

AvalonBay Communities, Inc.
Sequential Quarterly Rental Revenue and Occupancy Changes - Established Communities (1)
June 30, 2019
(unaudited)

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000s)			
		Q2 19	Q1 19	% Change	Q2 19	Q1 19	% Change	Q2 19	Q1 19	% Change	% Change incl. Redev (3)
New England											
Boston, MA	7,201	$ 2,653	$ 2,633	0.8%	95.4%	95.2%	0.2 %	$ 54,690	$ 54,131	1.0%	1.1%
Fairfield, CT	1,371	2,320	2,314	0.3%	96.5%	96.7%	(0.2)%	9,207	9,201	0.1%	0.9%
New England	8,572	2,600	2,582	0.7%	95.6%	95.4%	0.2 %	63,897	63,332	0.9%	1.1%
Metro NY/NJ											
New York City, NY	3,058	3,770	3,745	0.7%	96.3%	95.5%	0.8 %	33,306	32,795	1.6%	1.0%
New York - Suburban	3,533	3,245	3,205	1.2%	96.1%	95.3%	0.8 %	33,060	32,368	2.1%	2.0%
New Jersey	4,872	2,578	2,535	1.7%	96.6%	96.9%	(0.3)%	36,404	35,900	1.4%	1.6%
Metro NY/NJ	11,463	3,101	3,064	1.2%	96.4%	95.9%	0.5 %	102,770	101,063	1.7%	1.6%
Mid-Atlantic											
Washington Metro/Baltimore, MD	11,232	2,249	2,218	1.4%	96.4%	96.3%	0.1 %	73,038	71,950	1.5%	1.7%
Mid-Atlantic	11,232	2,249	2,218	1.4%	96.4%	96.3%	0.1 %	73,038	71,950	1.5%	1.7%
Pacific Northwest											
Seattle, WA	4,116	2,361	2,327	1.5%	96.4%	96.4%	0.0 %	28,110	27,696	1.5%	1.7%
Pacific Northwest	4,116	2,361	2,327	1.5%	96.4%	96.4%	0.0 %	28,110	27,696	1.5%	1.7%
Northern California											
San Jose, CA	3,535	3,149	3,098	1.6%	96.5%	96.5%	0.0 %	32,217	31,714	1.6%	1.5%
Oakland-East Bay, CA	2,944	2,582	2,572	0.4%	96.2%	96.3%	(0.1)%	21,945	21,871	0.3%	0.3%
San Francisco, CA	3,349	3,536	3,494	1.2%	95.9%	96.0%	(0.1)%	34,059	33,684	1.1%	1.1%
Northern California	9,828	3,111	3,075	1.2%	96.2%	96.3%	(0.1)%	88,221	87,269	1.1%	1.0%
Southern California											
Los Angeles, CA	9,802	2,491	2,472	0.8%	95.8%	95.8%	0.0 %	70,159	69,641	0.7%	1.4%
Orange County, CA	2,821	2,210	2,191	0.9%	96.3%	96.7%	(0.4)%	18,009	17,927	0.5%	0.7%
San Diego, CA	2,066	2,191	2,176	0.7%	95.7%	95.2%	0.5 %	12,988	12,842	1.1%	1.1%
Southern California	14,689	2,395	2,376	0.8%	95.9%	95.9%	0.0 %	101,156	100,410	0.7%	1.2%
Total Established	59,900	$ 2,647	$ 2,619	1.1%	96.1%	96.0%	0.1 %	$ 457,192	$ 451,720	1.2% (4)	1.3%

(1) Established Communities are communities with Stabilized Operations as of January 1, 2018.
(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, excluding those with operations impacted by a casualty loss, as part of its Established Communities portfolio.
(4) With uncollectible lease revenue included as a component of operating expenses instead of as an adjustment to revenue, rental revenue from Established Communities would have increased 1.3%. See Attachment 14, table 1, for additional detail and a reconciliation.

AvalonBay Communities, Inc.
Year to Date Rental Revenue and Occupancy Changes - Established Communities (1)
June 30, 2019

	Apartment Homes	Average Rental Rates (2)			Economic Occupancy			Rental Revenue ($000s)			
		Year to Date 2019	Year to Date 2018	% Change	Year to Date 2019	Year to Date 2018	% Change	Year to Date 2019	Year to Date 2018	% Change	% Change incl. Redev (3)
New England											
Boston, MA	7,201	$ 2,643	$ 2,553	3.5%	95.3%	95.5%	(0.2)%	$ 108,820	$ 105,333	3.3%	3.5%
Fairfield, CT	1,371	2,317	2,280	1.6%	96.6%	96.9%	(0.3)%	18,409	18,172	1.3%	1.6%
New England	8,572	2,591	2,510	3.2%	95.5%	95.7%	(0.2)%	127,229	123,505	3.0%	3.2%
Metro NY/NJ											
New York City, NY	3,058	3,757	3,637	3.3%	95.9%	95.6%	0.3 %	66,101	63,820	3.6%	3.1%
New York - Suburban	3,533	3,225	3,096	4.2%	95.7%	96.3%	(0.6)%	65,428	63,181	3.6%	3.7%
New Jersey	4,872	2,557	2,511	1.8%	96.8%	96.3%	0.5 %	72,304	70,670	2.3%	2.6%
Metro NY/NJ	11,463	3,083	2,991	3.1%	96.1%	96.1%	0.0 %	203,833	197,671	3.1%	3.1%
Mid-Atlantic											
Washington Metro/Baltimore, MD	11,232	2,234	2,181	2.4%	96.3%	95.7%	0.6 %	144,988	140,737	3.0%	2.9%
Mid-Atlantic	11,232	2,234	2,181	2.4%	96.3%	95.7%	0.6 %	144,988	140,737	3.0%	2.9%
Pacific Northwest											
Seattle, WA	4,116	2,344	2,235	4.9%	96.4%	96.5%	(0.1)%	55,807	53,255	4.8%	4.4%
Pacific Northwest	4,116	2,344	2,235	4.9%	96.4%	96.5%	(0.1)%	55,807	53,255	4.8%	4.4%
Northern California											
San Jose, CA	3,535	3,123	2,973	5.0%	96.5%	97.2%	(0.7)%	63,931	61,283	4.3%	4.6%
Oakland-East Bay, CA	2,944	2,577	2,536	1.6%	96.3%	96.5%	(0.2)%	43,816	43,216	1.4%	2.0%
San Francisco, CA	3,349	3,515	3,369	4.3%	95.9%	96.5%	(0.6)%	67,742	65,356	3.7%	3.7%
Northern California	9,828	3,093	2,976	3.9%	96.2%	96.8%	(0.6)%	175,489	169,855	3.3%	3.5%
Southern California											
Los Angeles, CA	9,802	2,481	2,382	4.2%	95.8%	96.3%	(0.5)%	139,800	134,876	3.7%	4.2%
Orange County, CA	2,821	2,201	2,145	2.6%	96.5%	95.9%	0.6 %	35,936	34,825	3.2%	1.6%
San Diego, CA	2,066	2,183	2,119	3.0%	95.4%	96.1%	(0.7)%	25,830	25,253	2.3%	2.3%
Southern California	14,689	2,385	2,300	3.7%	95.9%	96.2%	(0.3)%	201,566	194,954	3.4%	3.5%
Total Established	59,900	$ 2,633	$ 2,545	3.5%	96.0%	96.2%	(0.2)%	$ 908,912	$ 879,977	3.3% (4)	3.3%

(1) Established Communities are communities with Stabilized Operations as of January 1, 2018 such that a comparison of year to date 2018 to year to date 2019 is meaningful. Year to date 2018 operating results for Established Communities have been adjusted to reflect uncollectible lease revenue as a reduction of revenue for comparable presentation to year to date 2019 operating results. See Attachment 14, table 1, for additional detail and a reconciliation.

(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, excluding those with operations impacted by a casualty loss, as part of its Established Communities portfolio.

(4) With concessions reflected on a cash basis, rental revenue from Established Communities increased 3.1% between years. See Attachment 14, table 11, for additional detail and a reconciliation. With uncollectible lease revenue included as a component of operating expenses instead of as an adjustment to revenue, rental revenue from Established Communities would have increased 3.1%. See Attachment 14, table 1, for additional detail and a reconciliation.

Attachment 7

AvalonBay Communities, Inc.
Operating Expenses ("Opex") - Established Communities (1)
June 30, 2019
(Dollars in thousands)
(unaudited)

	Q2 2019	Q2 2018	% Change	Q2 2019 % of Total Opex	Year to Date 2019	Year to Date 2018	% Change	Year to Date 2019 % of Total Opex
Property taxes (2)	$ 47,606	$ 46,406	2.6 %	36.3%	$ 94,623	$ 93,041	1.7 %	36.8%
Payroll (3)	30,629	28,674	6.8 %	23.4%	60,358	59,238	1.9 %	23.5%
Repairs & maintenance (4)	23,460	21,763	7.8 %	17.9%	42,736	40,055	6.7 %	16.6%
Utilities	10,910	10,920	(0.1)%	8.3%	23,410	23,710	(1.3)%	9.1%
Office operations (5)	10,319	10,209	1.1 %	7.9%	20,300	20,475	(0.9)%	7.9%
Insurance (6)	5,358	4,745	12.9 %	4.1%	10,681	9,721	9.9 %	4.1%
Marketing (7)	2,743	3,034	(9.6)%	2.1%	5,259	5,743	(8.4)%	2.0%
Total Established Communities Operating Expenses	**$ 131,025**	**$ 125,751**	**4.2 %**	**100.0%**	**$ 257,367**	**$ 251,983**	**2.1 %**	**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. For comparability purposes, Q2 and YTD 2018 results have been adjusted to present uncollectible lease revenue as a reduction of revenue. Had uncollectible lease revenue been presented as a component of office operations, total Established Communities operating expenses would have increased 4.0% and 1.5% during the three and six months ended June 30, 2019, respectively, as compared to the prior year periods. See Attachment 14, table 1, for additional detail and a reconciliation.

(2) Property taxes increased for the three and six months ended June 30, 2019 over the prior year periods primarily due to increased assessments in the Company's East Coast markets, partially offset by successful appeals in Metro New York/New Jersey in the current year periods and decreased tax rates in the Pacific Northwest. The increase for the six months ended June 30, 2019 is also partially offset by a successful appeal in Northern California in the current year period.

(3) Payroll costs increased for the three and six months ended June 30, 2019 over the prior year periods primarily due to increased benefits costs and merit increases in associate compensation, partially offset by decreased bonuses and a reduction in on-site positions.

(4) Repairs and maintenance increased for the three and six months ended June 30, 2019 over the prior year periods primarily due to increased repairs and maintenance projects and decreases in rebates due to timing.

(5) Office operations includes administrative costs, land lease expense and association and license fees. Refer to (1) above for discussion of uncollectible lease revenue.

(6) Insurance costs consist of premiums, expected claims activity and associated reductions from receipt of claims recoveries. The increases for the three and six months ended June 30, 2019 over the prior year periods are primarily due to increased property insurance premiums and deductibles and the timing of claims. Insurance costs can be variable due to the amounts and timing of estimated and actual claim activity and the related recoveries received.

(7) Marketing costs decreased for the three and six months ended June 30, 2019 from the prior year periods primarily due to a decrease in internet advertising and call center costs. The reduction in call center costs relates to the Company’s adoption of new lead management technology in Q1 2019.

Attachment 8

AvalonBay Communities, Inc.
Expensed Community Maintenance Costs and Capitalized Community Expenditures
June 30, 2019
(Dollars in thousands except per home data)
(unaudited)

		YTD 2019 Maintenance Expensed Per Home			Categorization of YTD 2019 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**	**YTD 2019 Additional Capitalized Value**	**NOI Enhancing Per Home (6)**	**Asset Preservation Per Home**
Established Communities	59,900	$ 63	$ 1,140	$ 1,203	$ —	$ 16,731	$ 32,059	$ 48,790	$ 279	$ 535
Other Stabilized Communities	10,247	25	1,165	1,190	153,163 (7)	92	1,400	154,655	$ 9	$ 137
Redevelopment Communities (8)	4,249	41	1,189	1,230	42,311	—	—	42,311	—	—
Development Communities (8)	7,823	—	172	172	463,225	—	—	463,225	—	—
Dispositions	—	—	—	—	(117,816)	—	—	(117,816)	—	—
Total	82,219	$ 51	$ 1,053	$ 1,104	$ 540,883	$ 16,823	$ 33,459	$ 591,165	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, as well as maintenance related payroll expense.

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

(5) Includes $330 in rebates received during the six months ended June 30, 2019, primarily related to NOI Enhancing Capex incurred during 2018.

(6) This Attachment excludes capitalized expenditures for the retail component of communities, which the Company classifies as NOI Enhancing. Established Communities and Other Stabilized Communities exclude $837 and $306, respectively, 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**
Q3 2018	$ 16,277	$ 10,878
Q4 2018	$ 16,323	$ 11,917
Q1 2019	$ 17,589	$ 11,775
Q2 2019	$ 17,127	$ 12,605

Attachment 9

AvalonBay Communities, Inc.
Development Communities as of June 30, 2019
(unaudited)

	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	% Leased	% Occupied	% Economic Occ. Q2 '19
										As of July 23, 2019			
	Communities Under Construction:												
1.	Avalon Boonton	Boonton, NJ	350	$ 92	Q3 2016	Q1 2019	Q1 2020	Q3 2020	$ 2,535	63%	61%	50%	27%
2.	Avalon Belltown Towers (1) (2)	Seattle, WA	274	147	Q4 2016	Q2 2019	Q4 2019	Q2 2020	3,570	50%	15%	10%	2%
3.	Avalon Teaneck	Teaneck, NJ	248	73	Q4 2016	Q2 2019	Q1 2020	Q3 2020	2,560	32%	38%	20%	3%
4.	AVA Esterra Park	Redmond, WA	323	91	Q2 2017	Q4 2018	Q3 2019	Q1 2020	2,165	82%	69%	63%	27%
5.	Avalon North Creek	Bothell, WA	316	84	Q4 2017	Q2 2019	Q1 2020	Q3 2020	2,100	40%	21%	14%	3%
6.	Avalon Saugus (1)	Saugus, MA	280	93	Q2 2018	Q2 2019	Q1 2020	Q3 2020	2,445	35%	39%	22%	7%
7.	Avalon Norwood	Norwood, MA	198	61	Q2 2018	Q3 2019	Q1 2020	Q3 2020	2,420	—	25%	—	—
8.	Avalon Public Market	Emeryville, CA	289	163	Q4 2016	Q3 2019	Q1 2020	Q3 2020	3,605	—	15%	—	—
9.	AVA Hollywood (1)	Hollywood, CA	695	365	Q4 2016	Q3 2019	Q3 2020	Q1 2021	3,380	—	—	—	—
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	Q1 2021	Q2 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 Doral	Doral, FL	350	113	Q2 2018	Q2 2020	Q1 2021	Q3 2021	2,275	—	—	—	—
14.	Avalon East Harbor	Baltimore, MD	400	139	Q3 2018	Q4 2020	Q3 2021	Q1 2022	2,615	—	—	—	—
15.	Avalon Old Bridge	Old Bridge, NJ	252	66	Q3 2018	Q1 2020	Q4 2020	Q1 2021	2,355	—	—	—	—
16.	Avalon Newcastle Commons II	Newcastle, WA	293	106	Q4 2018	Q3 2020	Q1 2021	Q3 2021	2,460	—	—	—	—
17.	Twinbrook Station	Rockville, MD	238	66	Q4 2018	Q3 2020	Q1 2021	Q3 2021	1,710	—	—	—	—
18.	Avalon Harrison (1)	Harrison, NY	143	76	Q4 2018	Q4 2020	Q4 2021	Q1 2022	3,780	—	—	—	—
19.	Avalon Brea Place	Brea, CA	653	290	Q2 2019	Q1 2021	Q2 2022	Q3 2022	2,785	—	—	—	—
20.	Avalon Foundry Row	Owings Mills, MD	437	100	Q2 2019	Q1 2021	Q1 2022	Q3 2022	1,805	—	—	—	—
21.	Avalon Marlborough II	Marlborough, MA	123	42	Q2 2019	Q2 2020	Q4 2020	Q2 2021	2,465	—	—	—	—
	Communities Under Construction Subtotal / Weighted Average		**7,023**	**$ 2,578**					**$ 2,635**				
	Communities Completed this Quarter:												
1.	Avalon Piscataway	Piscataway, NJ	360	$ 91	Q2 2017	Q3 2018	Q2 2019	Q4 2019	$ 2,225	100%	94%	94%	66%
	Communities Completed Subtotal / Weighted Average		**360**	**$ 91**					**$ 2,225**				
	Total/Weighted Average Under Construction and Completed this quarter		**7,383**	**$ 2,669**					**$ 2,615**				
	Total Weighted Average Projected NOI as a % of Total Capital Cost			**6.0%**									

Asset Cost Basis (millions) (3)(4):

Total Capital Cost, under construction and completed	$ 3,358
Total Capital Cost, disbursed to date	(2,237)
Total Capital Cost, remaining to invest	$ 1,121

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

(2) Leased and occupied metrics exclude 20% of the apartment homes, which have been leased on a temporary basis to a third-party hotel operator effective August 2019.

(3) Includes the communities presented and 15 West 61st Street, which contains 172 residential units and 67,000 square feet of retail space, and is expected to be developed for an estimated Total Capital Cost of $624,000,000. The Company is pursuing a potential for-sale strategy of individual condominium units for the residential portion, while the Company expects to maintain ownership of the retail. Completion of the first residential units and retail space began in Q2 2019 with full completion expected in Q4 2019.

(4) Includes the communities presented and one additional community with 190 apartment homes representing $65 million in Total Capital Costs which has completed construction but not yet achieved Stabilized Operations for the full quarter. Q2 2019 NOI for the communities presented on this Attachment was $1 million. Additionally, Q2 NOI for the retail portion of 15 West 61st Street was $1 million.

Attachment 10

AvalonBay Communities, Inc.
Future Development as of June 30, 2019
(unaudited)

DEVELOPMENT RIGHTS

	# of Rights	Estimated Number of Homes	Total Capital Cost (millions)
Development Rights as of 12/31/2018	**28**	**9,769**	**$ 4,124**
Q1 2019			
Q1 Additions	1	300	$ 82
Q1 Construction starts	—	—	—
Q1 Adjustments to existing Development Rights	—	(19)	(9)
Development Rights as of 3/31/2019	**29**	**10,050**	**$ 4,197**
Q2 2019			
Q2 Additions	5	1,172	$ 358
Q2 Construction starts	(3)	(1,213)	(432)
Q2 Adjustments to existing Development Rights	(3)	(1,005)	(281)
Development Rights as of 6/30/2019	**28**	**9,004**	**$ 3,842**
Current Development Rights by Region as of June 30, 2019			
New England	6	1,135	$ 420
Metro NY/NJ	10	4,364	1,861
Mid-Atlantic	—	—	—
Pacific Northwest	2	542	170
Northern California	4	1,254	736
Southern California	3	791	368
Denver	3	918	287
	28	**9,004**	**$ 3,842**
Current Development Rights by Classification as of June 30, 2019			
Conventional	20	5,613	$ 2,021
Asset Densification	6	1,890	942
Public-Private Partnership	2	1,501	879
	28	**9,004**	**$ 3,842**

AvalonBay Communities, Inc.
Unconsolidated Real Estate Investments
June 30, 2019
(Dollars in thousands)
(unaudited)

				Select Operating Information					
				NOI (1)(2)		Disposition Gains and Other Activity (1)(3)		Debt	
Unconsolidated Real Estate Investments	Number of Communities	Company Ownership Percentage	Number of Apartment Homes	Q2 2019	YTD 2019	Q2 2019	YTD 2019	Principal Amount (1)	Interest Rate (4)
NYTA MF Investors LLC	5	20.0%	1,301	$ 9,225	$ 17,988	$ —	$ —	$ 395,939	3.88%
Archstone Multifamily Partners AC LP	5	28.6%	946	5,333	10,661	—	—	203,139	3.08%
Multifamily Partners AC JV LP	2	20.0%	529	3,397	6,728	—	—	111,653 (5)	6.00%
North Point II JV, LP	1	55.0%	265	1,627	3,112	—	—	—	—%
MVP I, LLC	1	25.0%	313	2,971	5,846	—	—	103,000	3.24%
Brandywine Apartments of Maryland, LLC	1	28.7%	305	972	1,738	—	—	21,905	3.40%
Total Unconsolidated Real Estate Investments	15		3,659	$ 23,525	$ 46,073	$ —	$ —	$ 835,636	3.88%

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

(2) 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. During the six months ended June 30, 2019 and 2018, there were no dispositions of unconsolidated real estate investments.

(4) Represents the weighted average interest rate as of June 30, 2019.

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

Attachment 12

AvalonBay Communities, Inc.
Debt Structure and Select Debt Metrics
June 30, 2019
(Dollars in thousands)
(unaudited)

DEBT COMPOSITION AND MATURITIES

Debt Composition	Amount	Average Interest Rate (1)
Secured notes		
Fixed rate	$ 517,039	3.8%
Variable rate	497,850	3.5%
Subtotal, secured notes	1,014,889	3.7%
Unsecured notes		
Fixed rate	5,850,000	3.7%
Variable rate	550,000	3.3%
Subtotal, unsecured notes	6,400,000	3.7%
Variable rate facility (3)	—	—
Total Debt	$ 7,414,889	3.7%

Principal Amortization Payments and Maturities (2)

Year	Secured notes amortization and maturities	Unsecured notes maturities	Total
2019	$ 68,216	$ —	$ 68,216
2020	149,211	400,000	549,211
2021	37,148	550,000	587,148
2022	9,918	550,000	559,918
2023	10,739	600,000	610,739
2024	11,577	450,000	461,577
2025	12,508	825,000	837,508
2026	13,545	775,000	788,545
2027	200,080	400,000	600,080
2028	20,607	450,000	470,607
Thereafter	481,340	1,400,000	1,881,340
	$ 1,014,889	$ 6,400,000	$ 7,414,889

SELECT DEBT METRICS

Net Debt-to-Core EBITDAre (4)	Interest Coverage (4)	Unencumbered NOI (4)	Weighted avg years to maturity of total debt (2)
4.8x	7.4x	93%	9.3

DEBT COVENANT COMPLIANCE

Unsecured Line of Credit Covenants	June 30, 2019	Requirement
Total Outstanding Indebtedness to Capitalization Value (5)	27.7%	≤ 65%
Combined EBITDA to Combined Debt Service	6.17x	≥ 1.50x
Unsecured Indebtedness to Unencumbered Asset Value	22.4%	≤ 65%
Secured Indebtedness to Capitalization Value (5)	3.6%	≤ 40%

Unsecured Senior Notes Covenants (6)	June 30, 2019	Requirement
Total Outstanding Indebtedness to Total Assets (7)	32.2%	≤ 65%
Secured Indebtedness to Total Assets (7)	4.3%	≤ 40%
Unencumbered Assets to Unsecured Indebtedness	330.9%	≥ 150%
Consolidated Income Available for Debt Service to the Annual Service Charge	6.86x	≥ 1.50x

(1) Rates are as of June 30, 2019 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 June 30, 2019 under the Company's $1.75 billion unsecured credit facility.

(4) See Attachment 14 - 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 June 30, 2019, 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 14 - 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 14 - 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 14 - Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms.

AvalonBay Communities, Inc.
2019 Financial Outlook
As of July 31, 2019
(dollars in millions, except per share and apartment home data)
(unaudited)

Key Outputs (1)

	Annual 2019	
	July 2019 Outlook	February 2019 Outlook
EPS	$5.78 to $5.98	$5.18 to $5.68
Projected Growth (2)	(16.6)%	(23.0)%
FFO per share	$9.13 to $9.33	$9.00 to $9.50
Projected Growth (2)	4.8%	5.0%
Core FFO per share	$9.25 to $9.45	$9.05 to $9.55
Projected Growth (2)	3.9%	3.3%

Assumptions

	Annual 2019	
	July 2019 Outlook	February 2019 Outlook
2019 Growth Assumptions - AvalonBay markets (3)		
Expected job growth	1.3%	1.2%
Expected wage growth	3.0%	3.5%
Expected apartment deliveries	1.9%	2.3%
2019 Established Communities assumptions:		
Revenue change	2.75% to 3.25%	2.5% to 3.5%
Operating expense change	2.1% to 2.7%	2.5% to 3.5%
NOI change	3.0% to 3.5%	2.5% to 3.5%
Expensed overhead (4)	$147 to $152	$143 to $153
Capitalized interest	$60 to $64	$55 to $65
Expected capital cost for Development Communities:		
Started in 2019 (AVB share/gross)	$800 to $1,000 / $850 to $1,050	$850 to $1,050 / $900 to $1,100
Completed in 2019 (5)	$480	$640
2019 Projected NOI - Development Communities	$22 to $26	$22 to $32

Key Capital Items (2)

	July 2019 Outlook	February 2019 Outlook
New capital sourced from asset and potential residential for-sale condominium sales and capital markets activity	$ 1,250	$ 1,000
Capital used for development and redevelopment activity, including land	$ 1,150	$ 1,325
Capital used for acquisition activity	$ 300	$ —
Capital used for debt redemptions and amortization	$ 225	$ 125
Projected decrease in cash and cash equivalents during 2019*	$ 65	$ 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 (per the February 2019 Outlook) and $25 (per the July 2019 Outlook).

Core FFO Adjustments Related to Potential Residential For-Sale Condominiums at 15 West 61st Street

Expensed costs incurred (6)	$5	$6
Potential gains on sales (7)	(3)	(8)
Imputed carry cost (8)	7	8
Total Core FFO adjustments	$9	$6
Total Core FFO adjustments (per share, midpoint)	$0.07	$0.04

(1) See Attachment 14 for Definitions and Reconciliations of Non-GAAP Financial Measures, including the reconciliation of Projected EPS to Projected FFO per share and 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 and property management overhead.

(5) Excludes Total Capital Cost for 15 West 61st Street of $624.

(6) Operating expenses incurred for potential residential for-sale condominiums includes property taxes, marketing expenses, sales staff and other operating costs.

(7) Reflects gain after taxes (including a $6 deferred tax liability related to future sales) and costs of sales on potential residential for-sale condominiums sold during 2019. Projected gross proceeds from sales are expected to be $70 to $80.

(8) Represents the imputed carry cost of potential for-sale residential condominium units where construction is complete and a potential for-sale condominium strategy is being pursued. The Company computes this adjustment by multiplying the Total Capital Cost of completed and unsold potential for-sale residential condominium units by the Company's weighted average unsecured debt rate.

Attachment 14

AvalonBay Communities, Inc.
Definitions and Reconciliations of Non-GAAP Financial Measures and Other Terms
June 30, 2019
(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.

Business Segment Operating Results included in this release presents the Company's business segment financial information for all reporting periods on a comparable basis, with the charge for uncollectible lease revenue included as an adjustment to revenue. Historically for periods prior to January 1, 2019, the Company presented charges related to uncollectible lease revenue in operating expenses. With the Company's adoption of ASU 2016-02, Leases, the Company is presenting such charges as an adjustment to revenue in its consolidated GAAP financial statements on a prospective basis, beginning January 1, 2019. However, for reported segment financial information, including for Established Communities, the Company has also included such charges as an adjustment to revenue for all prior year periods presented in order to provide comparability.

Established Communities

A reconciliation of total revenue, rental revenue and operating expenses for Established Communities, as presented in this release, to results prior to the adjustment for uncollectible lease revenue is as follows (dollars in thousands):

TABLE 1

	Q2 2019	Q2 2018	Q2 2019 to Q2 2018 % Change	Q1 2019	Q2 2019 to Q1 2019 % Change	YTD 2019	YTD 2018	YTD 2019 to YTD 2018 % Change
Total revenue, excluding uncollectible lease revenue	$ 460,297	$ 446,270	3.1 %	$ 454,091	1.4%	$ 914,390	$ 886,407	3.2 %
Uncollectible lease revenue	(2,498)	(2,683)	(6.9)%	(1,905)	31.1%	(4,403)	(5,988)	(26.5)%
Total revenue, including uncollectible lease revenue	457,799	443,587	3.2 %	452,186	1.2%	909,987	880,419	3.4 %
Rental revenue, excluding uncollectible lease revenue	459,690	446,014	3.1 %	453,625	1.3%	913,315	885,965	3.1 %
Uncollectible lease revenue	(2,498)	(2,683)	(6.9)%	(1,905)	31.1%	(4,403)	(5,988)	(26.5)%
Rental revenue, including uncollectible lease revenue	457,192	443,331	3.1 %	451,720	1.2%	908,912	879,977	3.3 %
Operating expenses, excluding uncollectible lease revenue	131,025	125,751	4.2 %	126,340	3.7%	257,367	251,983	2.1 %
Uncollectible lease revenue	2,498	2,683	(6.9)%	1,905	31.1%	4,403	5,988	(26.5)%
Operating expenses, including uncollectible lease revenue	$ 133,523	$ 128,434	4.0 %	$ 128,245	4.1%	$ 261,770	$ 257,971	1.5 %

Attachment 14

Other Reported Operating Results

A reconciliation of rental revenue and operating expenses, for results for periods presented in this release prior to the adjustment for uncollectible lease revenue, is as follows (dollars in thousands):

TABLE 2

	Q4 2018			
	Established	Other Stabilized	Redevelopment	Development
Rental revenue, excluding uncollectible lease revenue	$ 453,242	$ 70,302	$ 32,086	$ 2,282
Uncollectible lease revenue	(2,023)	(755)	(147)	(5)
Rental revenue, including uncollectible lease revenue	451,219	69,547	31,939	2,277
Operating expenses, excluding uncollectible lease revenue	124,954	22,760	9,738	1,165
Uncollectible lease revenue	2,023	755	147	5
Operating expenses, including uncollectible lease revenue	$ 126,977	$ 23,515	$ 9,885	$ 1,170

Debt Covenant Compliance ratios for the Unsecured Line of Credit Covenants show the Company's compliance with selected covenants provided in the Company's Fifth Amended and Restated Revolving Loan Agreement dated as of February 28, 2019 and the Company's Amended and Restated Term Loan Agreement dated February 28, 2019, 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 2018 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 14

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 aggregate gain on sale in accordance with GAAP for the wholly-owned operating communities disposed of during the three and six months ended June 30, 2019 is as follows (dollars in thousands):

TABLE 3

	Q2 2019	YTD 2019
GAAP Gain	$ 20,604	$ 36,986
Accumulated Depreciation and Other	(13,792)	(23,991)
Economic Gain (Loss)	$ 6,812	$ 12,995

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 2019 operating results, Established Communities are consolidated communities that have Stabilized Operations as of January 1, 2018, are not conducting or are not probable to conduct substantial redevelopment activities and are not held for sale or probable for disposition within the current year.

Attachment 14

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 4

	Q2 2019
Net income	$ 168,305
Interest expense, net, inclusive of loss on extinguishment of debt, net	50,239
Depreciation expense	162,693
EBITDA	$ 381,237
Gain on sale of communities	(20,530)
Joint venture EBITDAre adjustments (1)	5,789
EBITDAre	$ 366,496
Gain on other real estate transactions	(34)
Business interruption insurance proceeds	(435)
Severance related costs	1,353
Development pursuit write-offs and expensed transaction costs, net	1,327
Potential residential for-sale condominium marketing and administrative costs	945
Legal settlements	38
Core EBITDAre	$ 369,690

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

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 14

TABLE 5	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Net income attributable to common stockholders	$ 168,281	$ 254,662	$ 338,647	$ 396,305
Depreciation - real estate assets, including joint venture adjustments	164,830	156,289	329,576	314,772
Distributions to noncontrolling interests	12	11	23	22
Gain on sale of previously depreciated real estate	(20,530)	(105,201)	(35,365)	(105,201)
FFO attributable to common stockholders	312,593	305,761	632,881	605,898
Adjusting items:				
Joint venture losses	—	7	—	7
Joint venture promote (1)	—	—	—	(925)
Casualty gain, net on real estate	—	—	—	(58)
Business interruption insurance proceeds	(435)	—	(607)	—
Lost NOI from casualty losses covered by business interruption insurance (2)	—	832	—	1,730
Loss on extinguishment of consolidated debt	229	642	509	1,039
Advocacy contributions	—	303	—	606
Severance related costs	1,353	132	1,372	502
Development pursuit write-offs and expensed transaction costs, net	1,327	243	1,604	570
Potential residential for-sale condominium marketing and administrative costs	945	158	1,418	158
Potential residential for-sale condominium imputed carry cost (3)	506	—	506	—
Gain on other real estate transactions	(34)	(370)	(301)	(323)
Legal settlements	38	67	(978)	367
Income taxes	—	—	(6)	—
Core FFO attributable to common stockholders	$ 316,522	$ 307,775	$ 636,398	$ 609,571
Average shares outstanding - diluted	139,618,231	138,215,010	139,227,376	138,184,295
Earnings per share - diluted	$ 1.21	$ 1.84	$ 2.43	$ 2.87
FFO per common share - diluted	$ 2.24	$ 2.21	$ 4.55	$ 4.38
Core FFO per common share - diluted	$ 2.27	$ 2.23	$ 4.57	$ 4.41

(1) Represents the Company's promoted interest in AvalonBay Value Added Fund II, L.P.

(2) Amount for 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.

(3) Represents the imputed carry cost of potential for-sale residential condominium units where construction is complete and a potential for-sale condominium strategy is being pursued. The Company computes this adjustment by multiplying the Total Capital Cost of completed and unsold potential for-sale residential condominium units by the Company's weighted average unsecured debt rate.

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.

Attachment 14

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 June 30, 2019 is as follows (dollars in thousands):

TABLE 6		
Core EBITDAre	$	369,690
Interest expense, net	$	50,010
Interest Coverage		7.4 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 (secured and unsecured notes and the Company's variable rate unsecured credit facility) that is consolidated for financial reporting purposes, less consolidated cash and cash in escrow, divided by annualized second quarter 2019 Core EBITDAre, as adjusted. A calculation of Net Debt-to-Core EBITDAre is as follows (dollars in thousands):

TABLE 7		
Total debt principal (1)	$	7,414,889
Cash and cash in escrow		(330,044)
Net debt	$	7,084,845
Core EBITDAre	$	369,690
Core EBITDAre, annualized	$	1,478,760
Net Debt-to-Core EBITDAre		4.8 times

(1) Balance at June 30, 2019 excludes $9,346 of debt discount and $35,522 of deferred financing costs as reflected in unsecured notes, net, and $14,530 of debt discount and $3,274 of deferred financing costs as reflected in notes payable on the Condensed Consolidated Balance Sheets.

Attachment 14

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, 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) loss, depreciation expense, casualty and impairment loss (gain), net, gain on sale of communities, (gain) loss 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 8

	Q2 2019	Q2 2018	Q1 2019	Q4 2018	YTD 2019	YTD 2018
Net income	$ 168,305	$ 254,543	$ 170,418	$ 385,636	$ 338,723	$ 396,133
Indirect operating expenses, net of corporate income	23,018	19,677	19,722	21,849	42,740	38,636
Expensed transaction, development and other pursuit costs, net of recoveries	2,711	1,047	1,095	1,599	3,806	1,847
Interest expense, net	50,010	56,585	47,892	55,180	97,902	111,698
Loss on extinguishment of debt, net	229	642	280	14,775	509	1,039
General and administrative expense	18,965	15,267	13,700	15,738	32,665	29,698
Joint venture (income) loss	(197)	(789)	1,060	(2,710)	863	(2,529)
Depreciation expense	162,693	156,685	162,057	158,914	324,749	315,743
Casualty and impairment loss (gain), net	—	—	—	826	—	(58)
Gain on sale of communities	(20,530)	(105,201)	(14,835)	(242,532)	(35,365)	(105,201)
Gain on other real estate transactions	(34)	(370)	(267)	(9)	(300)	(323)
NOI from real estate assets sold or held for sale	(1,495)	(19,680)	(2,582)	(12,483)	(4,077)	(40,377)
NOI	$ 403,675	$ 378,406	$ 398,540	$ 396,783	$ 802,215	$ 746,306
Established:						
New England	$ 41,907	$ 40,750	$ 41,808	$ 42,257	$ 83,715	$ 80,441
Metro NY/NJ	73,212	70,412	71,843	72,783	145,055	139,429
Mid-Atlantic	51,073	49,917	51,052	51,543	102,125	98,772
Pacific NW	20,605	19,142	20,210	20,868	40,815	37,766
No. California	67,384	66,133	68,238	66,826	135,622	130,946
So. California	72,593	71,482	72,695	72,320	145,288	141,082
Total Established	326,774	317,836	325,846	326,597	652,620	628,436
Other Stabilized	50,813	38,776	49,211	46,871	100,024	75,000
Redevelopment	22,587	22,131	22,040	22,202	44,627	43,396
Development	3,501	(337)	1,443	1,113	4,944	(526)
NOI	$ 403,675	$ 378,406	$ 398,540	$ 396,783	$ 802,215	$ 746,306

Attachment 14

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 9

	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Revenue from real estate assets sold or held for sale	$ 2,591	$ 30,024	$ 7,193	$ 61,857
Operating expenses from real estate assets sold or held for sale	(1,096)	(10,344)	(3,116)	(21,480)
NOI from real estate assets sold or held for sale	$ 1,495	$ 19,680	$ 4,077	$ 40,377

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, 2019, or which we acquired during the year ended June 30, 2019. 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 are probable 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 10

	Low Range	High Range
Projected EPS (diluted) - Full Year 2019	$ 5.78	$ 5.98
Depreciation (real estate related)	4.62	4.82
Gain on sale of communities	(1.27)	(1.47)
Projected FFO per share (diluted) - Full Year 2019	9.13	9.33
Adjustments related to potential residential for-sale condominiums at 15 West 61st Street (1)	0.07	0.07
Other income, development pursuit and other write-offs	0.02	0.02
Income taxes	0.03	0.03
Projected Core FFO per share (diluted) - Full Year 2019	$ 9.25	$ 9.45

(1) See Attachment 13 - 2019 Financial Outlook for additional detail.

Attachment 14

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 ("Weighted Average Initial Projected Stabilized Yield") 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 probable 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 seven communities containing 3,026 apartment homes that are currently under active redevelopment as of June 30, 2019, with an expected Total Capital Cost of $135,000,000, of which $48,000,000 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 11

	Q2 2019	Q2 2018	YTD 2019	YTD 2018
Rental revenue (GAAP basis)	$ 457,192	$ 443,331	$ 908,912	$ 879,977
Concessions amortized	185	1,199	390	2,788
Concessions granted	(118)	(148)	(396)	(792)
Rental Revenue with Concessions on a Cash Basis	$ 457,259	$ 444,382	$ 908,906	$ 881,973
% change -- GAAP revenue		3.1%		3.3%
% change -- cash revenue		2.9%		3.1%

Attachment 14

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 notes payable as of June 30, 2019 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 six months ended June 30, 2019 is as follows (dollars in thousands):

TABLE 12

		Year to Date NOI
NOI for Established Communities	$	652,620
NOI for Other Stabilized Communities		100,024
NOI for Redevelopment Communities		44,627
NOI for Development Communities		4,944
NOI from real estate assets sold or held for sale		4,077
Total NOI generated by real estate assets		806,292
NOI on encumbered assets		57,578
NOI on unencumbered assets	$	748,714
Unencumbered NOI		93%

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.